Global Lighting Technologies Inc. and Subsidiaries

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

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and shareholders
Global Lighting Technologies Inc.

Opinion

We have audited the accompanying consolidated financial statements of Global Lighting Technologies Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheet as of December 31, 2020, and the consolidated statement of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matter

Key audit matter is a matters that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. The matter was 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 the matter.

The key audit matter in the audit of the Group's consolidated financial statements for the year ended December 31, 2020 is stated below:

<u>Validity of Occurrence of Sales Revenue from the New Top 10 Customers of Light Guide Plates for Application</u>

For the year ended December 31, 2020, the consolidated operating revenue of the Group was mainly from application of light guide plates, which accounted for 87% of the consolidated operating revenue. Out of which, revenue from the new top 10 customers of custom light guide plates accounted for 35% of the consolidated operating revenue. Most of the aforementioned revenue was from mainland China. Management may be under pressure to meet financial targets and furthermore, there is an inherent significant risk in the validity of occurrence of sales in accordance with auditing standards generally accepted in the Republic of China. Therefore, the validity of sales revenue from the new top 10 customers has been identified as a key audit matter for the year ended December 31, 2020.

Refer to Notes 4 and 21 to the consolidated financial statements for details on accounting policies and relevant disclosures of revenue recognition. Our main audit procedures performed in respect of the aforementioned key audit matter were as follows:

1. We understood the internal controls related to the aforementioned sales, assessed the design of the controls, determined whether the controls have been implemented and tested the operating effectiveness of these controls.

2. We performed substantive testing of the aforementioned sales, selected appropriate samples and checked them against external delivery documents and the recovery of receivables to verify the occurrence of the transactions and verified whether there were major abnormalities on the recovery of receivables.

3. We checked for significant sales returns after the balance sheet date to confirm whether there were major abnormalities on revenue recognition.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2019 were audited by other auditor who issued an unmodified opinion on those statements on March 17, 2020.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chao-Mei Chen and Cheng-Chuan Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 5, 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.

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

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

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 3,964,349	32	$ 2,937,604	30
Financial assets at amortized cost (Notes 4 and 7)	205,056	2	137,519	2
Notes receivable (Notes 4, 9 and 21)	-	-	1,881	-
Accounts receivable (Notes 4, 9 and 21)	2,805,135	23	1,479,439	15
Accounts receivable - related parties (Notes 4, 21 and 29)	47,834	-	182,604	2
Other receivables (Notes 4 and 9)	7,604	-	13,452	-
Other receivables - related parties (Notes 4 and 29)	326	-	-	-
Current tax assets (Notes 4 and 23)	476	-	-	-
Inventories (Notes 4 and 10)	985,503	8	667,148	7
Prepayments	32,663	-	133,870	1
Other current assets (Notes 11 and 30)	159,469	1	10,027	-
Total current assets	8,208,415	66	5,563,544	57
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	29,096	-	37,890	-
Property, plant and equipment (Notes 4, 14, 29 and 30)	3,409,001	28	3,414,421	35
Right-of-use assets (Notes 4 and 15)	708,377	6	699,793	7
Deferred tax assets (Notes 4 and 23)	31,941	-	35,631	-
Prepayments for equipment (Note 26)	26,538	-	51,466	1
Net defined benefit assets (Notes 4 and 18)	6,220	-	4,786	-
Other non-current assets (Notes 11 and 30)	19,459	-	21,027	-
Total non-current assets	4,230,632	34	4,265,014	43
TOTAL	$ 12,439,047	100	$ 9,828,558	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	$ 860,000	7	$ 544,337	6
Contract liabilities (Note 21)	5,311	-	9,343	-
Accounts payable	2,534,416	20	1,131,737	12
Accounts payable - related parties (Note 29)	109,719	1	118,714	1
Other payables (Note 17)	510,786	4	388,155	4
Other payables - related parties (Note 29)	14,873	-	15,929	-
Current tax liabilities (Notes 4 and 23)	100,422	1	4,543	-
Lease liabilities (Notes 4, 15 and 29)	22,919	-	23,791	-
Long-term borrowings - current portion (Notes 16 and 30)	219,000	2	236,003	2
Other current liabilities	6,798	-	14,348	-
Total current liabilities	4,384,244	35	2,486,900	25
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 16 and 30)	5,884	-	365,005	4
Provision for employee benefits (Notes 4 and 18)	12,911	-	11,312	-
Deferred tax liabilities (Notes 4 and 23)	1,341	-	1,374	-
Lease liabilities (Notes 4, 15 and 29)	687,672	6	675,420	7
Long-term deferred revenue (Note 19)	102,592	1	110,081	1
Total non-current liabilities	810,400	7	1,163,192	12
Total liabilities	5,194,644	42	3,650,092	37
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)				
Share capital	1,309,371	10	1,309,371	14
Capital surplus	2,383,809	19	2,383,809	24
Retained earnings				
Special reserve	173,867	2	42,032	-
Unappropriated earnings	3,644,553	29	2,617,121	27
Total retained earnings	3,818,420	31	2,659,153	27
Other equity	(267,197)	(2)	(173,867)	(2)
Total equity attributable to owners of the Company	7,244,403	58	6,178,466	63
Total equity	7,244,403	58	6,178,466	63
TOTAL	$ 12,439,047	100	$ 9,828,558	100

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

(With Deloitte & Touche auditors’ report dated March 5, 2021)

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 21 and 29)	$ 11,205,768	100	$ 5,286,248	100
OPERATING COSTS (Notes 10, 22 and 29)	8,832,825	79	4,368,503	83
GROSS PROFIT	2,372,943	21	917,745	17
OPERATING EXPENSES (Notes 9, 22 and 29)				
Selling and marketing	244,125	2	137,847	3
General and administrative	366,163	3	280,379	5
Research and development	186,930	2	168,623	3
Expected credit loss	268	-	-	-
Total operating expenses	797,486	7	586,849	11
PROFIT FROM OPERATIONS	1,575,457	14	330,896	6
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	17,820	-	32,541	1
Other income (Notes 19 and 22)	26,539	-	11,498	-
Other gains and losses (Notes 15, 22 and 25)	(110,555)	(1)	369	-
Finance costs (Notes 22 and 29)	(21,954)	-	(25,765)	-
Share of profit of associates (Notes 4 and 13)	-	-	8,062	-
Gain from bargain purchase (Note 25)	-	-	874	-
Total non-operating income and expenses	(88,150)	(1)	27,579	1
PROFIT BEFORE INCOME TAX	1,487,307	13	358,475	7
INCOME TAX EXPENSE (Notes 4 and 23)	(132,256)	(1)	(13,911)	(1)
NET PROFIT	1,355,051	12	344,564	6
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	777	-	(308)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income (Note 20)	(8,794)	-	(167)	-

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GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

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

	2020		2019	
	Amount	%	Amount	%
Exchange differences on translation to the presentation currency (Note 20)	$ (359,600)	(3)	$ (152,539)	(3)
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	(155)	-	62	-
	(367,772)	(3)	(152,952)	(3)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 20)	275,064	2	22,760	1
Total other comprehensive loss	(92,708)	(1)	(130,192)	(2)
TOTAL COMPREHENSIVE INCOME	$ 1,262,343	11	$ 214,372	4
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,355,051	12	$ 344,564	7
Non-controlling interests	-	-	-	-
	$ 1,355,051	12	$ 344,564	7
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,262,343	11	$ 214,372	4
Non-controlling interests	-	-	-	-
	$ 1,262,343	11	$ 214,372	4
EARNINGS PER SHARE (Note 24)				
Basic	$ 10.35		$ 2.63	
Diluted	$ 10.29		$ 2.63	

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

(With Deloitte & Touche auditors' report dated March 5, 2021) (Concluded)

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company (Note 20)						
			Retained Earnings		Other Equity		
	Share Capital	Capital Surplus	Special Reserve	Unappro-priated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2019	$ 1,309,371	$ 2,383,809	$ 67,392	$ 2,350,304	$ (44,531)	$ 2,499	$ 6,068,844
Appropriation of 2018 earnings							
Special reserve	-	-	(25,360)	25,360	-	-	-
Cash dividends distributed by the Company	-	-	-	(104,750)	-	-	(104,750)
Disposals of investments in equity instruments designated at fair value through other comprehensive income (Notes 8 and 20)	-	-	-	1,889	-	(1,889)	-
Net profit for the year ended December 31, 2019	-	-	-	344,564	-	-	344,564
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	(246)	(129,779)	(167)	(130,192)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	344,318	(129,779)	(167)	214,372
BALANCE AT DECEMBER 31, 2019	1,309,371	2,383,809	42,032	2,617,121	(174,310)	443	6,178,466
Appropriation of 2019 earnings							
Special reserve	-	-	131,835	(131,835)	-	-	-
Cash dividends distributed by the Company	-	-	-	(196,406)	-	-	(196,406)
Net profit for the year ended December 31, 2020	-	-	-	1,355,051	-	-	1,355,051
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	622	(84,536)	(8,794)	(92,708)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	1,355,673	(84,536)	(8,794)	1,262,343
BALANCE AT DECEMBER 31, 2020	$ 1,309,371	$ 2,383,809	$ 173,867	$ 3,644,553	$ (258,846)	$ (8,351)	$ 7,244,403

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

(With Deloitte & Touche auditors' report dated March 5, 2021)

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 1,487,307	$ 358,475
Adjustments for:		
Depreciation	403,343	401,985
Amortization	2,043	1,648
Expected credit loss recognized on accounts receivable	268	-
Interest expense	21,954	25,765
Interest income	(17,820)	(32,541)
Share of profit of associates	-	(8,062)
Loss (gain) on disposal of property, plant and equipment	1,820	(1,190)
Loss on disposal of investment accounted for the equity method	-	3,543
Impairment loss recognized on property, plant and equipment	9,598	-
Impairment loss recognized on non-financial assets	-	6,570
Net loss on foreign currency exchanges	92,841	23,951
Write-downs of inventories	10,228	13,527
Gain on lease modificaitons	(707)	-
Gain from bargain purchase	-	(874)
Amortization of long-term deferred revenue	(19,185)	(6,372)
Net changes in operating assets and liabilities		
Notes receivable	1,876	6
Accounts receivable	(1,331,687)	(122,294)
Accounts receivable - related parties	130,317	47,954
Other receivables	1,452	631
Other receivables - related parties	(326)	-
Inventories	(375,074)	(150,598)
Prepayments	101,219	1,191
Other current assets	7,197	(2,248)
Net defined benefit assets	(657)	(658)
Contract liabilities	(3,799)	4,897
Accounts payable	1,395,743	290,547
Accounts payable - related parties	(3,169)	6,847
Other payables	167,094	27,857
Other payables - related parties	(1,176)	397
Other current liabilities	(7,612)	145
Provision for employee benefits	1,599	1,515
Cash generated from operations	2,074,687	892,614
Interest received	22,173	31,563
Interest paid	(21,868)	(25,953)
Income tax paid	(34,014)	(38,266)
Net cash generated from operating activities	2,040,978	859,958

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GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from financial assets at fair value through other comprehensive income	$ -	$ 45,140
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	6,523
Purchase of financial assets at amortized cost	(238,620)	(257,703)
Principal from financial assets measured at amortized cost	168,314	277,890
Net cash inflow on disposal of associate (Note 13)	-	113,867
Net cash outflow on acquisition of subsidiary (Note 25)	-	(44,601)
Payments for property, plant and equipment (Note 26)	(394,475)	(441,012)
Proceeds from disposal of property, plant and equipment	831	1,770
Decrease in refundable deposits	186	345
Increase in other financial assets - restricted assets	(156,640)	(1,785)
Increase in other non-current assets	(667)	(586)
Dividends received from associates	-	12,237
Net cash used in investing activities	(621,071)	(287,915)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	5,814,935	1,148,099
Decrease in short-term borrowings	(5,499,265)	(948,768)
Proceeds from long-term borrowings	6,103	-
Repayments of long-term borrowings	(382,008)	(194,000)
Repayment of the principal portion of lease liabilities	(24,769)	(24,248)
Cash dividends distributed	(196,406)	(104,750)
Net cash used in financing activities	(281,410)	(123,667)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(111,752)	(110,730)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,026,745	337,646
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	2,937,604	2,599,958
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 3,964,349	$ 2,937,604

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

(With Deloitte & Touche auditors' report dated March 5, 2021) (Concluded)

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Global Lighting Technologies Inc. (the "Company", and its subsidiaries collectively referred to as the "Group") was incorporated in the Cayman Islands on July 28, 2000. The Group is mainly engaged in the design, manufacturing, and sales of applications of light guide plates, development of optical molds and the manufacturing, and sales of plastic components. The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since July 28, 2011.

The functional currency of the Company is the United States dollar. As the Company's shares are listed on the TWSE, for greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 5, 2021.

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

a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

Basis of Preparation

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

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

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

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

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

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

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

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period; and

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

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

Basis of Consolidation

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

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

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

See Note 12, Tables 6 and 7 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

Business Combinations

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

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required had those interests been directly disposed of by the Group.

Foreign Currencies

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The Company's financial statements are presented in its functional currency, the USD, while each of its subsidiaries' financial statements are presented in their respective functional currencies. Therefore, for the purpose of presenting the consolidated financial statements, assets and liabilities are translated into the USD at the exchange rate of the Group's functional currency prevailing at the end of the reporting period; equities are translated into the USD at historical rates; and income and expense items are translated into the USD at the average exchange rates for the period. The resulting currency translation differences are recognized in exchange differences on translating foreign operations and accumulated in equity. After consolidation, the financial statements are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period; and equities are translated at historical rates. The resulting currency translation differences are recognized in exchange differences on translation to the presentation currency and accumulated in equity.

Inventories

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

Investments in Associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group continues recognizing its share of further losses, if any.

The Group assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years.

Property, Plant and Equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment 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 effects of any changes in estimates accounted for on a prospective basis.

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

Impairment of Property, Plant and Equipment and Right-Of-Use Assets

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

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

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

Financial Instruments

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

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

a. Financial assets

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

   1) Measurement category

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

      a) Financial assets at amortized cost

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

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

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

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

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

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

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

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

b) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

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

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

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

3) Derecognition of financial assets

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

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

b. Financial liabilities

1) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

2) Derecognition of financial liabilities

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

Provision

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Revenue Recognition

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

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

a. Revenue from the sale of goods

Revenue from the sale of goods comes from sales of application of light guide plates and plastic components. Sales of these goods are recognized as revenue the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable and revenue are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

b. Revenue from the rendering of services

   Revenue from the rendering of services comes from the procurement of raw materials on behalf of customers.

   For services in procuring raw materials on behalf of customers, the Group does not obtain control of the raw materials before they are transferred to the customer, is neither responsible for the customer's acceptance of the raw materials nor commits itself to obtain the goods from the suppliers before the raw materials are purchased by the customer and thus does not take on any inventory risk. Consequently, the Group is an agent and its performance obligation is to procure the raw materials on behalf of the customer. The Group recognizes commission revenue when the raw materials are transferred to the customer, and the Group has no further obligations to the customer.

Leasing

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

<u>The Group as lessee</u>

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

Right-of-use assets are initially measured at cost and 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. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is 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 in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Borrowing Costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Government Grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

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

c. Other long-term employee benefits

   Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

Taxation

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

a. Current tax

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

   According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

b. Deferred tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

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

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

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

c. Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 2,255	$ 1,967
Checking accounts and demand deposits	3,909,716	2,319,751
Cash equivalents		
Time deposits with original maturities of 3 months or less	52,378	615,886
	$ 3,964,349	$ 2,937,604

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	2019
Current		
Time deposits with original maturities of more than 3 months	$ 205,056	$ 137,519

The interest rates for time deposits with original maturities of more than 3 months were approximately 0.52% and 2.145%-2.325% per annum as of December 31, 2020 and 2019, respectively.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	2019
Non-current		
Unlisted shares		
Ordinary shares - Chi Lin Optoelectronics Co., Ltd.	$ 29,096	$ 37,890

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

On March 26, 2019, the Group acquired 100% of the ordinary shares of Hao Yuan Technology in stages, and recognized the equity instruments at FVTOCI held by Hao Yuan Technology at their fair values on the aforementioned date of acquisition in the consolidated financial statements.

In the first quarter of 2019, the Group sold part of its shares of Chi Lin Optoelectronics Co., Ltd., and transferred the unrealized valuation gain of $1,889 thousand from other equity to retained earnings.

The capital reduction of Chi Lin Optoelectronics Co., Ltd. was resolved in the shareholders' meeting on April 30, 2019, and the capital reduction ratio was 20%. In June 2019, the Group received the refund from the return of shares in the amount of $6,523 thousand.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2020	2019
Notes receivable		
At amortized cost		
Gross carrying amount	$ -	$ 1,881
Less: Allowance for impairment loss	-	-
	$ -	$ 1,881

(Continued)

	December 31	
	2020	2019
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 2,805,394	$ 1,479,439
Less: Allowance for impairment loss	(259)	-
	$ 2,805,135	$ 1,479,439
Other receivables		
At amortized cost	$ 7,604	$ 13,452

a. Notes receivable and accounts receivable

The average credit period of sales of goods was 60 to 90 days. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher, and credit exposure is controlled by counterparty limits that are reviewed and approved annually.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the industry forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

	December 31	
	2020	2019
	Not Past Due	Not Past Due
Expected credit loss rate	0%	0%
Gross carrying amount	$ -	$ 1,881
Loss allowance (Lifetime ECLs)	-	-
Amortized cost	$ -	$ 1,881

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

December 31, 2020

	Not Past Due	Up to 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	181 to 270 Days	Over 270 Days and Individually Recognized	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%	100%	
Gross carrying amount	$ 2,702,125	$ 101,099	$ 1,863	$ 48	$ -	$ -	$ 259	$ 2,805,394
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	(259)	(259)
Amortized cost	$ 2,702,125	$ 101,099	$ 1,863	$ 48	$ -	$ -	$ -	$ 2,805,135

December 31, 2019

	Not Past Due	Up to 30 Days	31 to 60 Days	61 to 90 Days	91 to 180 Days	181 to 270 Days	Over 270 Days and Individually Recognized	Total
Expected credit loss rate	0%	0%	0%	0%	0%	0%	0%	
Gross carrying amount	$ 1,384,417	$ 88,109	$ 3,347	$ 2,825	$ 741	$ -	$ -	$ 1,479,439
Loss allowance (Lifetime ECL)	-	-	-	-	-	-	-	-
Amortized cost	$ 1,384,417	$ 88,109	$ 3,347	$ 2,825	$ 741	$ -	$ -	$ 1,479,439

The movements of the loss allowance of accounts receivable were as follows:

	2020	2019
Balance at January 1	$ -	$ -
Add: Impairment loss recognized	268	-
Foreign exchange losses	(9)	-
Balance at December 31	$ 259	$ -

b. Other receivables

Other receivables comprise business tax refund receivable and outstanding interest receivables from banks. The Group only transacts with counterparties that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group continues to engage in enforcement activity to trace the conditions of the receivables with reference to the past default experience of the debtor and an analysis of the debtor's current financial position, in determining whether the credit risk of other receivables has increased significantly since initial recognition as well as for measuring the expected credit losses. As of December 31, 2020 and 2019, the Group assessed that the expected credit loss of other receivables was considered to be 0%.

10. INVENTORIES

	December 31	
	2020	2019
Raw materials	$ 491,378	$ 261,430
Work in process	48,766	80,570
Finished goods	388,135	283,381
Inventory in transit	57,224	41,767
	$ 985,503	$ 667,148

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

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	$ 8,822,597	$ 4,354,976
Inventory write-downs	10,228	13,527
	$ 8,832,825	$ 4,368,503

11. OTHER ASSETS

	December 31	
	2020	2019
Current		
Other financial assets - restricted assets (Note 30)	$ 156,640	$ -
Payable for collection payments	1,722	8,352
Others	1,107	1,675
	$ 159,469	$ 10,027
Non-current		
Other financial assets - restricted assets (Note 30)	$ 18,100	$ 18,020
Refundable deposits	1,359	1,551
Others	-	1,456
	$ 19,459	$ 21,027

12. SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

			Proportion of Ownership (%) December 31	
Investor	Investee	Nature of Activities	2020	2019
Global Lighting Technologies Inc. (Cayman)	Solid State OPTO Limited (BVI) (Solid State OPTO)	Holding company engaged in the sale of products	100	100
	Solid State Display Limited (BVI) (Solid State Display)	Holding company engaged in the sale of products	100	100
	Solid State Technology Limited (BVI) (Solid State Technology)	Holding company engaged in the sale of products	100	100
	Solid State Electronics Limited (BVI) (Solid State Electronics)	Holding company engaged in the sale of products	100	100
	Shining Green Limited (Shining Green)	Holding company	100	100
	GLT Optical Inc.(Note a) (GLT-Optical)	Design, production, and sales of applications of light guide plates	100	100
Solid State OPTO	Global Lighting Technologies Inc. (GLT-USA)	Design and sales of applications of light guide plates	100	100
Solid State Display	Global Lighting Technologies Inc. (GLT-Taiwan)	Design, production, and sales of applications of light guide plates, design and production of optical molds, and sales of plastic products for electronic components	100	100
Solid State Technology	Suzhou Opto Technologies Inc. (GLT-Suzhou Opto)	Design, production, and sales of applications of light guide plates and monitor, design and sale of optical molds, and sales of plastic products for electronic use	100	100

(Continued)

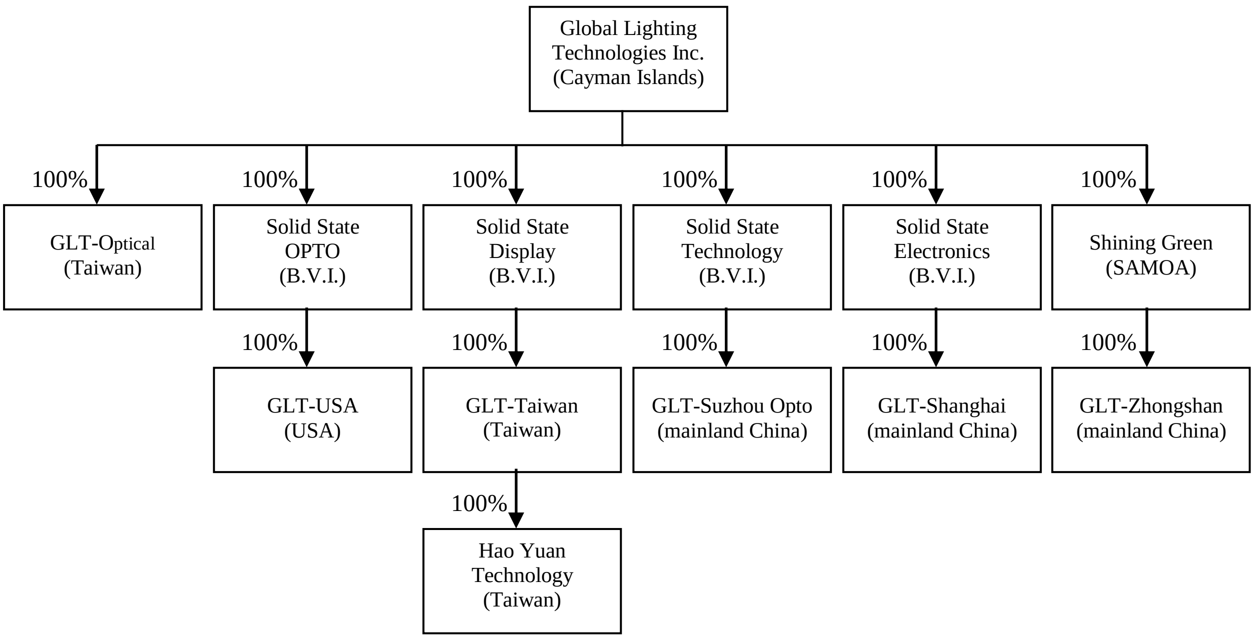
Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2020	2019
Solid State Electronics	Shanghai Global Lighting Technologies Inc. (GLT-Shanghai)	Design, production, and sales of applications of light guide plates, design and production of optical molds, and sales of plastic products for electronic components	100	100
Shining Green	Zhongshan Global Lighting Technology Limited Co. (GLT-Zhongshan)	Production, and sales of applications of light guide plates	100	100
Global Lighting Technologies Inc. (Taiwan)	Hao Yuan Technology Limited Co. (Hao Yuan Technology) (Notes b and 25)	Investment industry; wholesale and retail sale of electronic materials	100	100

(Concluded)

Note a: On August 26, 2019, GLT-Optical's board of directors resolved to implement a cash capital increase in the amount of $100,000 thousand by issuing 10,000 thousand ordinary shares with a par value of $10, and the subscription base date was determined to be September 25, 2019. The above transaction was approved by the competent authority and the change registration was completed. In order to strengthen GLT-Optical's financial structure and considering its future operational development needs, the Company's board of directors resolved to increase investment in amount of $655,000 thousand in GLT-Optical on September 3, 2020. The transaction was approved by the competent authority, and as of March 5, 2021, the capital injection was still not completed.

Note b: Based on operational considerations, GLT-Taiwan's board of directors approved the purchase of 4,386 thousand shares of Hao Yuan Technology in the amount of $45,851 thousand. After the acquisition of the shares, GLT-Taiwan's shareholding increased from 49% to 100%, and the subsidiary was included in its consolidated financial statements since the acquisition date. In order to improve the return on shareholders' equity and return idle funds to the shareholders, the board of directors of Hao Yuan Technology resolved to reduce capital by $52,000 thousand on July 10, 2019. After the capital reduction, the paid-in capital was $34,000 thousand.

As of December 31, 2020, the investment relationships and shareholding proportions of the Group are as follows:



13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	**2019**
Associates that are not individually material		
Unlisted shares		
Asensetek Incorporation	$ -	$ -

Proportion of the Group’s ownership:

	December 31	
	2020	**2019**
Asensetek Incorporation	27.15%	27.15%

Aggregate information of associates that are not individually material:

	For the Year Ended December 31	
	2020	**2019**
The Group’s share of:		
Profit from continuing operations	$ -	$ 8,062
Other comprehensive income	-	-
Total comprehensive income for the year	$ -	$ 8,062

Due to continuous operating losses, Asensetek Incorporation resolved the dissolution of the company in the shareholders’ meeting on April 17, 2019, and set August 31, 2019 as the date of dissolution. After assessing the recoverable amount, the Group recognized in impairment loss the carrying amount of the investment of $6,570 thousand in the first half of 2019. Thereafter, on September 10, 2019, Asensetek Incorporation’s board of directors proposed to sell all the assets of the smart spectrometer business and decided not to go ahead with the dissolution for the time being, and the proposal for the sale was later approved in the extraordinary shareholders' meeting on September 24, 2019. However, the Group assessed that the aforementioned sale of assets would not have a significant impact on the originally assessed recoverable amount, and therefore does not intend to reverse the impairment loss that was recognized. On September 24, 2019, Asensetek Incorporation’s resolution to conduct a capital reduction for the offset of deficit of $26,835 thousand was approved in the extraordinary shareholders' meeting, thereby cancelling 50% of the shares, with October 31, 2019 set as the capital reduction date.

In August 2019, the Group received cash dividends in the amount of $12,237 thousand from its former associate, Raising Light Optronics Corporation, and subsequently sold all of its shareholding of 4,079 thousand shares of the associate in the fourth quarter of 2019. The total disposal price of the sale of the associate was $113,867 thousand, and the loss on disposal of $3,115 thousand was recognized under other gains and losses.

The Group’s investments accounted for using the equity method for the years ended December 31, 2020 and 2019 and the share of profit or loss and other comprehensive income from the investments in Hao Yuan Technology for the years then ended were recognized based on the audited financial statements for the same periods. Investments in Asensetek Incorporation were recognized based on the unaudited financial statements, however, the Group considered that there was no significant impact on the consolidated financial statements. In the fourth quarter of 2019, the Group sold all of its shareholding of Raising Light Optronics Corporation, and its share of profit or loss and other comprehensive income of the associate for the year ended December 31, 2019 was recognized based on the investee’s unaudited financial statements for the nine months ended September 30, 2019.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machine Equipment	Molding Equipment	Leasehold Improvements	Other Equipment	Equipment to Be Inspected or under Construction	Total
Cost								
Balance at January 1,2020	$ 167,176	$ 2,221,357	$ 2,862,058	$ 39,913	$ 192,168	$ 373,193	$ 346,075	$ 6,201,940
Additions	-	57,088	137,291	12,753	374	38,350	145,192	391,048
Disposals	-	(12,073)	(26,015)	(2,128)	-	(16,395)	-	(56,611)
Reclassifications	-	147,140	165,703	-	250	2,955	(316,048)	-
Effects of foreign currency exchange differences	-	11,166	(80,500)	807	1,679	3,202	(56)	(63,702)
Balance at December 31, 2020	167,176	2,424,678	3,058,537	51,345	194,471	401,305	175,163	6,472,675
Accumulated depreciation and impairment								
Balance at January 1, 2020	-	630,100	1,775,737	39,862	76,023	265,797	-	2,787,519
Depreciation expenses	-	77,068	237,961	3,458	9,157	47,003	-	374,647
Disposals	-	(9,885)	(25,562)	(2,128)	-	(16,385)	-	(53,960)
Impairment losses recognized	-	1,054	8,544	-	-	-	-	9,598
Effects of foreign currency exchange differences	-	5,688	(62,984)	632	34	2,500	-	(54,130)
Balance at December 31, 2020	-	704,025	1,933,696	41,824	85,214	298,915	-	3,063,674
Carrying amount at December 31, 2020	$ 167,176	$ 1,720,653	$ 1,124,841	$ 9,521	$ 109,257	$ 102,390	$ 175,163	$ 3,409,001
Cost								
Balance at January 1, 2019	$ 167,173	$ 2,227,151	$ 2,745,123	$ 47,594	$ 197,753	$ 333,192	$ 150,920	$ 5,868,906
Additions	-	8,908	65,296	-	1,414	50,862	373,119	499,599
Disposals	-	(86)	(39,796)	(6,185)	-	(15,292)	-	(61,359)
Reclassifications	-	12,896	151,100	-	632	12,687	(177,315)	-
Effects of foreign currency exchange differences	3	(27,512)	(59,665)	(1,496)	(7,631)	(8,256)	(649)	(105,206)
Balance at December 31, 2019	167,176	2,221,357	2,862,058	39,913	192,168	373,193	346,075	6,201,940
Accumulated depreciation and impairment								
Balance at January 1, 2019	-	570,393	1,610,931	47,253	68,753	256,949	-	2,554,279
Depreciation expenses	-	73,977	256,683	282	10,102	31,165	-	372,209
Disposals	-	(86)	(39,228)	(6,173)	-	(15,292)	-	(60,779)
Reclassifications	-	72	-	-	-	(72)	-	-
Effects of foreign currency exchange differences	-	(14,256)	(52,649)	(1,500)	(2,832)	(6,953)	-	(78,190)
Balance at December 31, 2019	-	630,100	1,775,737	39,862	76,023	265,797	-	2,787,519
Carrying amount at December 31, 2019	$ 167,176	$ 1,591,257	$ 1,086,321	$ 51	$ 116,145	$ 107,396	$ 346,075	$ 3,414,421

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	10-50 years
Decorating constructions	3-50 years
Machine equipment	1-11 years
Molding equipment	1-7 years
Leasehold improvements	1-25 years
Other equipment	1-10 years

The machine equipment and decorating constructions of part of the buildings in the Zhongli factory no longer met manufacturing needs; in consideration of future operating plans and current capacity plans, the Group estimated that there would be no future cash inflows from these assets, and the value-in-use was $0. The recoverable amounts of these assets were therefore assessed to be lower than their carrying amounts, leading to the recognition of an impairment loss of $9,598 thousand for the year ended December 31, 2020, which was recognized under other gains and losses. There was no impairment of property, plant and equipment from April 1, 2020 to December 31, 2020.

There was no indication of impairment of the property, plant and equipment for the year ended December 31, 2019.

For information about capitalized interest for the years ended December 31, 2020 and 2019, refer to Note 22(4).

Refer to Note 30 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Land	$ 429,855	$ 402,977
Buildings	227,192	250,742
Land use rights	45,041	45,649
Transportation equipment	1,241	425
Other equipment	5,048	-
	$ 708,377	$ 699,793

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 43,409	$ -
Depreciation charge for right-of-use assets		
Land	$ 9,559	$ 9,141
Buildings	16,936	18,099
Land use rights	1,299	1,360
Transportation equipment	721	1,176
Other equipment	181	-
	$ 28,696	$ 29,776

Except for the additions and recognition of depreciation expenses listed above, there was no significant sublease or impairment of the Group's right-of-use assets for the years ended December 31, 2020 and 2019.

The Group recognized a gain on lease modifications in the amount of $707 thousand under other gains and losses due to a reduction in the scope of the lease in 2020, please refer to Note 22(c) for the details

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 22,919	$ 23,791
Non-current	$ 687,672	$ 675,420

The discount rates for lease liabilities were as follows:

	December 31	
	2020	2019
Land	1.555%	1.555%
Buildings	1.750%-4.000%	1.750%-4.000%
Transportation equipment	0.780%-1.333%	1.830%-4.000%
Other equipment	6.910%	-

c. Material leasing activities and terms

The Group leases certain land and buildings for the use of plants and office spaces with lease terms of 1 to 20 years. The Group does not have bargain purchase options to acquire the leased assets at the end of the lease terms.

The Group also leases certain transportation equipment and other equipment with lease terms of 3 to 5 years. The Group does not have bargain purchase options to acquire the transportation equipment at the end of the lease terms.

Land use rights are amortized using the straight-line method over 50 years.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 11,657	$ 6,289
Expenses relating to low-value asset leases	$ 1,328	$ 1,031
Total cash outflow for leases	$ (49,239)	$ (43,354)

The Group's leases of certain office space, dormitories and parking lots qualify as short-term leases and low-value asset leases. The Group has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Secured borrowings		
Bank loan	$ 150,000	$ 544,337
Unsecured borrowings		
Line of credit borrowing	710,000	-
	$ 860,000	$ 544,337

The range of interest rates on bank loans was 0.73%-0.76% and 0.85%-1.18% per annum at December 31, 2020 and 2019, respectively.

b. Long-term borrowings

	December 31	
	2020	2019
Secured borrowings		
Mega International Commercial Bank	$ 219,000	$ 511,007
Unsecured borrowings		
Huntington National Bank	5,884	-
Taipei Fubon Commercial Bank	-	90,001
	224,884	601,008
Less: Current portion	(219,000)	(236,003)
Long-term borrowings	$ 5,884	$ 365,005

In July 2016, GLT-Optical signed a non-revolving loan contract with Mega International Commercial Bank for total credit facilities of $730,000 thousand. The principal is payable in 7 semi-annual installments starting from July 2018, where 10% of the principal will be repaid in each of the first to the sixth installments, and 40% of the remaining principal will be repaid in full on the maturity date. In accordance with the terms of the contract, the Company (joint guarantor) shall maintain specific financial ratios in the consolidated financial statements for each year during the loan period. Financial ratios of the Group comply with predetermined financial covenants. As of December 31, 2020 and 2019, the interest rate of the loan was 1.305% and 1.555% per annum, respectively.

In October 2017, GLT-Optical signed a non-revolving loan contract with Taipei Fubon Commercial Bank for total credit facilities of $150,000 thousand. The principal is payable in installments of $12,000 thousand once every three months, and the remaining principal will be repaid in full on the maturity date. In accordance with the terms of the contract, the joint guarantor, GLT-Taiwan shall maintain specific financial ratios in the standalone financial statements for each year during the loan period. Financial ratios of the Group comply with predetermined financial covenants. As of December 31, 2019, the interest rate of the loan was 1.310% per annum.

Due to the impact of the coronavirus pandemic, the U.S. federal government passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and established a Paycheck Protection Program (PPP) to support small businesses, so as to ensure that they would be able to continue as going concerns, and their workers would remain on the payroll during the period of the pandemic and economic crisis.

The Group's subsidiary, GLT-USA, obtained a loan of US$207 thousand which was approved by the authorized bank of Small Business Administration (SBA) in July 2020. The loan was mainly used to pay salaries and relevant expenses. Loan forgiveness could be applied if certain conditions are met. The unforgiven portion of the principal of the loan must be repaid within 5 years at a fixed interest rate of 1 %. As of December 31, 2020, GLT-USA has not submitted the loan forgiveness application, therefore, the loan was not transferred to government grant revenue.

The Group's assets mortgaged or pledged as collateral for the above borrowings are disclosed in Note 30.

17. OTHER PAYABLES

	December 31	
	2020	2019
Payable for salaries or bonuses	$ 297,111	$ 140,016
Payable for purchase equipment	48,684	89,374
Payable for commission	40,928	15,899
Payable for tax	9,899	3,639
Others	114,164	139,227
	$ 510,786	$ 388,155

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

GLT-Shanghai, GLT-Suzhou and GLT-ZhongShan, the Group's subsidiaries in mainland China, are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits, the contribution ratios were 20%-21%, 20% and 10%, respectively. GLT-USA, the Group's subsidiary in U.S., allocates pension according to the 401(K) plan.

There were no pension plans for Global Lighting Technologies (Cayman), Solid State OPTO, Solid State Display, Solid State Technology, Solid State Electronics, Shining Green and Hao Yuan Technology since these companies had no regular employees.

Pension expenses for these defined contribution plans are classified under the following accounts:

	For the Year Ended December 31	
	2020	2019
Operating costs	$ 17,072	$ 40,855
Operating expenses	$ 6,025	$ 12,077

b. Defined benefit plan

1) The defined benefit plan adopted by GLT-Taiwan in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to 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 pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

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

	December 31	
	2020	**2019**
Present value of defined benefit obligation	$ (20,000)	$ (19,826)
Fair value of plan assets	26,220	24,612
Net defined benefit assets	$ 6,220	$ 4,786

Movements in net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Asset**
Balance at January 1, 2019	$ (18,553)	$ 22,992	$ 4,439
Net interest income (expenses)	(232)	292	60
Recognized in profit or loss	(232)	292	60
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	733	733
Actuarial loss - changes in demographic assumptions	(3)	-	(3)
Actuarial loss - changes in financial assumptions	(917)	-	(917)
Actuarial loss - experience adjustments	(121)	-	(121)
Recognized in other comprehensive income	(1,041)	733	(308)
Contributions from employer	-	595	595
Balance at December 31, 2019	(19,826)	24,612	4,786
Net interest income (expenses)	(174)	219	45
Recognized in profit or loss	(174)	219	45
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	777	777
Actuarial loss - changes in demographic assumptions	(137)	-	(137)
Actuarial loss - changes in financial assumptions	(863)	-	(863)
Actuarial gain - experience adjustments	1,000	-	1,000
Recognized in other comprehensive income	-	777	777
Contributions from employer	-	612	612
Balance at December 31, 2020	$ (20,000)	$ 26,220	$ 6,220

Through the defined benefit plans under the Labor Standards Act, GLT-Taiwan is exposed to the following risks:

a) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets of GLT-Taiwan should not be below the interest rate for a 2-year time deposit with local banks.

b) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

c) 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 of GLT-Taiwan were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	**2019**
Discount rate(s)	0.500%	0.875%
Expected rate(s) of salary increase	3.000%	3.000%

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

	December 31	
	2020	**2019**
Discount rate(s)		
0.25% increase	$ (582)	$ (618)
0.25% decrease	$ 607	$ 646
Expected rate(s) of salary increase		
0.25% increase	$ 584	$ 623
0.25% decrease	$ (563)	$ (600)

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

	December 31	
	2020	**2019**
The expected contributions to the plan for the next year	$ 620	$ 620
The average duration of the defined benefit obligation	11.8 years	12.7 years

2) GLT-Taiwan has a survivor benefit plan, where the next-of-kin of employees that passed away on the job due to illness or other reasons will be compensated in amounts that commensurate with the employee's number of years of service with the Company. However, if the Company has already paid for the compensation for the same accident, the Company can offset the payment.

a) A reconciliation of the present value of other long-term employee benefits obligation is as follows:

	December 31	
	2020	2019
Present value of other long-term employee benefits obligation	$ 12,911	$ 11,312
Fair value of plant assets	-	-
Provisions for employee benefits	$ 12,911	$ 11,312

b) A reconciliation of the provision for employee benefits liabilities is as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 11,312	$ 9,797
Current service cost	1,666	1,527
Interest cost	99	122
Remeasurement		
Actuarial loss - changes in demographic assumptions	489	123
Actuarial loss - changes in financial assumptions	713	612
Actuarial gain - experience adjustments	(1,368)	(869)
Recognized in profit or loss	1,599	1,515
Balance at December 31	$ 12,911	$ 11,312

c) The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	2019
Discount rate(s)	0.500%	0.875%
Expected rate(s) of salary increase	3.000%	3.000%

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

	December 31	
	2020	2019
Discount rate(s)		
0.25% increase	$ (493)	$ (415)
0.25% decrease	$ 522	$ 438
Expected rate(s) of salary increase		
0.25% increase	$ 508	$ 427
0.25% decrease	$ (483)	$ (407)

d) Maturity analysis of employee benefits obligation was as follows:

Analysis of employee benefits obligation in the next decade

	December 31	
	2020	2019
Not later than 1 year	$ 405	$ 354
Later than 1 year and not later than 5 years	1,892	1,729
Later than 5 years	3,722	3,315

19. LONG-TERM DEFERRED REVENUE

In 2006 to 2008, the Group received a government grant for relocating its factory in accordance with the Suzhou government land planning policy. The subsidy was recognized as long-term deferred revenue, which is amortized and recognized as realized long-term deferred revenue over its estimated useful life (under the line item of non-operating income and expenses - other income).

Since July 2019, the Group received testing equipment donated from non-shareholders, which were recognized as long-term deferred revenue, and the realized long-term deferred revenue (under the line item of non-operating income and expense - other income) was amortized over the estimated useful life of the testing equipment.

As of December 31, 2020 and 2019, long-term deferred revenue was $102,592 thousand and $110,081 thousand, respectively.

The Group’s realized long-term deferred revenue recognized as other income and government grants related to income are as follows:

	For the Year Ended December 31	
	2020	2019
Realized long-term deferred revenue	$ 19,185	$ 6,372
Received from government grants related to income	3,047	2,519
	$ 22,232	$ 8,891

20. EQUITY

a. Share capital - ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	360,000	360,000
Shares authorized	$ 3,600,000	$ 3,600,000
Number of shares issued and fully paid (in thousands)	130,937	130,937
Shares issued and fully paid	$ 1,309,371	$ 1,309,371

The par value of the issued ordinary shares is NT$10. Each share entitles its holder to the right to vote and to receive dividends.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares	$ 2,235,058	$ 2,235,058
Donations	39,702	39,702
May be used to offset a deficit only		
Expiry of employee share options	85,068	85,068
Share of changes in capital surplus of associates	23,981	23,981
	$ 2,383,809	$ 2,383,809

The capital surplus from shares issued in excess of par could be used to offset deficits; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the Company's articles of incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years and setting aside as special reserve in accordance with the laws and regulations. The current year's distributable earnings is the current year's net profit after deduction of the aforementioned amounts plus the accumulated undistributed retained earnings. The board of directors may approve all or part of the distributable surplus in the current year to be distributed as dividends (including cash dividends or stock dividends) in the current year in consideration of financial, business and other operating factors. However, dividends to be distributed for the current year should not be lower than 10% of the net profit after tax for the current year if the profit has not been used to offset losses or set aside as special reserve. Additionally, cash dividends should not be lower than 10% of the total dividends to be distributed for the current year. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 22(g).

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

The appropriations of earnings for 2019 and 2018, which were approved in the shareholders' meetings on June 18, 2020 and June 24, 2019, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2019	2018
Special reserve	$ 131,835	$ (25,360)
Cash dividends	$ 196,406	$ 104,750
Cash dividends per share (NT$)	$ 1.5	$ 0.8

The appropriation of earnings for 2020 had been proposed by the Company's board of directors on March 5, 2021. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2020
Special reserve	$ 93,330
Cash dividends	$ 720,154
Cash dividends per share (NT$)	$ 5.5

The appropriations of earnings for 2020 are subject to the resolution of the shareholders in their meeting to be held on May 28, 2021.

d. Other equity items

Exchange differences on the translation of the financial statements of foreign operations

	2020	2019
Balance at January 1	$ (174,310)	$ (44,531)
Recognized for the year		
Exchange differences on translation to the presentation currency	(359,600)	(152,539)
Exchange differences on the translation of the financial statements of foreign operations	275,064	22,760
Balance at December 31	$ (258,846)	$ (174,310)

Unrealized gain/(loss) on financial assets at FVTOCI

	2020	2019
Balance at January 1	$ 443	$ 2,499
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(1,889)
Recognized for the year		
Unrealized gain	(8,794)	(167)
Balance at December 31	$ (8,351)	$ 443

21. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	$ 11,190,565	$ 5,269,269
Revenue from commission	15,203	16,979
	$ 11,205,768	$ 5,286,248

a. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable (Note 9)	$ -	$ 1,881	$ 1,887
Accounts receivable (Note 9)	$ 2,805,135	$ 1,479,439	$ 1,375,506
Accounts receivable - related parties (Note 29)	$ 47,834	$ 182,604	$ 231,587
Contract liabilities			
Sale of goods	$ 5,311	$ 9,343	$ 4,446

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligations and the respective customer's payment.

Revenue recognized in the current year from the satisfaction of performance obligations of contract liabilities at the beginning of the year is as follows:

	For the Year Ended December 31	
	2020	2019
From contract liabilities at the beginning of the year		
Sale of goods	$ 9,343	$ 4,446

b. Disaggregation of revenue

	For the Year Ended December 31	
	2020	2019
Applications of light guide plates	$ 9,756,663	$ 3,469,542
Plastic components	1,433,902	1,799,727
Revenue from commission	15,203	16,979
	$ 11,205,768	$ 5,286,248

22. NET PROFIT

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 17,820	$ 32,541

b. Other income

	For the Year Ended December 31	
	2020	2019
Long-term deferred revenue allocated due to non-shareholder asset donation	$ 16,491	$ 3,553
Government grants	5,741	5,338
Others	4,307	2,607
	$ 26,539	$ 11,498

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Gain on lease modifications	$ 707	$ -
Gain (loss) on disposal of property, plant and equipment	(1,820)	1,190
Impairment loss recognized on property, plant and equipment	(9,598)	-
Net gain (loss) on foreign currency exchange	(99,841)	9,340
Impairment loss recognized on investments accounted for using the equity method (Note 13)	-	(6,570)
Loss on disposal of investment (Notes 13 and 25)	-	(3,543)
Others	(3)	(48)
	$ (110,555)	$ 369

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 11,932	$ 15,089
Interest on lease liabilities	11,485	11,786
Less: Amounts included in the cost of qualifying assets	(1,463)	(1,110)
	$ 21,954	$ 25,765

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest amount	$ 1,463	$ 1,110
Capitalization rate	0.75%-1.305%	0.850%-1.555%

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Property, plant and equipment	$ 374,647	$ 372,209
Right-of-use assets	28,696	29,776
	$ 403,343	$ 401,985
An analysis of depreciation by function		
Operating costs	$ 331,520	$ 328,246
Operating expenses	71,823	73,739
	$ 403,343	$ 401,985
An analysis of amortization by function		
Operating costs	$ 1,716	$ 1,399
Operating expenses	327	249
	$ 2,043	$ 1,648

f. Employee benefit expenses

	For the Year Ended December 31	
	2020	2019
Post-employment benefit (Note 18)		
Defined contribution plans	$ 23,097	$ 52,932
Defined benefit plans	1,554	1,455
Payroll expenses	842,244	625,488
Labor and health insurance expenses	52,825	52,025
Remuneration of directors	26,444	16,699
Other employee benefits	59,060	53,388
Total employee benefit expenses	$ 1,005,224	$ 801,987
An analysis of employee benefit expense by function		
Operating costs	$ 661,760	$ 533,620
Operating expenses	343,464	268,367
	$ 1,005,224	$ 801,987

g. Employees' compensation and remuneration of directors

The Company accrued employees' compensation and remuneration of directors at the rates between 1% to 15% and no higher than 1.5%, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019 which have been approved by the Company's board of directors on March 5, 2021 and March 17, 2020, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Employees' compensation	5.0%	5.0%
Remuneration of directors	1.5%	1.5%

Amount

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Employees' compensation	$ 72,463	$ 17,866
Remuneration of directors	21,739	5,360

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

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

Information on the employees' compensation and remuneration of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign currency exchange gains	$ 290,784	$ 153,344
Foreign currency exchange losses	(390,625)	(144,004)
Net gain (loss)	$ (99,841)	$ 9,340

23. INCOME TAXES

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

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 124,877	$ 18,940
Income tax on unappropriated earnings	3,074	-
Adjustments for prior year	604	(1,302)
Deferred tax		
In respect of the current year	3,701	(3,727)
Income tax expense recognized in profit or loss	$ 132,256	$ 13,911

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

	For the Year Ended December 31	
	2020	2019
Profit before tax	$ 1,487,307	$ 358,475
Income tax expense calculated at the statutory rate (20%)	$ 297,461	$ 71,695
Nondeductible expenses in determining taxable income	2,000	3,324
Tax-exempt income	(11,897)	(4,935)
Unrecognized loss carryforwards	9,454	19,001
Use of unrecognized loss carryforwards	(35,802)	-
Income tax on unappropriated earnings	3,074	-
Adjustments for prior years' tax	604	(1,302)
Effect of different tax rate of the Group's entities operating in other jurisdictions	(132,638)	(73,872)
Income tax expense recognized in profit or loss	$ 132,256	$ 13,911

The income tax rates of the entities in the Group based on the operating jurisdictions of the respective entities are as follows:

1) GLT-USA: 21%
2) GLT-Taiwan, GLT-Optical and Hao Yun Technology: 20%
3) GLT-Shanghai and GLT-Zhongshan: 25%
4) GLT-Suzhou Opto: qualified as a high-tech enterprise, 15%

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plan	$ (155)	$ 62
Total income tax recognized in other comprehensive income	$ (155)	$ 62

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ 476	$ -
Current tax liabilities		
Income tax payable	$ 100,422	$ 4,543

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Difference	Closing Balance
Deferred tax assets					
Temporary differences					
Depreciation difference between financial accounting and taxation	$ 17,606	$ 490	$ -	$ 225	$ 18,321
Write-down of inventories	7,570	723	-	19	8,312
Provision for employee benefit	2,262	320	-	-	2,582
Impairment loss recognized on property, plant and equipment	-	1,350	-	-	1,350
Refund liabilities	2,090	(1,398)	-	3	695
Unrealized foreign exchange losses	3,007	(2,326)	-	-	681
Tax losses	3,096	(3,050)	-	(46)	-
	$ 35,631	$ (3,891)	$ -	$ 201	$ 31,941
Deferred tax liabilities					
Temporary differences					
Pension expenses difference between financial accounting and taxation	$ 957	$ 131	$ 155	1	$ 1,244
Right to return goods	417	(321)	-	1	97
	$ 1,374	$ (190)	$ 155	$ 2	$ 1,341

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Closing Balance
Deferred tax assets					
Temporary differences					
Depreciation difference between financial accounting and taxation	$ 18,166	$ 131	$ -	$ (691)	$ 17,606
Write-down of inventories	6,962	638	-	(30)	7,570
Unrealized foreign exchange losses	776	2,231	-	-	3,007
Provision for employee benefit	1,959	303	-	-	2,262
Refund liabilities	1,195	914	-	(19)	2,090
Tax losses	3,113	58	-	(75)	3,096
	$ 32,171	$ 4,275	$ -	$ (815)	$ 35,631
Deferred tax liabilities					
Temporary differences					
Pension expenses difference between financial accounting and taxation	$ 888	$ 131	$ (62)	-	$ 957
Right to return goods	-	417	-	-	417
	$ 888	$ 548	$ (62)	$ -	$ 1,374

e. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31 2020	December 31 2019
Loss carryforwards		
Expiry in 2022	$ -	$ 18,873
Expiry in 2023	10,844	25,905
Expiry in 2024	3,156	5,162
Expiry in 2025	15,623	5,948
Expiry in 2026	16,626	16,584
Expiry in 2027	33,308	33,266
Expiry in 2028	24,863	24,863
Expiry in 2029	21,261	21,261
Expiry in 2030	37,400	-
	$ 163,081	$ 151,862

f. Loss carryforwards as of December 31, 2020

Company Name	Unused Amount	Expiry Year
GLT-Suzhou Opto	$ 1,224	2024
	2,750	2025
	2,750	2026
	2,750	2027
	$ 9,474	
GLT-Zhongshan	$ 10,484	2023
	9,633	2025
	$ 20,117	
GLT-Optical	$ 360	2023
	1,932	2024
	3,240	2025
	13,872	2026
	30,542	2027
	24,846	2028
	21,261	2029
	37,400	2030
	$ 133,453	
Hao Yuan Technology	$ 4	2026
	16	2027
	17	2028
	$ 37	

g. Income tax assessments

Income tax returns of GLT-Taiwan, GLT-Optical. and Hao Yuan Technology through 2018 have been examined and cleared by the tax authorities.

24. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Year Ended December 31	
	2020	2019
Profit for the year attributable to owners of the Company	$ 1,355,051	$ 344,564

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

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	130,937	130,937
Effect of potentially dilutive ordinary shares:		
Employees’ compensation	687	213
Weighted average number of ordinary shares used in the computation of diluted earnings per share	131,624	131,150

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

25. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activities	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)
Hao Yuan Technology	Investment industry, wholesale and retail of electronic materials	March 26, 2019	51

b. Consideration transferred

On March 26, 2019, the board of directors approved the acquisition of Hao Yuan Technology for $45,851 thousand.

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

	Hao Yuan Technology
Current assets	
Cash and cash equivalents	$ 1,250
Other receivables	7
Non-current assets	
Financial assets at fair value through other comprehensive income	89,720
Current liabilities	
Other payables	(200)
	$ 90,777

d. Bargain purchase gain recognized on acquisitions

	Hao Yuan Technology
Consideration transferred	$ 45,851
Plus: Non-controlling interests (49% in Hao Yuan Technology)	44,052
Less: Fair value of identifiable net assets acquired	(90,777)
Bargain purchase gain	$ (874)

Before the date of acquisition, GLT-Taiwan held a 49% interest in Hao Yuan Technology with a carrying amount of $44,480 thousand. After remeasurement at the date of acquisition, the fair value of Hao Yuan Technology was evaluated as $44,052 thousand, thereby generating a loss on disposal of the investment of $428 thousand, which was recognized under other gains and losses.

e. Net cash outflow on the acquisition of subsidiaries

	Hao Yuan Technology
Consideration paid in cash	$ 45,851
Less: Cash and cash equivalent balances acquired	(1,250)
	$ 44,601

26. CASH FLOW INFORMATION

a. Partial non-cash transactions

For the years ended December 31, 2020 and 2019, the Group entered into the following partial non-cash investing activities, which were not reflected in the consolidated statements of cash flows:

Partial cash payments for the acquisition of property, plant and equipment

	For the Year Ended December 31	
	2020	2019
Acquisition of property, plant and equipment		
Increase in property, plant and equipment	$ 391,048	$ 499,599
Net change in prepayments for equipment	(24,928)	43,697
Net change in payable for purchase of equipment	40,690	(60,088)
Increase in equipment donated from non-shareholders	(12,335)	(42,196)
Cash paid	$ 394,475	$ 441,012

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Lease Modifications	Foreign Exchange	Closing Balance
Short-term borrowings	$ 544,337	$ 315,670	$ -	$ -	$ (7)	$ 860,000
Long-term borrowings (including current portion)	601,008	(375,905)	-	-	(219)	224,884
Lease liabilities	699,211	(24,769)	43,409	(707)	(6,553)	710,591
	$ 1,844,556	$ (85,004)	$ 43,409	$ (707)	$ (6,779)	$ 1,795,475

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Foreign Exchange	Closing Balance
Short-term borrowings	$ 344,996	$ 199,331	$ 10	$ 544,337
Long-term borrowings (including current portion)	794,991	(194,000)	17	601,008
Lease liabilities	734,916	(24,248)	(11,457)	699,211
	$ 1,874,903	$ (18,917)	$ (11,430)	$ 1,844,556

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

28. FINANCIAL INSTRUMENTS

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

The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values (or their fair values cannot be reliably measured).

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ -	$ -	$ 29,096	$ 29,096

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ -	$ -	$ 37,890	$ 37,890

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

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

For the year ended December 31, 2020

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2020	$ 37,890
Recognized in other comprehensive income	(8,794)
Balance at December 31, 2020	$ 29,096

For the year ended December 31, 2019

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2019	$ -
Generated from the acquisition of subsidiaries	89,720
Refund of capital reduction	(6,523)
Recognized in other comprehensive income	(167)
Settlements	(45,140)
Balance at December 31, 2019	$ 37,890

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

The fair values of financial assets and financial liabilities are evaluated using the market approach based on the analysis of comparable companies.

c. Categories of financial instruments

	December 31	
	2020	**2019**
Financial assets		
Financial assets at FVTOCI	$ 29,096	$ 37,890
Financial assets at amortized cost (Note 1)	7,199,746	4,772,070
Financial liabilities		
Amortized cost (Note 2)	3,891,733	2,632,443

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, accounts receivable - related parties, part of other receivables (excluding tax refund receivable) and other receivables - related parties, refundable deposits and other financial assets.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise accounts payable, accounts payable - related parties, part of other payables (excluding payable for short-term employee benefits, payable for commission and payable for tax), other payables - related parties, short-term borrowings, long-term borrowings and long-term borrowings - current portion.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, equity investments, accounts receivable, accounts payable, borrowings and lease liabilities. The Group's corporate treasury function monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

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

a) Foreign currency risk

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar and the Japanese yen.

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

	U.S. Dollar Impact		Japanese Yen Impact	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Profit (loss)	$ (34,900)	$ (65,001)	$ (503)	$ 841

The result was mainly attributable to the exposure on bank deposits, accounts receivable and payable in U.S. dollars and Japanese yen that were not hedged at the end of the year.

The Group's sensitivity to U.S. dollars decreased during the current year due to the increase of accounts payable; and the sensitivity to Japanese yen increased during the current year due to the decrease of accounts payable.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts.

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

	December 31	
	2020	2019
Fair value interest rate risk		
Financial assets	$ 424,219	$ 763,533
Financial liabilities	1,576,474	943,544
Cash flows interest rate risk		
Financial assets	3,790,514	2,223,059
Financial liabilities	219,000	901,012

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Group's pretax profit for the year ended December 31, 2020 would have increased/decreased by $8,929 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposits.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Group's pretax profit for the years ended December 31, 2019 would have decreased/increased by $3,305 thousand, which was mainly attributable to the Group's exposure to interest rates on its demand deposits.

The Group's sensitivity to interest rates increased during the current year mainly due to the increase in variable rate demand deposits.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities.

Sensitivity analysis

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

If equity prices had been 10% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2020 and 2019 would have increased/decreased by $2,910 thousand and $3,789 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Group's sensitivity to equity prices decreased due to the decrease in the prices of the equity securities held.

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. As of the end of the reporting period, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation, is primary from the book value of its financial assets.

The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group's credit risk is concentrated in its top 10 customers.

The Group's concentration of credit risk of 92.99% and 84.37% in total trade receivables as of December 31, 2020 and 2019, respectively, was related to the Group's ten largest customers.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. Financial assets at fair value through other comprehensive income are exposed to liquidity risk since these assets have no active markets.

The Group manages liquidity risk by maintaining adequate bank balance and banking facilities, and continuously monitoring forecast and actual cash flows as well as the maturity profiles of financial assets and liabilities.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized bank loan facilities set out in (b) below.

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

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

December 31, 2020

	On Demand or Less than 1 Year	**1-2 Years**	**2-5 Years**	**Over 5 Years**
Non-derivative financial liabilities				
Non-interest bearing	$ 3,241,171	$ -	$ -	$ -
Variable interest rate liabilities	220,667	-	-	-
Fixed interest rate liabilities	861,854	1,500	3,813	-
Lease liabilities	34,598	33,853	100,133	750,190
	$ 4,358,290	$ 35,353	$ 103,946	$ 750,190

December 31, 2019

	On Demand or Less than 1 Year	**1-2 Years**	**2-5 Years**	**Over 5 Years**
Non-derivative financial liabilities				
Non-interest bearing	$ 1,654,535	$ -	$ -	$ -
Variable interest rate liabilities	243,186	367,748	-	-
Fixed interest rate liabilities	544,853	-	-	-
Lease liabilities	35,044	32,254	94,410	743,627
	$ 2,477,618	$ 400,002	$ 94,410	$ 743,627

The amount of non-derivative financial liabilities would change due to the change in the floating interest rate as compared to the interest rate estimated on the balance sheet date.

b) Financing facilities

	December 31	
	2020	2019
Secured bank loan facilities		
Amount used	$ 369,000	$ 311,000
Amount unused	50,000	-
	$ 419,000	$ 311,000
Unsecured bank loan facilities		
Amount used	$ 726,889	$ 975,958
Amount unused	719,235	724,111
	$ 1,446,124	$ 1,700,069

29. TRANSACTIONS WITH RELATED PARTIES

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

a. The Group's related parties

Related Party	Relationship with the Group
Raising Light Optronics Corporation	Associate (the Group had fully disposed of its shareholding in December 2019)
Shinny Plastics Corp	Other related party (The chairman of the Company and the chairman of Shinny Plastics are second-degree relatives)
Tony Material LLC	Related party in substance
Wistron Corporation	Other related party (Juristic director of the Company)
Wistorn InfoComm (Zhongshan) Corporation	Other related party (Subsidiary of Wistron)
Cowin Worldwide Corporation (Cowin)	Other related party (Subsidiary of Wistron)

b. Operating revenue

	For the Year Ended December 31	
Related Party Category/Name	2020	2019
Other related parties	$ 167,051	$ 485,936
Related party in substance	49	819
	$ 167,100	$ 486,755

The sales of goods to other related parties and the related party in substance were made at prices determined based on agreement; the payment term between the Group and other related parties or the related party in substance is open account 90 days, and is not significantly different from transactions between the Group and non-related parties

c. Purchases of goods (including processing fees)

Related Party Category/Name	For the Year Ended December 31 2020	2019
Other related parties	$ 186,980	$ 189,542
Related party in substance	67,439	50,347
Associate	-	4,373
	$ 254,419	$ 244,262

Purchases were made at the prices determined based on agreement with other related parties and related party in substance and associate; the payment terms between the Group and other related parties, and between the Group and the related party in substance or associate are open account 60 and 90 days, respectively, and are not significantly different from transactions between the Group and non-related parties.

d. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2020	2019
Other related parties	$ -	$ 500
Associate	-	220
	$ -	$ 720

e. Manufacturing and operating expenses

Related Party Category/Name	For the Year Ended December 31 2020	2019
Other related parties	$ 39,641	$ 7,914
Related party in substance	41,654	57,045
Associate	-	74,831
	$ 81,295	$ 139,790

The transactions were mainly the payments made for administration fees of the industrial park, utility expenses and mold charges to other related parties and related party in substance.

f. Receivables from related parties

Related Party Category/Name	December 31 2020	2019
Accounts receivable - related parties		
Wistorn InfoComm (Zhongshan)	$ 47,419	$ 149,937
Other related parties	364	32,667
Related party in substance	51	-
	$ 47,834	$ 182,604

Related Party Category/Name	Nature	December 31 2020	December 31 2019
Other receivables - related parties			
Wistorn InfoComm (Zhongshan)	Labor fee	$ 326	$ -

The revenue from the labor service provided by the Group to the related parties was recognized as a deduction of expenses.

g. Payables to related parties

Related Party Category/Name	December 31 2020	December 31 2019
Accounts payable - related parties		
Shinny Plastics Corp	$ 92,201	$ 105,049
Tony Material LLC	17,518	13,665
	$ 109,719	$ 118,714
Other payables - related parties		
Tony material LLC	$ 11,940	$ 15,929
Wistorn InfoComm (Zhongshan)	2,925	-
Other related parties	8	-
	$ 14,873	$ 15,929

h. Lease arrangements

Line Item	Related Party Category/Name	December 31 2020	December 31 2019
Lease liabilities	Wistorn InfoComm (Zhongshan)	$ 243,917	$ 263,974

Line Item	Related Party Category/Name	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Interest expense	Wistorn InfoComm (Zhongshan)	$ 4,388	$ 4,947

The Group leases a plant from Wistorn InfoComm (Zhongshan), the terms of the transaction are negotiated by both the parties and the rent is paid monthly according to the lease agreement.

i. Remuneration of key management personnel

	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Short-term employee benefits	$ 47,391	$ 33,324
Post-employment benefits	324	357
	$ 47,715	$ 33,681

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, the import transactions in the Customs Administration, and for the lease of land from Hsinchu Science Park, Ministry of Science and Technology:

	December 31	
	2020	**2019**
Property, plant and equipment	$ 1,025,981	$ 1,023,576
Other financial assets - restricted assets (under other current and other non-current assets)	174,740	18,020
	$ 1,200,721	$ 1,041,596

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Group as of December 31, 2020 were as follows:

a. GLT-Optical entered into a sales contract for the construction of factories and the purchase of equipment for $171,966 thousand, while GLT-Taiwan entered into a sales contract for the purchase of equipment for $81,179 thousand. Unrecognized contract commitments for GLT-Optical and GLT-Taiwan were $89,317 thousand and $1,210 thousand, respectively for the year ended December 31, 2020.

b. As of December 31, 2020, unused letters of credit for purchases of equipment for GLT-Taiwan and raw materials for Solid State Electronics were amounted to approximately JPY175,000,000 and US$386,400, respectively.

c. Unrecognized commitments were as follows:

Guarantor	Guaranteed Person	Guarantee Amount
GLT-Cayman	GLT-Optical	$200,000 thousand
GLT-Cayman	GLT-Zhongshan	US$3,000 thousand (equivalent to approx. NT$85,440 thousand)
GLT-Taiwan	GLT-Optical	$520,000 thousand
GLT-Taiwan	GLT-Optical	US$25,000 thousand (equivalent to approx. NT$712,000 thousand)
GLT-Taiwan	Solid State Electronics	US$5,000 thousand (equivalent to approx. NT$142,400 thousand)

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD AND OTHER ITEMS: NONE

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

(In Thousands of New Taiwan Dollars and Foreign Currencies)

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 25,955	28.4800 (USD:NTD)	$ 739,205
USD	57,434	6.5249 (USD:RMB)	1,635,727
JPY	32,818	0.2763 (JPY:NTD)	9,068
JPY	4,629	0.0097 (JPY:USD)	1,279
Financial liabilities			
Monetary items			
USD	3,006	28.4800 (USD:NTD)	85,608
USD	55,875	6.5249 (USD:RMB)	1,591,325
JPY	1,026	0.0097 (JPY:USD)	283

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 31,102	29.98 (USD:NTD)	$ 932,450
USD	34,391	6.9762 (USD:RMB)	1,031,056
JPY	33,996	0.2760 (JPY:NTD)	9,383
JPY	1,672	0.0092 (JPY:USD)	460
Financial liabilities			
Monetary items			
USD	1,607	29.98 (USD:NTD)	48,184
USD	20,523	6.9762 (USD:RMB)	615,291
JPY	95,541	0.2760 (JPY:NTD)	26,370
JPY	1,051	0.0092 (JPY:USD)	290

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains (losses) were a loss of $99,841 thousand and a gain of $9,340 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others: Table 1 (attached)

2) Endorsements/guarantees provided: Table 2 (attached)

3) Marketable securities held (excluding investment in subsidiaries): Table 3 (attached)

4) Marketable securities acquired or disposed of 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: Table 4 (attached)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5 (attached)

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions: Table 8 (attached)

b. Information on investees (Table 6)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7 (attached)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 8 (attached)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2 (attached)

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1 (attached)

f) 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 receipt of services.

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

35. SEGMENT INFORMATION

The Group's reportable segments as follows:

a. Department of light guide plates applications: Provide the service of manufacturing and sales of related application products such as light guide plates.

b. Department of plastic components: Provide the service of design, manufacturing and sales of plastic components

Reportable segment income and loss is measured by pre-tax other comprehensive income (non-operating income and expense and income tax expenses are excluded). The amount is for operational decision makers to determine the allocation of resources to each department and evaluate the performance of each department.

Since the information on the segment assets and liabilities was not provided to the operational decision makers for reference or for decision-making purposes, the segment assets and liabilities were not disclosed.

c. Segment revenue and results

	Department of Light Guide Plates Applications	Department of Plastic Components	Eliminations	Total
For the year ended December 31, 2020				
Revenue				
Revenue from external customers	$ 9,756,663	$ 1,449,105	$ -	$ 11,205,768
Inter-segment revenue	-	-	-	-
Total revenue	$ 9,756,663	$ 1,449,105	$ -	$ 11,205,768
Segment income (loss)	$ 1,580,566	$ (5,109)		$ 1,575,457
Non-operating income and expenses				(88,150)
Profit before tax (continuing operations)				$ 1,487,307

(Continued)

	Department of Light Guide Plates Applications	Department of Plastic Components	Eliminations	Total
For the year ended December 31, 2019				
Revenue				
Revenue from external customers	$ 3,469,542	$ 1,816,706	$ -	$ 5,286,248
Inter-segment revenue	-	-	-	-
Total revenue	$ 3,469,542	$ 1,816,706	$ -	$ 5,286,248
Segment income (loss)	$ 278,446	$ 52,450		$ 330,896
Non-operating income and expenses				27,579
Profit before tax (continuing operations)				$ 358,475

(Concluded)

d. Geographical information

The Group operates in two principal geographical areas for the years ended December 31, 2020 and 2019 - Asia and America.

The Group's revenue from external customers by location is detailed below:

	Revenue from External Customers For the Year Ended December 31	
	2020	2019
Asia	$ 10,748,802	$ 4,768,629
America	413,579	350,270
Others	43,387	167,349
	$ 11,205,768	$ 5,286,248

e. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2020	2019
Customer A	$ 3,943,494	$ 443,761
Customer B	2,393,711	-
Customer C	1,384,098	1,709,355
Customer D	1,356,467	9,170

TABLE 1

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

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

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 3)	Ending Balance (Note 3)	Actual Amount Borrowed (Note 4)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Financing Company's Aggregate Financing Limits
													Item	Value		
1	GLT-Shanghai	GLT-Suzhou OPTO	Other receivables - related parties, current portion	Yes	$ 85,440	$ 85,440	$ -	-	2	$ -	Operating turnover	$ -	-	$ -	$ 1,104,287	$ 1,104,287
1	GLT-Shanghai	GLT-Zhongshan	Other receivables - related parties, current portion	Yes	341,760	341,760	-	-	2	-	Operating turnover	-	-	-	1,104,287	1,104,287
2	GLT-Taiwan	GLT-Optical	Other receivables - related parties, current portion	Yes	427,200	427,200	221,247	0.8-1.05	2	-	Operating turnover	-	-	-	890,016	890,016
3	Solid State OPTO	GLT-Optical	Other receivables - related parties, current portion	Yes	227,840	227,840	136,704	-	2	-	Operating turnover	-	-	-	589,623	589,623
4	GLT-USA	GLT-Optical	Other receivables - related parties, current portion	Yes	170,880	170,880	129,307	1.60	2	-	Operating turnover	-	-	-	297,057	297,057
5	Solid State Electronics	GLT-Optical	Other receivables - related parties, current portion	Yes	227,840	227,840	199,360	-	2	-	Operating turnover	-	-	-	1,123,885	1,123,885
6	Solid State Technology	GLT-Optical	Other receivables - related parties, current portion	Yes	284,800	284,800	199,360	-	2	-	Operating turnover	-	-	-	1,397,781	1,397,781
7	Solid State Display	GLT-Optical	Other receivables - related parties, current portion	Yes	85,440	85,440	-	-	2	-	Operating turnover	-	-	-	1,840,767	1,840,767
8	GLT-Suzhou OPTO	GLT-Zhongshan	Other receivables - related parties, current portion	Yes	85,440	85,440	43,672	1.75	2	-	Operating turnover	-	-	-	578,159	578,159

Note 1: The nature of financing is numbered as follows:

1) Business relationship
2) Short-term financing needs

Note 2: The aggregate financing limit of loans made from the parent company to its subsidiaries in which the parent company directly or indirectly holds 100% of the voting shares is limited to 40% of the parent company's net worth based on its latest audited financial statements. For loans made between offshore subsidiaries (excluding subsidiaries in the Republic of China) in which the parent company directly or indirectly holds 100% of the voting shares, the financing limit is 80% of the lender's net worth based on its latest audited financial statements. The financing limit for each borrower in which the parent company directly or indirectly holds 100% of the voting shares is 10% of the parent company's net worth based on its latest audited financial statements. For loans made from offshore subsidiaries to each borrower in which the parent company holds, directly or indirectly, 100% of the voting shares is limited to 80% of the parent company's net worth based on its latest audited financial statements. For loans made between subsidiaries in the Republic of China, both the aggregate financing limit and financing limit for each borrower is limited to 40% of the lender's net worth based on its latest audited financial statements. For loans made from the lender to its ultimate parent company, both the aggregate financing limit and financing limit for each borrower is both 40% of the lender's net worth based on its latest audited financial statements. The financing limit for each borrower is the lender's aggregate financing limit.

Note 3: The ending balance has been approved by the board of directors.

Note 4: All intercompany transactions have been eliminated upon consolidation..

TABLE 2

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 2)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 3)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 3)
		Name	Relationship										
0	Global Lighting Technologies Inc	GLT-Optical	Subsidiary of Global Lighting Technologies Inc.	$ 2,173,321	$ 200,000	$ 200,000	$ -	$ -	2.76	$ 3,622,202	Y	-	-
1	Global Lighting Technologies Inc	GLT-Zhongshan	Subsidiary of Global Lighting Technologies Inc.	2,173,321	85,440	85,440	-	-	1.18	3,622,202	Y	-	-
2	GLT-Taiwan	GLT-Optical (Note 5)	Subsidiary of Global Lighting Technologies Inc.	1,891,285	1,232,000	1,232,000	860,000	156,640	17.01	1,891,285	-	-	-
3	GLT-Taiwan	Solid State Electronics (Note 4)	Subsidiary of Global Lighting Technologies Inc.	1,891,285	142,400	142,400	11,005	-	1.97	1,891,285	-	-	-

Note 1: The parent company can provide endorsements/guarantees to subsidiaries in which the parent company directly or indirectly holds more than 90% of the voting shares, and the amount of endorsement/guarantee should not exceed 10% of the parent company's net worth. The above limit on endorsement/guarantee is not applicable to subsidiaries in which the parent company directly or indirectly holds 100% of the voting shares. The limit of overall endorsement/guarantee of the Company and its subsidiaries is 50% of the Company's net worth based on its most recent audited or reviewed consolidated financial statements. The amount of endorsement/guarantee for an individual entity shall not exceed 30% of the Company's net worth based on its most recent audited or reviewed consolidated financial statements. Based on the new endorsement/guarantee operating procedures revised on December 29, 2015, both the limit on endorsement/guarantee provided to individual entities and the aggregate endorsement/guarantee limit is 85% of GLT-Taiwan's net worth based on its latest audited financial statements.

Note 2: The ending balance has been approved by the board of directors.

Note 3: Y is indicated for endorsements/guarantees provided by parent companies (listed companies) for its subsidiaries, endorsements/guarantees provided by subsidiaries for their parent companies (listed companies) and endorsements/guarantees provided for companies in mainland China.

Note 4: GLT-Taiwan provided endorsement/guarantee for Solid State Electronics in the amount of US$386 thousand, which belongs to an unused letter of credit that has been issued. Since the supplier has not presented the documents to the bank, it has first been accounted for as accounts payable.

Note 5: GLT-Taiwan provided endorsements/guarantees for GLT-Optical's bank loans. The table above details the information on endorsements/guarantees provided for GLT-Optical's loans from five different banks.

Note 6: Based on the credit contract, GLT-Optical and the Company are co-borrowers.

TABLE 3

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value (Note)	Note
Hao Yuan Technology	Shares Chi Lin Optoelectronics Co., Ltd.	-	Financial assets at fair value through other comprehensive income (FVTOCI)	2,609,477	$ 29,096	3.43	$ 29,096	

Note: Domestic unlisted equity investments are evaluated using the market approach based on the analysis of comparable companies.

TABLE 4

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

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

Company Name	Related Party	Relationship (Note 1)	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Solid State Technology	GLT-Shanghai	2	Sale	$ (1,976,116)	100	Open account 60 days	Based on agreement	Based on agreement	$ 798,220	100.00	Note 2
GLT-Shanghai	Solid State Technology	2	Purchase	1,976,116	28	Open account 60 days	Based on agreement	Based on agreement	(798,220)	33.47	Note 2
Solid State OPTO	GLT-USA	2	Sale	(843,322)	21	Open account 60 days	Based on agreement	Based on agreement	70,508	9.80	Note 2
GLT-USA	Solid State OPTO	2	Purchase	843,322	100	Open account 60 days	Based on agreement	Based on agreement	(70,508)	100.00	Note 2
GLT-Shanghai	Solid State OPTO	2	Sale	(3,858,213)	48	Open account 60 days	Based on agreement	Based on agreement	1,539,421	51.83	Note 2
Solid State OPTO	GLT-Shanghai	2	Purchase	3,858,213	95	Open account 60 days	Based on agreement	Based on agreement	(1,539,421)	96.00	Note 2
Solid State Electronics	GLT-Zhongshan	2	Sale	(221,083)	100	Open account 60 days	Based on agreement	Based on agreement	39,680	100.00	Note 2
GLT-Zhongshan	Solid State Electronics	2	Purchase	221,083	83	Open account 60 days	Based on agreement	Based on agreement	(39,680)	75.27	Note 2
GLT-Suzhou Opto	GLT-Taiwan	2	Sale	(368,511)	64	Open account 60 days	Based on agreement	Based on agreement	102,182	52.34	Note 2
GLT-Taiwan	GLT-Suzhou Opto	2	Purchase	368,511	17	Open account 60 days	Based on agreement	Based on agreement	(102,182)	16.97	Note 2
GLT-Zhongshan	GLT-Taiwan	2	Sale	(262,148)	51	Open account 60 days	Based on agreement	Based on agreement	72,069	58.10	Note 2
GLT-Taiwan	GLT-Zhongshan	2	Purchase	262,148	12	Open account 60 days	Based on agreement	Based on agreement	(72,069)	11.97	Note 2
GLT-Zhongshan	Wistorn InfoComm (Zhongshan)	4	Sale	(147,761)	29	Open account 90 days	Based on agreement	Based on agreement	41,902	33.78	-
GLT-Taiwan	Solid State OPTO	2	Sale	(183,173)	9	Open account 60 days	Based on agreement	Based on agreement	58,705	7.98	Note 2
Solid State OPTO	GLT-Taiwan	2	Purchase	183,173	5	Open account 60 days	Based on agreement	Based on agreement	(58,705)	3.66	Note 2
GLT-Taiwan	Solid State Technology	2	Sale	(426,336)	20	Open account 60 days	Based on agreement	Based on agreement	135,059	18.35	Note 2
Solid State Technology	GLT-Taiwan	2	Purchase	426,336	39	Open account 60 days	Based on agreement	Based on agreement	(135,059)	20.50	Note 2
GLT-Optical	GLT-Taiwan	2	Sale	(378,421)	76	Open account 60 days	Based on agreement	Based on agreement	66,714	66.32	Note 2
GLT-Taiwan	GLT-Optical	2	Purchase	378,421	17	Open account 60 days	Based on agreement	Based on agreement	(66,714)	11.08	Note 2

(Continued)

Note 1: The relationships with related parties are divided into the following four types:

a. Parent company to subsidiary
b. Subsidiary to subsidiary
c. Subsidiary to parent company
d. Subsidiaries to non-related parties within the Group

Note 2: All intercompany transactions have been eliminated upon consolidation.

(Concluded)

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

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

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Solid State Technology	GLT-Shanghai	Subsidiary to subsidiary	$ 798,220	4.57	$ -	$ -	$ 399,840	$ -
GLT-Shanghai	Solid State OPTO	Subsidiary to subsidiary	1,539,421	4.90	-	-	1,033,690	-
GLT-Suzhou Opto	GLT-Taiwan	Subsidiary to subsidiary	102,182	3.25	-	-	45,830	-
GLT-Taiwan	Solid State Technology	Subsidiary to subsidiary	135,059	5.04	-	-	135,059	-
GLT-USA	GLT-Optical	Subsidiary to subsidiary	129,307	Note 2	-	-	72,311	-
Solid State OPTO	GLT-Optical	Subsidiary to subsidiary	136,704	Note 2	-	-	-	-
Solid State Electronics	GLT-Optical	Subsidiary to subsidiary	199,360	Note 2	-	-	42,720	-
Solid State Technology	GLT-Optical	Subsidiary to subsidiary	199,360	Note 2	-	-	99,680	-
GLT-Taiwan	GLT-Optical	Subsidiary to subsidiary	221,247	Note 2	-	-	40,399	-

Note 1: All intercompany transactions have been eliminated upon consolidation.

Note 2: It is mainly due to other receivables - current portion, so the calculation of turnover rate is not applicable.

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss) (Notes 1 and 2)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount (Notes 1 and 2)			
Global Lighting Technologies Inc.	Solid State OPTO	British Virgin Islands	Holding company engaged in the sale of products	$ 283,381 (US$ 9,950)	$ 283,381 (US$ 9,950)	9,950,167	100.00	$ 737,029 (US$ 25,879)	$ 227,578 (US$ 7,704)	$ 229,211 (US$ 7,759)	
	Solid State Display	British Virgin Islands	Holding company engaged in the sale of products	1,000,905 (US$ 35,144)	1,000,905 (US$ 35,144)	35,144,141	100.00	2,285,843 (US$ 80,261)	230,122 (US$ 7,790)	217,367 (US$ 7,358)	
	Solid State Technology	British Virgin Islands	Holding company engaged in the sale of products	306,160 (US$ 10,750)	306,160 (US$ 10,750)	10,750,000	100.00	1,634,961 (US$ 57,407)	912,757 (US$ 30,897)	816,112 (US$ 27,626)	
	Solid State Electronics	British Virgin Islands	Holding company engaged in the sale of products	186,857 (US$ 6,561)	186,857 (US$ 6,561)	6,561,000	100.00	1,658,923 (US$ 58,249)	380,950 (US$ 12,895)	382,804 (US$ 12,958)	
	Shining Green	Independent state of Samoa	Holding company	427,200 (US$ 15,000)	427,200 (US$ 15,000)	15,000,000	100.00	307,502 (US$ 10,797)	(37,847) (US$ (1,281))	(36,350) (US$ (1,230))	
	GLT-Optical	Republic of China	Designing, manufacturing, and selling of applications of light guide plates	245,000	700,000	24,500,000	100.00	61,764 (US$ 2,169)	(143,737) (US$ (4,866))	(145,356) (US$ (4,920))	
Solid State OPTO	GLT-USA	United States	Designing and selling of applications of light guide plates	206,404 (US$ 7,247)	206,404 (US$ 7,247)	100	100.00	371,321 (US$ 13,038)	31,235 (US$ 1,057)	31,235 (US$ 1,057)	
Solid State Display	GLT-Taiwan	Republic of China	Designing, manufacturing, and selling of applications of light guide plates, Designing of optical mold and manufacturing, and sales of plastic components	1,115,200	1,115,200	111,519,956	100.00	2,225,041 (US$ 78,126)	226,847 (US$ 7,679)	226,847 (US$ 7,679)	
GLT-Taiwan	Hao Yuan Technology	Republic of China	Investment industry, wholesale and retail of electronic materials	35,991	35,991	3,400,000	100.00	29,887	(81)	(81)	
	Asensetek Incorporation	Republic of China	Manufacturing and selling of optical and precision equipment, electronic components, motors and electronic machinery	14,430	14,430	728,500	27.15	-	(2,681)	-	Note 3

Note 1: Calculated based on the investee's financial statements that have been audited by us for the same period, having taken into account the effect of unrealized gain or loss on intercompany transactions.

Note 2: All intercompany transactions have been eliminated upon consolidation.

Note 3: Investment income (loss) was calculated based on the audited financial statements. However, the Group had recognized the full amount as impairment loss in 2019.

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 2 and 3)	Carrying Amount as of December 31, 2020 (Notes 2 and 3)	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outflow	Inflow						
GLT-Shanghai	Designing, manufacturing, and selling of applications of light guide plates, designing and manufacturing of optical molds, and sales of plastic components	$ 569,600 (US$ 20,000)	Note 1, b.	$ 569,600 (US$ 20,000)	$ -	$ -	$ 569,600 (US$ 20,000)	351,919	100	$ 351,919	$ 1,380,359	$ -
GLT-Suzhou Opto	Designing, manufacturing, and selling of applications of light guide plates and monitor, designing and manufacturing of optical molds, and sales of plastic components	603,776 (US$ 21,200)	Note 1, b.	603,776 (US$ 21,200)	-	-	603,776 (US$ 21,200)	24,860	100	24,860	722,699	-
GLT-Zhongshan	Manufacturing, and selling of applications of light guide plates	427,200 (US$ 15,000)	Note 1, b.	427,200 (US$ 15,000)	-	-	427,200 (US$ 15,000)	(37,847)	100	(37,847)	307,531	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$1,600,576 (US$56,200 thousand)	Not applicable	Not applicable

Note 1: Investments are divided into three categories as follows:
a. Direct investment
b. Indirect investment through a holding company registered in a third region
c. Others

Note 2: Calculated based on the investee's financial statements that have been audited by us for the same period.

Note 3: All intercompany transactions have been eliminated upon consolidation.

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

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

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 4)	Payment Terms	% of Total Sales or Assets (Note 3)
1	Solid State Electronics	GLT-Zhongshan	c	Accounts receivable - related parties	$ 39,680	Open account 60 days	-
			c	Sales	221,083	Based on agreement	2
		GLT-Shanghai	c	Sales	349	Based on agreement	-
		GLT-Optical	c	Other receivables - related parties - current portion	199,360	Terms of financing	2
2	Solid State OPTO	GLT-USA	c	Accounts receivable - related parties	70,508	Open account 60 days	1
			c	Sales	843,322	Based on agreement	8
		GLT-Optical	c	Other receivables - related parties - current portion	136,704	Terms of financing	1
3	Solid State Technology	GLT-Shanghai	c	Accounts receivable - related parties	798,220	Open account 60 days	6
			c	Sales	1,976,116	Based on agreement	18
		GLT-Optical	c	Other receivables - related parties - current portion	199,360	Terms of financing	2
4	Solid State Display	GLT-Shanghai	c	Accounts receivable - related parties	793	Open account 60 days	-
			c	Sales	1,408	Based on agreement	-
5	GLT-Shanghai	GLT-USA	c	Sales	6	Based on agreement	-
		Solid State OPTO	c	Accounts receivable - related parties	1,539,421	Open account 60 days	12
			c	Sales	3,858,213	Based on agreement	34
		GLT-Taiwan	c	Accounts receivable - related parties	6,965	Open account 60 days	-
			c	Sales	32,289	Based on agreement	-
		Solid State Display	c	Accounts receivable - related parties	10	Open account 60 days	-
			c	Sales	186	Based on agreement	-
		GLT-Zhongshan	c	Interest revenue	1,086	Based on agreement	-
6	GLT-Zhongshan	GLT-Taiwan	c	Accounts receivable - related parties	72,069	Open account 60 days	1
			c	Sales	262,148	Based on agreement	2
		GLT-Suzhou OPTO	c	Accounts receivable - related parties	8,821	Open account 60 days	-
			c	Sales	86,659	Based on agreement	1
			c	Gain on disposal of property, plant and equipment	1,034	-	
		Solid State Display	c	Accounts receivable - related parties	731	Open account 60 days	-
			c	Sales	738	Based on agreement	-

(Continued)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	**Amount (Note 4)**	**Payment Terms**	**% of Total Sales or Assets (Note 3)**
7	GLT-Taiwan	GLT-USA	c	Accounts receivable - related parties	$ 215	Open account 60 days	-
			c	Sales	756	Based on agreement	-
		GLT-Suzhou OPTO	c	Accounts receivable - related parties	97	Open account 60 days	-
			c	Sales	1,633	Based on agreement	-
		GLT-Zhongshan	c	Accounts receivable - related parties	7	Open account 60 days	-
			c	Other receivables - related parties	443	Open account 60 days	-
			c	Sales	850	Based on agreement	-
		GLT-Optical	c	Other receivables - related parties	408	Open account 60 days	-
			c	Interest revenue	2,234	Based on agreement	-
			c	Other receivables - related parties - current portion	221,247	Terms of financing	2
			c	Gain on disposal of property, plant and equipment	2,596	-	-
		Solid State OPTO	c	Accounts receivable - related parties	58,705	Open account 60 days	-
			c	Sales	183,173	Based on agreement	2
		GLT-Shanghai	c	Accounts receivable - related parties	290	Open account 60 days	-
			c	Sales	2,825	Based on agreement	-
		Solid State Technology	c	Accounts receivable - related parties	135,059	Open account 60 days	1
			c	Sales	426,336	Based on agreement	4
8	GLT-Suzhou OPTO	GLT-Taiwan	c	Accounts receivable - related parties	102,182	Open account 60 days	1
			c	Sales	368,511	Based on agreement	3
		Solid State Display	c	Accounts receivable - related parties	51,953	Open account 60 days	-
			c	Sales	79,389	Based on agreement	1
		Solid State OPTO	c	Accounts receivable - related parties	4,789	Open account 60 days	-
			c	Sales	16,745	Based on agreement	-
		GLT-USA	c	Sales	232	Based on agreement	-
		GLT-Zhongshan	c	Other receivables - related parties - current portion	43,672	Terms of financing	-
			c	Interest revenue	312	Based on agreement	-
9	GLT-Optical	GLT-Taiwan	c	Accounts receivable - related parties	66,714	Open account 60 days	1
			c	Sales	378,421	Based on agreement	3
		GLT-Zhongshan	c	Accounts receivable - related parties	4,754	Open account 60 days	-
			c	Sales	5,754	Based on agreement	-
		Solid State OPTO	c	Accounts receivable - related parties	628	Open account 60 days	-
			c	Sales	3,940	Based on agreement	-
		Solid State Display	c	Accounts receivable - related parties	15	Open account 60 days	-
			c	Sales	16	Based on agreement	-
		GLT-Suzhou OPTO	c	Accounts receivable - related parties	15,309	Open account 60 days	-
			c	Sales	94,376	Based on agreement	1
10	GLT-USA	GLT-Optical	c	Interest revenue	1,882	Based on agreement	-
			c	Other receivables - related parties - current portion	129,307	Terms of financing	1

(Continued)

Note 1: Companies are numbered as follows:

a. The number of Global Lighting Technologies Inc. (“Topoint”) is numbered as “0”
b. Subsidiaries are numbered from “1” onward

Note 2: The flow of transactions is as follows:

a. From GLT-Cayman to the subsidiary
b. From the subsidiary to GLT-Cayman
c. Between subsidiaries

Note 3: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

Note 4: Eliminated from the consolidated financial statements.

(Concluded)

TABLE 9

GLOBAL LIGHTING TECHNOLOGIES INC. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Lumina Global Limited	30,005,393	22.91
Wistron Corporation	20,914,430	15.97
Nomura investment account entrusted for the second time in 2018 under the new labor pension system	6,890,000	5.26

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter.