

Stock Code : 4935



# **Global Lighting Technologies Inc.**

## **2020 Annual Report**

Printed on May 11, 2021

GLT annual report is available at <https://www.glthome.com>  
Taiwan Stock Exchange Market Observation Post System:  
<https://mops.twse.com.tw>

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### Spokesperson

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Title : President

TEL : 886-3-426-2828

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### Deputy Spokesperson

Name : Ashley Chuang

Title : CFO

TEL : 886-3-426-2828

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### (6) Global Lighting Technologies Inc. (GLT-USA)

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TEL : 886-2-2725-9988

Website : <https://www.deloitte.com.tw>

## 6. GDR and Related Information: None.

## 7. Company Website: <https://www.glthome.com.tw>

8. Members of Board of Directors :

Title	Name	Nationality	Short Biography
Chairman	Mang-Shiang Lee	R.O.C.	Bachelor, Chemistry, Chung Yuan Christian University EMBA, National Chengchi University Chairman, Shinny Plastics Corp.
Director	Wistron Corporation	R.O.C.	MBA, The State University of New York at Stony Brook CEO of WT, Wistron Corp. President of Business, Wistron Corp.
	Authorized Representative: Jeff Lin		
Director	Tony Chang	R.O.C.	Bachelor, Automatic Control Engineering, Feng Chia University Adviser, Wistron Corp. General Manager, Cheng Song Co., Ltd.
Director	Ming-Chung Yi	R.O.C.	Taichung Municipal Shalu Industrial High School Director, Tsai Shun Plastics CO., Ltd. Chairman, Colortek Plastics Co., Ltd.
Independent Director	Iris Chang	R.O.C.	Bachelor, Law, National Chung Hsing University Master, Innovation & Intellectual Property Management, National Chengchi University Director, Chuang Tech International Law Firm
Independent Director	K.M. Tsai	R.O.C.	MBA, The University of Illinois at Chicago Master, law, Emory University Ph.D., Business Administration, University of Maryland Chairman, Heng-yu Cultural Foundation
Independent Director	Frank Chien	R.O.C.	Ph.D., Engineering(Materials), Brown University Chairman, Formosa Epitaxy Inc.

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## 1. Letter to Shareholders

The global market of the year 2020 has changed dramatically by the reason of COVID-19, the serious epidemic has broken out continually in all countries of the world, and the consumption demand has been impacted by lockdown measures in all regions, and increasing the challenge of the lack of manpower and materials. The worst time is often the turning point for the better; the epidemic has led to the lifestyle of Work From Home and Study From Home, and stimulated the market demand of IT products. Global Lighting Technologies Incorporation has gained our footing in this impact, with the great efforts of all employees, still created the growth of revenue and profit of the year 2020.

The Company's consolidated revenue was NT\$ 11.2 billion, consolidated gross profit was NT\$ 2.37 billion; consolidated after-tax net profit was NT\$ 1.36 billion, after-tax earnings per share was NT\$ 10.35. Herein is the operating performance of the year 2020 and summary report of business plan of the year 2021 as follows:

### (1) 2020 Consolidated Operating Performance:

Unit: NTD 1,000

Item	2020	2019	Increasing (decreasing) Percentage
Operating Revenue	11,205,768	5,286,248	112%
Operating Margin	2,372,943	917,745	159%
Operating Income	1,575,457	330,896	376%
Net Income	1,355,051	344,564	293%
Earnings per share	10.35	2.63	294%

### (2) Results of business, research and development:

Applying super-thin wedge LGF technology in IT products, new models of the year 2020 was continually manufactured in a great quantity; meanwhile, due to the increase of demands driven by Work From Home and Study From Home, the revenue of IT products has grown several times, compared with the year 2019 and, moreover consumer electronics has maintained the trend of growth for the increasing of light guide applying products.

The suspension of customers' product lines of televisions and display products located in Southeast Asia and South America, transportation problems and other impacts caused by the epidemic resulted in decreasing of revenues, compared with the year 2019.

The Company input NT\$ 190 million in R&D expenses and NT\$ 400 million in capital expenditures in 2020 for continuously enhancing the core competence of optical design, with the 8 base of current technologies, we have met customers' requirements of developing new products, and progressively achieved the operating goals of automated production and AI intelligent manufacturing as well, also strived to increase customer satisfaction and the core

value of sustainable growth of the enterprise.

**(3) Summary of 2021 operating plan:**

In the post-epidemic ear, the Company has insisted on operating principles of leading technology and steady growth, and boosted further the Company's overall operation. Herein are the main focus directions as follows:

- i. Deepened the core competence, strived to develop high-end technologies, and gained a foothold as an industry leader.
- ii. Expanded innovative product application, besides current sales product lines, actively developed light guide technologies.
- iii. With serial applications of AI and big data, realized intelligent manufacture, and satisfied customers' all-directional needs.

**(4) Future outlook**

Global Lighting Technologies Incorporation has continuously inputted NT\$ 250 million in R&D expenses and NT\$ 450 million in capital expenditures in 2021, and still constantly focused on three operating goals, including research and development of new technologies, process automation and intelligent manufacture.

The Company has continuously expanded light guide applications, except four major product lines of IT products, large dimensional displays, consumer products and wearable products, and actively devoted developing resources to display technologies in a new era, such as Micro LED, Mini LED and other products, etc. The Company also has applied light guide plate technology to various new domains.

Responding to the development of international trade situations, the Company needs more flexibility to cope with the manufacturing capacity of regional changes in the future. The Company strives for automation and intelligent manufacture, establishes the capacities of capable quick reaction and expanding, and satisfies customers' needs in various regions.

As all countries were influenced by epidemic control, exchange rate fluctuation and new industrial policy, it still exists many uncertain factors, the Company is continuously devoted to research and development resources, development of new technologies, new products, new process for being ready in advance for the need shift in post-epidemic era.

Chairman: Lee, Mang-Shiang.  Manager: Wang, Ching-Lin.  Accounting Supervisor: Chuang, Mei-Chen. 

## 2. Company Profile

### 2.1 Company and Group Profile

Global Lighting Technologies Inc. (hereinafter referred to as the "Company") was established in the Cayman Islands on July 28, 2000, engaged in the products of light guide plate applications and design, manufacturing and sales of the plastic components.

The Company is a leading manufacturer in the field of the professional light guide plate applications. Over the years, the Company has been continuously researching and developing in the optical field, independently developed optical design software dedicated for the light guide plates to shorten the time of product development, invested in ultra-precision machining processes to accurately implement optical design on the products, and broken through the traditional manufacturing process to greatly reduce manufacturing costs and provide customers with the best cost-competitive products.

In the modern life, people no longer can get away from the rich information displays, mobile phones, notebooks, flat-panel displays, etc., and liquid crystal display (LCD) can be seen everywhere. The LCD is not a device that can active light automatically, and it requires a light guide plate and a backlight module to provide light sources. In the early days of the establishment of the Company, it focused on the application of small and medium-sized of light guide plates and backlight modules, and they were adopted by the major USA and Japanese manufacturers of mobile phones and digital cameras. In recent years, in response to the requirements for thinner electronic products, the Company has independently developed new manufacturing processes and provided the solutions for infinitely thin of light guide plates. It has become the world's major supplier of light guide plates for IT used. At the same time, the light guide plates for ultra-thin TVs have also successfully obtained the certifications from Japan, South Korea, China and European TV brand manufacturers.

In the early stage, the Company used the United States (Global Lighting Technologies Inc., hereinafter referred to as "GLT-USA") as its technology research and development center. In addition to developing industry-leading new products, it also invested in patent operations and obtained a number of basic patents for light guide plate applications. Subsidiaries in Asia such as "Global Lighting Technologies Inc. (hereinafter referred to as "GLT-Taiwan")", Shanghai Xianglong Electronic Technology Co., Ltd. (hereinafter referred to as "GLT-Shanghai"), Suzhou Maoli Optoelectronics Technology Co., Ltd. (hereinafter referred to as "GLT- Suzhou Opto") and Zhongshan Maolin Optoelectronics Technology Co., Ltd. (hereinafter referred to as "GLT-Zhongshan") are responsible for product development and manufacturing. In recent years, the research and development work has been transferred and deeply cultivated in GLT-Taiwan to accurately grasp the market's needs, and provide customers with instant services. In response to the government's deepening of Taiwan, GLT Optical Inc. (hereinafter referred to as "GLT-Optical") was established in the Tongluo Base of Hsinchu Science Industrial Park in 2012,

focusing on R&D and manufacturing of large-scale light guide plates.

## 2.2 Company History

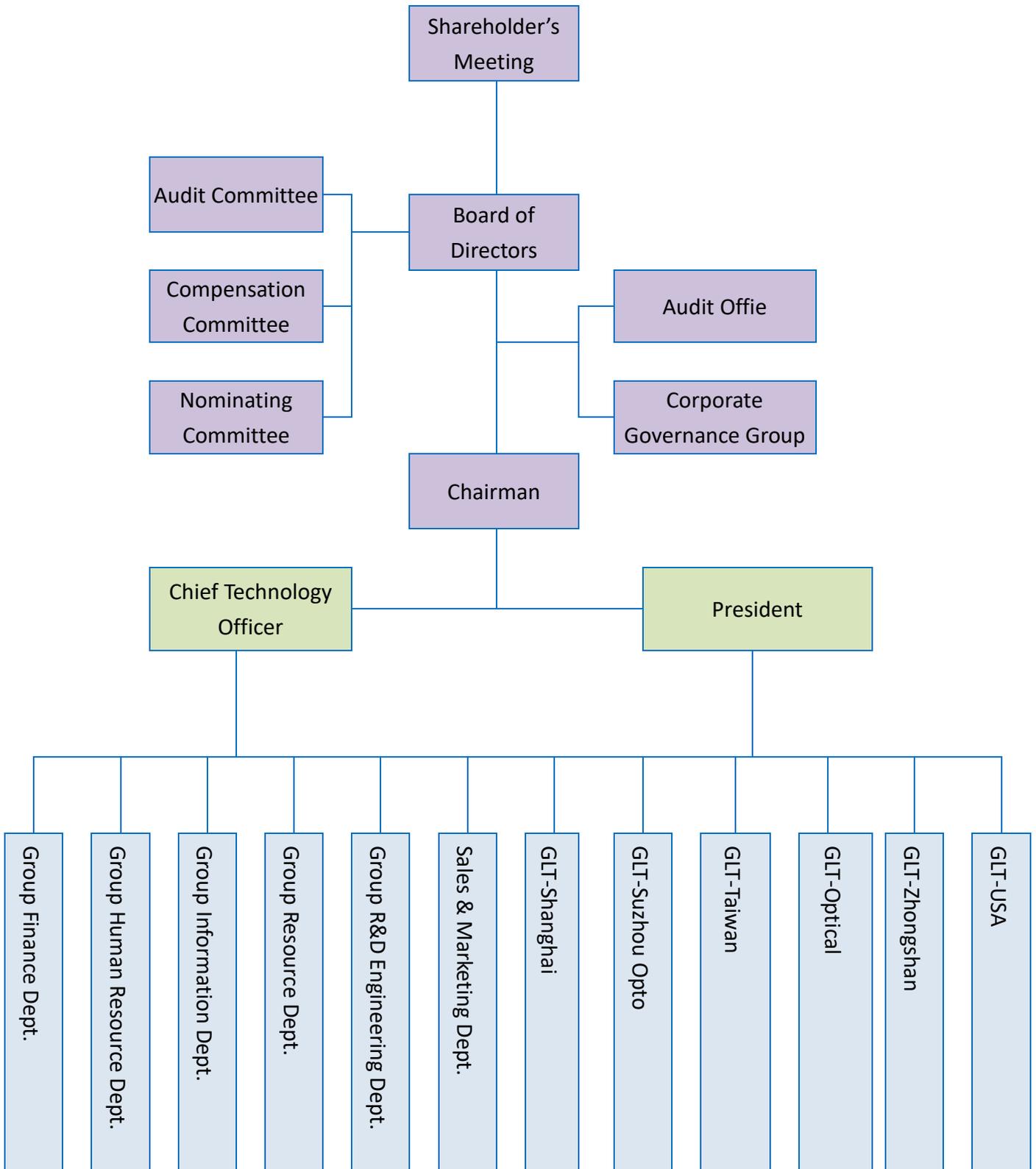
Date	Milestones
Jul. 2000	The Company has completed the establishment registration in the Cayman Islands.
Aug. 2000	The Company acquired equity in GLT-Suzhou.
Aug. 2000	The Company acquired equity in GLT-Shanghai.
Sept. 2000	Undertook the R&D and sales team from Lumitex, USA, and established GLT-USA.
Nov. 2000	GLT-Taiwan was established.
Nov. 2003	The patent granted to Kodak to engage in the manufacturing and sales of brightening films, breaking the monopoly of 3M in the industry.
Jul. 2004	GLT-Suzhou Opto was established.
Jun. 2007	The TV backlight module developed in cooperation with Luminus Devices won the silver medal of "Component of the Year" in SID exhibition.
Jun. 2008	TV backlight module won the gold medal of "Component of the Year" in SID exhibition.
Nov. 2008	Completion and activation of Shouzhou new factory.
Mar. 2009	GLT-Shanghai obtained TS16949 certification.
Oct. 2009	The dynamic control backlight module jointly developed with Japanese customers won the Green Energy-Saving Product Award in CEATEC exhibition in Japan.
Dec. 2009	Part of the patent was sold to Company A, but the Company still has the right to use the patent during its validity period.
Jan. 2010	The board of directors resolved to pass the motion of the Company listing in Taiwan and signed a listing counseling contract with KGI Securities.
Apr. 2010	On April 26, 2010, the board of directors formally approved the application of the Company listing in Taiwan.
Jun. 2010	The Company discussed a light guide plate application cooperation plan with Wistron Corp., and Wistron Corp. invested US\$20 million in the Company to obtain the common shares.
Jul. 2011	The Company was listed on the Taiwan Stock Exchange on July 28, 2011.
Mar. 2012	GLT-Zhongshan was established.

Date	Milestones
Feb. 2013	The board of directors approved the establishment of a new factory at Tongluo Base in Hsinchu Science Park.
Mar. 2013	GLT Optical Inc. (hereinafter referred to as GLT-Optical) was established.
Nov. 2013	Japanese customer Sharp awarded the best supplier of the year, affirming the Company's contribution in quality, technology and other aspects.
Apr. 2015	The TV light guide plate has been successful in China market and won the Excellent Supplier Award from Skyworth-RGB Electronics Co., Ltd.
Apr. 2015	The capital of GLT-Optical was changed to NT\$450 million.
Mar. 2017	The capital of GLT-Optical was changed to NT\$600 million.
Jun. 2017	The new plant of GLT-Optical was completed and the intelligent production line was launched.
Jul. 2018	GLT-Suzhou Opto merged with GLT-Suzhou. After the merger, GLT-Suzhou Opto is the surviving company.
Sept. 2019	The capital of GLT-Optical was changed to NT\$700 million.
Sept. 2019	Develop high-performance light guide film and start mass production and shipment.
Dec. 2019	Sale of the equity of the reinvestment company – Raising Light Optronics Corp.
Mar. 2020	The capital of GLT-Optical was changed to NT\$ 245 million.
Apr. 2020	Donated intubation protective boxes to Taoyuan Hospital, Taipei Tri-Service General Hospital, National Defense Medical Center, National Taiwan University Hospital, and Shuang Ho Hospital.
May 2020	Selected as a constituent stock of the MSCI Small Index.
Mar. 2021	The capital of GLT-Optical was changed to NT\$500,894,000.

### 3. Corporate Governance Report

#### 3.1 Organization System

##### 3.1.1 Organization Chart



### 3.1.2 The Operation of Each Main Department

Department	Main Function
Chairman Office	Formulate the Company's operating objectives, future development, and strategic instructions
President Office	Execute the resolutions passed by the board of directors & manage all of the corporate affairs
Internal Audit Office	Responsible for the internal audit of the company, establish the internal control system, audit, and ensure the effective implementation of audit
Corporate Governance Group	Formulate, promote, and carry out the relative regulation and the process of corporate governance
Research and Development Group	Integrate the R&D and design, develop optics, introduce new product, and other related business
Material Group	Integrate the purchasing strategy, manage the supplier, control the cost, and other related business
Human Resources Group	Integrate the management of the group human resources
Information Group	Integrate the analysis, planning, introduction and maintenance of the information system
Sales Group	Plan and execute the performance target, marketing strategy, and customer development and maintenance
Finance Group	Formulate the policy and related operations of group finance, accounting, taxation and business analysis
GLT-Taiwan	Manufacturing
GLT-Suzhou Opto	Manufacturing
GLT-Shanghai	Manufacturing
GLT-Zhongshan	Manufacturing
GLT-Optical	Manufacturing
GLT-USA	Sales in Europe and America & the service of application engineering

3.2 The Information on Directors, Independent Directors, President, Vice President, Associates, Directors of Various Departments and Branches

3.2.1. Information on Directors and Independent Directors

March 30, 2021 Unit: shares, %

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Mang-Shiang Lee	Male	2019/ 6/24	3	2000/ 7/28	2,322,320	1.77	2,491,320	1.90	600,000	0.46	30,005,393	22.92	Bachelor, Chemistry, Chung Yuan Christian University EMBA, National Chengchi University Chairman, Shinny Plastics Corp.	Note1	None	None	None	None
Director	R.O.C.	Wistron Corporation	-	2019/ 6/24	3	2010/ 9/21	20,914,430	15.97	20,914,430	15.97	-	-	-	-	-	-	None	None	None	None
Authorized Representative	R.O.C.	Jeff Lin	Male	2019/ 6/24	3	2019/ 6/24	-	-	-	-	-	-	-	-	MBA, The State University of New York at Stony Brook CEO of WT, Wistron Corp. President of Business, Wistron Corp.	Note2	None	None	None	None
Director	R.O.C.	Tony Chang	Male	2019/ 6/24	3	2016/ 6/14	-	-	-	-	-	-	-	-	Bachelor, Automatic Control Engineering, Feng Chia University Adviser, Wistron Corp. General Manager, Cheng Song Co., Ltd.	Note 3	None	None	None	None
Director	R.O.C.	Ming-Chung Yi	Male	2019/ 6/24	3	2016/ 6/14	-	-	-	-	-	-	-	-	Taichung Municipal Shalu Industrial High School Director, Tsai Shun Plastics CO., Ltd. Chairman, Colortek Plastics Co., Ltd.	-	None	None	None	None

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Note
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	R.O.C.	K.M. Tsai	Male	2019/ 6/24	3	2013/ 6/13	-	-	-	-	-	-	-	-	MBA, The University of Illinois at Chicago Master, law, Emory University Ph.D., Business Administration, University of Maryland Chairman, Heng-yu Cultural Foundation	Note 4	None	None	None	None
Independent Director	R.O.C.	Iris Chang	Female	2019/ 6/24	3	2011/ 1/3	-	-	-	-	-	-	-	-	Bachelor, Law, National Chung Hsing University Master, Innovation & Intellectual Property Management, National Chengchi University Director, Chuang Tech International Law Firm	Note 5	None	None	None	None
Independent Director	R.O.C.	Frank Chien	Male	2019/ 6/24	3	2010/ 6/28	-	-	-	-	-	-	-	-	Ph.D., Engineering(Materials), Brown University Chairman, Formosa Epitaxy Inc.	Note 6	None	None	None	None

Note1: the CEO of Maolin Optoelectronics Technology Co., Ltd. (Cayman), the chairman of SSEL, the chairman of SSOL, the chairman of SSTL, the chairman of SSDL, the chairman of SGL, the chairman of GLT-Taiwan, the chairman of GLT-Optical, the chairman of GLT-USA, the chairman of GLT-Shanghai, the chairman of GLT-Suzhou Opto, the chairman of GLT-ZhongSha, the director of Haoyuan Technology Co., Ltd., and director of Panan Intellectual Property Education Foundation, Convenor of the Nominating Committee of Maolin Optoelectronics Technology (Cayman) Co., Ltd.

Note2: The president of Wistron Corporation, the chairman of Witson Corporation, the chairman of Anwith Corp., the chairman of Cowin Worldwide Corp., the chairman of Service Management Solutions Mexico S.A.de C.V., the chairman of SMS InfoComm Corp., the chairman of Wistron InfoComm Technology (America) Corp., the chairman of Wistron InfoComm Technology (Texas) Corp., the chairman of Wistron InfoComm Mexico S.A. de C.V., the chairman of Wistron InfoComm (Vietnam) Co., Ltd., the chairman of Wistron Mexico S.A. de C.V., the chairman of Kunshan Weilong Supply Chain Management Ltd., the chairman of Wistron Investment (Sichuan) Co., Ltd., the chairman of Wistron (Zhongshan) Ltd., the chairman of Wistron (Chengdu) Ltd., the chairman of Wistron (Kunshan) Ltd., the chairman of Wistron (Chongqing) Ltd., the chairman of Wistron (Chongqing) Information Technology Service Ltd., the chairman of Weiteng technical service (Kunshan) Ltd., the director of Win Smart Co., Ltd., the director of Wistron Green Tech (Texas) Corp., the director of Wistron K.K., the director of WisVision Corp., the director of ICT Service Management Solutions (India) Private Limited, the director of Zhongshan Maolin

Optoelectronics Technology Ltd., the director of Wistron Hong Kong Ltd., the director of Wistron Hong Kong Investment Holdings Ltd., the director of Weilian Electronic Technology (Zhongshan) Co., Ltd.

Note3: the independent director of Proton Technology Co., Ltd. and the supervisor of Longsheng Industrial Co., Ltd. Note 4: the chairman of Hengyou Cultural Foundation, the chairman of Jingxiang Electromechanical Co., Ltd., the chairman of Lianju Investment Co., Ltd., the director and the CEO of Jianzhi Technology Co., Ltd., the independent director of Interlei Technology Co., Ltd., the independent director of Zhengji Technology Ltd., the Nominating Committee Member of Maolin Optoelectronics Technology (Cayman) Co., Ltd.

Note5: the attorney-at-law of Chuangjian international law firm, the Compensation and Nominating Committee Member of Maolin Optoelectronics Technology (Cayman) Co., Ltd.

Note6: the chairman of Yonglirong Biomedical Co., Ltd., the chairman of Ruiqing Biomedical Co., Ltd., the Compensation and Nominating Committee Member of Maolin Optoelectronics Technology (Cayman) Co., Ltd.

Note7: Explain the related information, including the reasons, rationality, necessity, and corresponding measures (such as increasing the number of independent directors and more than half of the directors not serving as employees or managers, etc.) under the circumstances of the chairman and the president or the person with equivalent position (the top manager) are the same person, spouse, and first-degree relatives: None

### 3.2.2 Major shareholders of the institutional shareholders

April 19, 2021

Name of Institutional Shareholders	Name of Shareholder	Shareholding Percentage
Wistron Corporation	Yuanta Taiwan Dividend Plus ETF	3.17%
	Taipei Fubon Bank Trust Account	2.17%
	Acer Incorporated	1.89%
	Norges Bank	1.60%
	Lin, Hsien-Ming	1.47%
	Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1.36%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.26%
	King's Town Bank	1.21%
	Taiwan Cooperative Bank	1.18%
	iShares MSCI Taiwan ETF	1.11%

### 3.2.3 Major shareholders of the Company's major institutional shareholder

April 13, 2021

Name of Institutional Shareholders	Name of Shareholder	Shareholding Percentage
Acer Incorporated	Hung Rouan Investment Corp.	2.42%
	JPMorgan Chase Bank N.A. Taipei Branch in custody for Universities Superannuation Scheme Limited	1.53%
	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUNDS	1.33%
	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.21%
	Credit Suisse International	1.20%
	J.P. MORGAN SECURITIES PLC	1.16%
	Stan Shih	1.15%
	iShares MSCI Taiwan ETF	1.01%
	Saudi Arabian Monetary Authority – fund manager Amundi Asset Management – Mandate: Emerging Market Equity	0.97%
	Acer GDR	0.95%
King's Town Bank	Chen-Chih, Tai	6.98%
	Tien-Tsan, Tsai	6.49%
	Mercuries Life Insurance Co. Ltd.	6.35%
	Hsinray Investment Co., Ltd	4.93%
	Jincheng Construction Co., Ltd	4.33%
	Tiangang Investment Co., Ltd	3.51%
	Yuanta Taiwan Dividend Plus ETF	3.35%
	Tianye Investment Company	3.09%
	Hsien-Tsung, Wang	2.61%
Yi-Ying, Chen	2.12%	

Name of Institutional Shareholders	Name of Shareholder	Shareholding Percentage
Taiwan Cooperative Bank	Taiwan Cooperative Financial Holding Co.,Ltd.	100%

### 3.2.4 Professional Qualifications and Independence Analysis of Directors and Supervisors

Name	Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
		An Instructor or Higher in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College, or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Area of Commerce, Law, Finance, or Accounting, or otherwise Necessary For the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Mang-Shiang Lee			✓				✓			✓	✓	✓	✓	✓	✓	0	
Wistron Corporation, Authorized Representative : Jeff Lin			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Tony Chang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Min-Chung Yi			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
K.M. Tsai	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	
Iris Chang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
Frank Chien			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note1: Please tick the corresponding boxes that apply to the directors or supervisors during the two years before being elected or during the term of office.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed by the Act or with the laws of the country of the parent or subsidiary.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second-degree of kinship, or lineal relative within the fifth-degree of kinship in the preceding three subparagraphs.

- (5) Not a representative director, supervisor, or employee holding 5% or more of the shares, or ranking among the top five in shareholdings (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed by the Act or with the laws of the country of the parent or subsidiary.)
- (6) Not a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary.)
- (7) Not a chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed by the Act or with the laws of the country of the parent or subsidiary.)
- (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed by the Act or with the laws of the country of the parent or subsidiary.)
- (9) Not a professional individual who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution, that provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, and their spouses. This restriction does not apply to a member of the Compensation Committee, Public Tender Offer Review Committee, or special committee for merger/consolidation and acquisition, who exercises powers under the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not related to any other director within a spouse or second-degree relatives
- (11) Not being a person of any conditions defined in Article 30 of the Company Act
- (12) Not elected in a government, legal person or representative regulated in Article 27 of the Company Act.

**The policy of the diversification of the board member.**

The company enact that the board of directors should consider the diversification and formulate the diversified policy on corporate operation, form and development. It should include but not limited to the following two major standards:

- (1) Basic condition and value: gender, age, nationality and culture, etc.
- (2) Professional knowledge and technic: professional background (such as law, accounting, finance, marketing, and technology), professional skills, and industry experience, etc.

Board members generally have the knowledge, skills and qualities necessary to operation. In order to achieve the goal of corporate governance, the board of directors should have the following capabilities:

- (1) Operation judgment ability
- (2) Accounting and financial analysis ability
- (3) Operation and management ability
- (4) Crisis management ability
- (5) industry knowledge
- (6) International market vision
- (7) Leadership ability
- (8) Decision-making ability

The following is the diversification of the current directors.

The name of Director	Gender	Operation Judgment Ability	Accounting and Financial Analysis Ability	Industry Knowledge	Legal Knowledge/ Profession	International Market Vision	Operation and Management Ability	Leadership Ability	Decision-Making ability	Crisis Management Ability
Mang-Shiang Lee	Male	V	V	V		V	V	V	V	V
Jeff Lin	Male	V	V	V		V	V	V	V	V
Tony Chang	Male	V		V		V	V	V	V	V
Min-Chung Yi	Male	V		V		V	V	V	V	V
K.M. Tsai	Female	V			V	V	V	V	V	V
Iris Chang	Male	V	V		V	V	V	V	V	V
Frank Chien	Male	V		V		V	V	V	V	V

3.2.5 Management Team

March 30, 2021 Unit: shares, %

Title	Nationality/ Place of Incorporation	Name	Gender	Date Elected	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience ( Education )	Other Position	Manager Who are Spouses or within Two Degrees of Kinship			Remark
					shares	%	shares	%	shares	%			Title	Name	Relation	
					CEO	R.O.C.	Mang-Shiang Lee	Male	2019/ 06/24	2,491,320			1.90	600,000	0.46	
President	R.O.C.	Johnny Tsai	Male	2021/ 03/05	65	0.00	-	-	-	-	R&D Manager of Sigan Technology Co., Ltd./ National Taiwan University Institute of Mechanical Engineering	Note 2	None	None	None	
Chief Technology Officer	R.O.C.	C.L. Wang	Male	2011/ 06/14	-	-	-	-	-	-	Factory Manager of Xianglong Industrial Co., Ltd./ Western Pacific University Business Management Institute EMBA (undergraduate)/ Department of Mechanical Engineering, Nanrong Institute of Technology	Note 3	None	None	None	
Factory Manager	R.O.C.	FlemingLin	Male	2019/ 08/01	-	-	-	-	-	-	R&D Manager of Demao Technology (Stock) Company/ Department of Electronic Engineering, Feng Chia University	-	None	None	None	

Director	R.O.C.	Amanda Huang	Female	2013/02/21	-	-	-	-	-	-	Deputy Manager of Zicheng Enterprise Management Consulting Company / Zhongshan University Institute of Human Resources	-	None	None	None	
Director	R.O.C.	Ashley Chuang	Female	2016/03/01	-	-	-	-	-	-	Director of Management of Shengjie Optoelectronics/ Department of Business Management, Zhongyang University	Note 4	None	None	None	

Note1: the chairman of SSEL, the chairman of SSOL, the chairman of SSTL, the chairman of SSDL, the chairman of SGL, the chairman of GLT-Taiwan, the chairman of GLT-Optical, the chairman of GLT-USA, the chairman of GLT-Shanghai, the chairman of GLT-Suzhou Opto, the chairman of GLT-ZhongShan, the chairman of Haoyuan Technology Co., Ltd., the director of Panan Intellectual Property Education Foundation, Convenor of the Nominating Committee of Maolin Optoelectronics Technology (Cayman) Co., Ltd.

Note2: the representative director of GLT-Suzhou Opto

Note3: the representative director of GLT-Taiwan, the representative director of GLT-Shanghai, the representative director of GLT-Suzhou Opto

Note4: the supervisor of GLT-Shanghai, the supervisor of GLT-Suzhou Opto, the supervisor of GLT-ZhongShan, the representative director of Qiling Optoelectronics Co., Ltd.

### 3.3 Remuneration paid to directors, independent directors, president and vice president in the recent year

#### 3.3.1 Remuneration of Directors

December 31, 2020 Unit: NT\$thousand, %

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note11)
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)		Salary, Bonuses, and Allowances (E) (Note5)		Severance Pay (F)		Employee Compensation (G)(Note6)								
		The company	Companies in the consolidated financial statements (Note7)	The company	Companies in the consolidated financial statements (Note7)	The company	Companies in the consolidated financial statements (Note7)	The company	Companies in the consolidated financial statements (Note7)	The company	Companies in the consolidated financial statements (Note7)	The company	Companies in the consolidated financial statements (Note7)	The company		Companies in the consolidated financial statements (Note)		The company	Companies in the consolidated financial statements			
															Cash	Stock	Cash	Stock				
Chairman	Mang-Shiang Lee																					
Director	Wistron Corporation																					
Representative director	Jeff Lin																					
Director	Tony Chang	-	-	-	-	21,739	21,739	305	305	1.63%	1.63%	1,846	4,400	-	-	-	-	-	-	1.76%	1.95%	-
Director	Ming-Chung Yi																					
Independent director	K.M. Tsai																					
Independent director	Iris Chang																					
Independent director	Frank Chien																					

- Please explain the independent director remuneration payment policy, system, standard, and structure, and state and relevance of the amount of the remuneration payment based on the responsibility, risk, investment of time, and other factors: According to the Corporation Articles, the degree of the individual directors involving in the operations of the company, and contribution value under the domestic industry standards.
- Besides the above disclosing in the table, the remuneration received by a company director for providing services to all companies in the financial report in the recent year (e.g. as a consultant who is not an employee): None.

### 3.3.2 The Form of Range of Remuneration

Range of Director Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company (Note.8)	Companies in the consolidated financial statements (Note.9) (H)	The company (Note.8)	Companies in the consolidated financial statements (Note.9) (I)
Under NT\$ 1,000,000				
NT\$1,000,001 ~ NT\$2,000,000				
NT\$2,000,001~ NT\$3,500,000	Mang-Shiang Lee Jeff Lin Tony Chang Ming-Chung Yi Iris Chang Frank Chien K.M.Tsai	Mang-Shiang Lee Jeff Lin Tony Chang Ming-Chung Yi Iris Chang Frank Chien K.M.Tsai	Jeff Lin Tony Chang Ming-Chung Yi Iris Chang Frank Chien K.M.Tsai	Jeff Lin Tony Chang Ming-Chung Yi Iris Chang Frank Chien K.M.Tsai
NT\$3,500,001 ~ NT\$5,000,000				
NT\$5,000,001 ~ NT\$10,000,000			Mang-Shiang Lee	Mang-Shiang Lee
NT\$10,000,001~ NT\$15,000,000				
NT\$15,000,001~ NT\$30,000,000				
NT\$30,000,001~ NT\$50,000,000				
NT\$50,000,001~ NT\$100,000,000				
Over NT\$100,000,000				
Total	7	7	7	7

Note 1: The names of directors should be listed separately (the Corporate Shareholder and the representative director should be listed separately), and the general directors and independent directors shall be listed separately, too. The amount of the payments should be disclosed in a consolidated manner. If the director is also the president or vice president, he should fill in this form and the following tables (3-1), (3-2-1), and (3-2-2).

Note 2: The director remuneration in the recent year (including director's base compensation, allowances, severance pay, bonuses, etc.).

Note 3: The amount of the director remuneration approved by the board of directors in the recent year.

Note 4: It refers to the director executive expenses, including travel expenses, special expenses, allowances, accommodation, car supplies, etc. Disclose the nature and cost of the assets, actual or fair market rent, fuel cost, and other payment if there is a provision of housing, automobile and other means of transportation, and exclusive personal expenses. In addition, if there is a driver, please state the remuneration related to the driver fee, which is not included in the director compensation.

Note 5: Disclose the nature and cost of the assets, actual or fair market rent, fuel cost, and other payment if the director is also an employee of the company who accept the compensation, allowances, severance payment, bonuses, transportation expenses, special expenses, and the provision of accommodation, car, and other material supplies in the recent years. In addition, if there is a driver, please state the remuneration related to the driver fee, which is not included in the director compensation. Under the "share-based payment" of IFRS2, the recognized compensation expenses should include the acquisition of employee warrants, Restricted Stock Awards, and the participation of cash capital increase.

Note 6: Disclose the amount of the employee remuneration approved by the board of directors if the director is also an employee who acquire the employ remuneration. If it is unable to estimate, the proposed allocation for this year could be calculated in proportion to the actual amount allocated last year and fill out the form (1-3).

Note 7: The total amount of director remunerations of all companies, including the company in the consolidations should be disclosed.

Note 8: Disclose the name of the directors in the total amount of director remunerations in every classes.

Note 9: Disclose the total amount of the director remunerations paid by all companies, including the company in consolidations and the name of the directors in every classes.

Note 10: Profit after tax refers to the annual net profit of an individual financial statement in the most recent.

Note 11:

a. This column should specify the amount of the director remuneration paid by invested company from outside the subsidiary or the parent company. (Please fill in "none" if there is none)

b. If a director of the company receives remuneration paid by the invested company from outside the subsidiary company or parent company, the remuneration should be incorporated into Column J and change the title of the column to "Parent Company and all invested companies".

c. The remuneration means the remuneration, including the employee, director, and supervisor remuneration paid for a director of the company as a director, supervisor or manager of an investment enterprise outside the subsidiary or the parent company

\* The content of remuneration disclosed in this form is different from the concept of income in the Income Tax Act. Therefore, this form is for the purposes of information disclosure, and it is not for the taxation.

The form of Supervisor Range of Remuneration: Not Applicable

### 3.3.3 Remuneration of the President and Vice Presidents

December 31, 2020 Unit: NT\$thousand, %

Title	Name	Salary(A) (Note2)		Severance Pay (B)		Bonuses and Allowances (C) (Note3)		Employee Compensation (D) (Note4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note8)		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary (Note9)
		The company	Companies in the consolidated financial statements (Note5)	The company	Companies in the consolidated financial statements (Note5)	The company	Companies in the consolidated financial statements (Note5)	The company		Companies in the consolidated financial statements (Note5)		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
President	Johnny Tsai	709	13,700	-	324	-	-	4,348	-	4,348	-	0.37%	1.36%	None
Chief Technology Officer	C.L. Wang													
Factory manager	Fleming Lin													

### 3.3.4 The Form of Range of Remuneration

Range of Remuneration	Name of President and Vice Presidents	
	The company (Note6)	Companies in the consolidated financial statements (Note7) (E)
Under NT\$ 1,000,000		
NT\$1,000,000 ~ NT\$2,000,000	Johnny Tsai C.L. Wang Fleming Lin	
NT\$2,000,000 ~ NT\$3,500,000		
NT\$3,500,000~ NT\$5,000,000		C.L. Wang Fleming Lin
NT\$5,000,000 ~ NT\$10,000,000		Johnny Tsai
NT\$10,000,000 ~ NT\$15,000,000		
NT\$15,000,000~ NT\$30,000,000		
NT\$30,000,000~ NT\$50,000,000		
NT\$50,000,000~ NT\$100,000,000		
Over NT\$100,000,000		
Total	3	3

Note 1: The names of president and vice presidents should be listed separately. The amount of the payments should be disclosed in a consolidated manner. If the director is also the president or vice president, he should fill in this form and the following tables (3-1), (3-2-1), and (3-2-2).

Note 2: The president and vice president remuneration, including base compensation, allowances, and severance pay in recent year.

Note 3: Disclose the nature and cost of the assets, actual or fair market rent, fuel cost, and other payment if the president and vice presidents who accept the compensation, allowances, severance payment, bonuses, transportation expenses, special expenses, and the provision of accommodation, car, and other material supplies in recent years. Besides, if there is a driver, please state the remuneration related to the driver fee, which is not included in the president and vice president compensation. Under the "share-based payment" of IFRS2, the recognized compensation expenses should include the acquisition of employee warrants, Restricted Stock Awards, and the participation of cash capital increase.

Note 4: Fill in the amount of the employee remuneration of president and vice president remuneration approved by the board of directors. If it is unable to estimate, the proposed allocation for this year could be calculated in proportion to the actual amount allocated last year and fill out the form (1-3).

Note 5: The total amount of the president and vice president remunerations of all companies, including the company in the consolidations should be disclosed.

Note 6: Disclose the name of the president and vice presidents in the total amount of president and vice president remunerations in every classes.

Note 7: Disclose the total amount of the president and vice president remunerations from all companies, including the company in consolidations and the name of the president and vice presidents in every classes.

Note 8: Profit after tax refers to the annual net profit of an individual financial statement in the most recent.

Note 9:

a. This column should specify the amount of the president and vice president remuneration paid by invested company from outside the subsidiary or the parent company. (Please fill in "none" if there is none)

b. If the president and vice presidents of the company receive remuneration paid by the invested company from outside the subsidiary company or parent company, the remuneration should be incorporated into Column J and change the title of the column to "Parent Company and all invested companies".

c. The remuneration means the remuneration, including the employee, director, and supervisor remuneration paid for the president and vice presidents of the company as a director, supervisor or manager of an investment enterprise outside the subsidiary or the parent company

\* The content of remuneration disclosed in this form is different from the concept of income in the Income Tax Act. Therefore, this form is for the purposes of information disclosure, and it is not for the taxation.

### 3.3.5 The Status and the Name of the Manager Remuneration

December 31, 2020 Unit: thousand NTD, %, thousand shares

Title (Note 1)	Name (Note 1)	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)	
Manager	CEO	Mang-Shiang Lee	-	7,246	7,246	0.53%
	President	Johnny Tsai				
	Chief Technology Officer	C.L. Wang				
	Factory Manager	Fleming Lin				
	Director	Ashley Chuang				
	Director	Amanda Huang				

Note 1: The individual names and titles should be disclosed, and it could be disclosed in a consolidated manner.

Note 2: Fill out the amount of manager remuneration paid by stock or cash approved by the board of directors in the recent year. If it is unable to estimate, the proposed amount of the distribution this year could be calculated in proportion to the actual amount of distribution last year. Profit after tax refers to the Profit after tax in the recent year of. For those who have adopted IFRS, the profit after tax refers to the profit after tax of individual financial statement in the recent year.

Note 3: The following is the application scope for managers in accordance with the No. 0920001301 regulation dated on 27 March 1992.

- (1) President and equivalent position
- (2) Vice president and equivalent position
- (3) Director and equivalent position
- (4) Supervisor of financial department
- (5) Supervisor of accounting department
- (6) Other persons who have the right to manage and sign in the Company

Note 4: Fill out this form and schedule (1-2) if the directors, president and vice president receive remuneration paid by shares or cash.

3.3.5 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

- (1) An analysis of the after-tax net profit ratio of the total remuneration paid by the Company for its directors, supervisors, general managers and deputy general managers of the company and all company in the consolidation.

Unit: NTD thousand

Item	2019		2020	
	Consolidation		Consolidation	
	NT\$	%	NT\$	%
Director	16,699	4.85	26,444	1.95
President and Vice President	13,347	3.87	18,372	1.36
Total	30,046	8.72	44,816	3.31

- (2) The policies, standards, combinations, procedures for determining remuneration, and the relevance to business performance: Director remuneration is based on the degree of participation in corporate operation and the contribution to the company performance. The president and vice president remunerations are based on the position, contribution to the company, and reference to the standards of the same industry under with the staff regulation.

### 3.4 Implementation of Corporate Governance

#### 3.4.1 Board of Directors

A total of 6 meetings of the Board of Directors were held in 2020.

The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Mang-Shiang Lee	6	0	100	-
Director	Wistron Corporation: Jeff Lin	6	0	100	-
Director	Tony Chang	6	0	100	-
Director	Ming-Chung Yi	6	0	100	-
Independent director	Iris Chang	6	0	100	-
Independent director	Frank Chien	6	0	100	-
Independent director	K.M. Tsai	4	2	67	-

Other mentionable items:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act : The Company has established an Audit Committee, so the Article 14-3 do not apply. For the matters referred to in Article 14-5 of the Securities and Exchange Act, please refer to pages 56-57 of the important resolutions mand by Board of Directors.

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing and approving by the board of directors: None

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified.

Date	Name of the director	Contents of Motion	Causes for Avoidance	Voting
12/22/2020	Chairman Mang-Shiang Lee	Examine the year-end manager bonus allocation plan in 2020 Suggested by the Compensation Committee	He is also the CEO of Global Lighting Technology Inc.	Do not participate in discussion and voting

3. The listed company shall disclose the period, duration, scope, method and content of the board's self-evaluation (or peer evaluation):

Nature	Period	Duration	Scope	Method	Assessment Content	Assessment Result
Board of Directors	Perform once a year	1/1 /2020   12/31 /2020	Board of Directors and individual directors	Internal self-assessment and member self-assessment	<p>Items of Board performance evaluation:</p> <ol style="list-style-type: none"> <li>1. The degree of involvement in the corporate operation (25 points)</li> <li>2. Improve the quality of board decisions (25 points)</li> <li>3. Board composition and structure (25 points)</li> <li>4. Director Selection and Continuing Education (15 points)</li> <li>5. Internal Control (10 points)</li> </ol> <p>Total of 100 points</p> <p>Items of performance evaluation of board members:</p> <ol style="list-style-type: none"> <li>1. The control of the goals and tasks of company (10 points)</li> <li>2. Perception of directors' responsibilities (15 points)</li> <li>3. Involvement in the operation of the company (30 points)</li> <li>4. Internal relationship management and communication (15 points)</li> <li>5. Professional and Continuing Education for Directors (15 points)</li> <li>6. Internal Control (15 points)</li> </ol> <p>Total of 100 points</p>	<p>Items of Board performance evaluation:</p> <ol style="list-style-type: none"> <li>1. The degree of involvement in the corporate operation :25 points</li> <li>2. Improve the quality of board decisions :25 points</li> <li>3. Board composition and structure:25 points</li> <li>4. Director Selection and Continuing Education:15 points</li> <li>5. Internal Control: 10 points</li> </ol> <p>Total of 100 points</p> <p>Items of performance evaluation of board members:</p> <ol style="list-style-type: none"> <li>1. The control of the goals and tasks of company:9.57points</li> <li>2. Perception of directors' responsibilities: 14.29 points</li> <li>3. Involvement in the operation of the company: 27.57 points</li> <li>4. Internal relationship management and communication: 13.71 points</li> <li>5. Professional and Continuing Education for Directors: 14.14 points</li> <li>6. Internal Control: 14 points</li> </ol> <p>Total of 93.29 points</p>
Audit Committee	Perform once a year	1/1 /2020   12/31 /2020	Audit Committee and individual members	Internal self-assessment	<p>Items of Audit committee performance evaluation:</p> <ol style="list-style-type: none"> <li>1. The degree of involvement in the corporate operation (15 points)</li> <li>2. Perception of the responsibilities of functional committees (25 points)</li> <li>3. Improve the quality of resolution made by the Functional Committees (35 points)</li> <li>4.The Composition and selection of Functional Committee (15 points)</li> <li>5. Internal Control (10 points)</li> </ol> <p>Total of 100 points</p>	<p>Items of Audit committee performance evaluation:</p> <ol style="list-style-type: none"> <li>1. The degree of involvement in the corporate operation: 15 points</li> <li>2. Perception of the responsibilities of functional committees: 25 points</li> <li>3. Improve the quality of resolution made by the Functional Committees: 32 points</li> <li>4.The Composition and selection of Functional Committee: 15 points</li> <li>5. Internal Control: 9 points</li> </ol> <p>Total of 96 points</p>
Compensation Committee	Perform once a year	1/1 /2020   12/31 /2020	Compensation Committee and individual members	Internal self-assessment	<p>Items of the Compensation Committee performance evaluation:</p> <ol style="list-style-type: none"> <li>1.The degree of involvement in the corporate operation (15 points)</li> <li>2.Perception of the responsibilities of functional committees (25 points)</li> <li>3. Improve the quality of resolution made by the Functional Committees (35 points)</li> <li>4. The Composition and selection of Functional Committee (15 points)</li> <li>5. Internal Control (10 points)</li> </ol> <p>Total of 100 points</p>	<p>Items of the Compensation Committee performance evaluation:</p> <ol style="list-style-type: none"> <li>1.The degree of involvement in the corporate operation: 15 points</li> <li>2.Perception of the responsibilities of functional committees: 23 points</li> <li>3. Improve the quality of resolution made by the Functional Committees: 33 points</li> <li>4. The Composition and selection of Functional Committee: 15 points</li> <li>5. Internal Control: 9 points</li> </ol> <p>Total of 95 points</p>

4. Objectives such as the establishment of an Audit Committee, improvement of information transparency, etc. for strengthening the functions of the Board of Directors in the current and recent years and performance assessment:
- (1) The composition of the Board of Directors of the Company should formulate an appropriate policy of diversity related to the Company's operations, the form of operations, and development needs. For details, please refer to page 16 of this Annual Report.
  - (2) The Company established the Audit Committee on June 28, 2010, to exercise the functions prescribed by the regulations. Please refer to page 30-32 of this Annual Report.
  - (3) To improve the functions of the Board of Directors and strengthen the management mechanism, a Nomination Committee was set up on December 10, 2020, to review the Directors' Education Project regularly.
  - (4) To implement risk management in business operations and strengthen corporate governance, the Company formulated the "Risk Management Policy" to protect the interests of shareholders and pursue the sustainable development of the Company on December 22, 2020.

### 3.4.2 Audit Committee

A total of 6 Audit Committee meetings were held in 2020. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director	Iris Chang	6	0	100	-
Independent Director	Frank Chien	6	0	100	-
Independent Director	K.M. Tsai	4	2	67	-

Other Mentionable items:

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee, and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date	Content of Meeting	The Suggestions of Independent Directors and the Company's Responses to the Independent Directors
3/17/2020 First Regular Meeting	The business reports and financial statements (2019)	<ul style="list-style-type: none"> <li>◆ Approved by the Audit Committee</li> <li>◆ The suggestions of the Audit Committee were approved by all the Board.</li> </ul>
	The statement of internal control (2019)	
	The amendment of the Articles of Association	
	The amendment of the company's "endorsement guarantee operation procedure"	
	The amendment of the "rules of procedure of the shareholders' meeting"	
	The amendment of the "Rules of Procedure of the Board of Directors" of the Company	
5/4/2020 Second Regular Meeting	The Earnings Distribution Plan (2019)	<ul style="list-style-type: none"> <li>◆ Approved by the Audit Committee</li> <li>◆ The suggestions of the Audit Committee were approved by all the Board.</li> </ul>
	The first quarter financial statement (2020)	

8/6/2020 Third Regular Meeting	The second quarter consolidated financial report (2020)	<ul style="list-style-type: none"> <li>◆ Approved by the Audit Committee</li> <li>◆ The suggestions of the Audit Committee were approved by all the Board.</li> </ul>
	The Maolin Optical Capital Increase	
	The Maolin Optics's applying for endorsement guarantee for short-term financing of China Trust	
	The appointment of the audit director	
11/9/2020 Fourth Regular Meeting	The third quarter consolidated financial report (2020)	<ul style="list-style-type: none"> <li>◆ Approved by the Audit Committee</li> <li>◆ The suggestions of the Audit Committee were approved by all the Board.</li> </ul>
12/10/2020 Fifth Regular Meeting	The endorsement guarantee of Zhongshan Maolin Photoelectric Technology Co., Ltd	<ul style="list-style-type: none"> <li>◆ Approved by the Audit Committee</li> <li>◆ The suggestions of the Audit Committee were approved by all the Board.</li> </ul>
12/22/2020 Sixth Regular Meeting	The audit plan (2021)	<ul style="list-style-type: none"> <li>◆ Approved by the Audit Committee</li> <li>◆ The suggestions of the Audit Committee were approved by all the Board.</li> </ul>
	Enact the company's capital loan with the risk of quota control(2021)	

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None

2. If there are independent directors' avoidance of motions in conflict of interest, the name of directors, contents of motion, cause for avoidance, and voting should be specified: None

3. Communications between the independent directors, the chief internal auditor, and CPAs (such as the material items, methods, and results of audits of corporate finance or operations, etc.)

(1) The Audit Director of the Company communicates with the independent directors by email or through the Audit Committee.

(2) The Audit Director of the Company report to the Audit Committee about the formulation and modification of internal control, the results of annual self-evaluation of internal control, and the implementation results of the audit plan.

(3) The accountant carried out the communication on key matters, the status of the audit, and the latest related. changes and application of IFRS on March 17, May 4, August 6, November 9, and December 22, 2020.

4. Annual Audit priorities

(1) Formulate or revise the internal control system.

- (2) Audit the effectiveness of internal control system.
- (3) Establish or revise the procedures for the treatment of major financial business acts of acquiring or disposing of assets, engaging in the derivative, lending funds to others, and endorsing guarantees for others.
- (4) Matters involving the interests of directors.
- (5) Significant transactions in assets or derivatives.
- (6) Lend, endorse or provide a guarantee of material funds.
- (7) To raise, issue or place private placement of the equity securities
- (8) Appointment, discharge or remuneration of the accountants.
- (9) Appointment and removal of directors of finance, accounting, and internal audit.
- (10) Annual financial report and semi-annual financial report.
- (11) Other major matters formulated by the company or the competent authority.

### 3.4.3 Compensation Committee:

#### (1) The information of Compensation Committee members

Title	Name	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (Note)										Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director	Remark	
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10			
Independent Director	Iris Chang	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Independent Director	Frank Chien			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-
Other	Frank Chen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	-

Note: Please tick in the checkbox below each if the member meets the following conditions two years before the election and during the tenure.

- (1) Not an employee of the Company or any of its affiliates.
- (2) Not a director or supervisor of the Company or any of its affiliates. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed by the Act or with the laws of the country of the parent or subsidiary.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the company or ranking in the top 10 in holdings
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the preceding three subparagraphs.
- (5) The person who indirectly holds more than 5% issued shares, the top five, or 2 appointed the representative by item 1 of article 27 in the company law as the directors, supervisors, representative directors or supervisors, or employee. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed by the Act or with the laws of the country of the parent or subsidiary.)
- (6) A director, supervisor, or employee of another company in which more than half of the directors' seats or voting shares are not held by the same person. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed by the Act or with the laws of the country of the parent or subsidiary.)

- (7) A director, supervisor, or employee of another company who is not the same person or spouse as the chairman, general manager, or equivalent position of the company. (Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed by the Act or with the laws of the country of the parent or subsidiary.)
- (8) Director, supervisor, manager or shareholder holding more than 5% who has no financial or business dealings with the Company.(Not applicable in cases where the person is an independent director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary, and the specific company or institution holds more than 20% of the total issued shares of the company, but not more than 50%)
- (9) Professionals in business, legal, finance, accounting, or other related services, proprietors, partners, directors, supervisors, managers, and their spouses who do not provide audit services to the Company or affiliated enterprises, or not receive compensation exceeding NT \$500,000 in the last two years.
- (10) Not being a person of any conditions defined in Article 30 of the Company Law.

(2) Information on the operation of the Compensation Committee:

By Article 3 of the "Organizational Rules of the Compensation Committee" of the Company, the Compensation Committee should perform the following functions based on the usual payment statements of the same industry and considerate the performance, Company's business performance, and future risks:

- ◆ Formulate and regularly review the performance evaluation of directors and managers, as well as the structure of remuneration policies and institutional standards.
- ◆ Evaluate and enact the director and manager remuneration regularly.

(1) There are three members in Compensation Committee

(2) Tenure : 7/3/2019-6/23/2022, Compensation Committee Meeting: twice a year in 2020

Attendance as follow:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Iris Chang	2	2	100	-
Member	Frank Chien	2	2	100	-
Member	Frank Chen	2	2	100	-

Other mentionable items:

1. If the Board does not accept the recommendations of the Compensation Committee, the dates of the meetings, sessions, contents of motion, directors' opinions and the company's response should be specified. (If the remuneration approved by the board is superior to the Compensation Committee, the circumstances and reasons for the discrepancy should be stated): None
2. If there were objections or expressed reservations by members recorded or stated in writing in the Compensation Committee, the dates of the meetings, sessions, contents of motion, directors' opinions and the company's response should be specified.
3. Date, and content of proposals of Compensation Committee in 2020:

Date	Content	The suggestion of all Compensation Committee members and the company's response
3/13/2020 (First)	Director remuneration and distribution ratio in 2019/ Dividend amount of senior manager employees in 2019	Passed with the consent by all members present
12/7/2020 (Second)	Range of year-end senior manager remuneration and its rationality in 2020	Passed with the consent by all members present

### 3.4.4 The operation of the Nominating Committee

The Nominating Committee of the company should faithfully perform the following functions with a duty of care:

- ◆ Formulate and review the selection criteria, qualifications, and succession plans for directors and managers.
- ◆ Select and examine the candidates for directors and managers, assess the independence of independent directors, and propose a list of candidates to the Board.
- ◆ Formulate and review the establishment, functions, and operations of the committees of the Board, and review the qualifications and potential conflicts of interest of the members of the committees.
- ◆ Formulate and regularly review director continuing education and succession plans for senior managers.
- ◆ Other matters decided by the Board and handled by the Nominating Committee

(1) There are 3 members in Nominating Committee

(2) Tenure : 12/10/2020-6/23/2022, Nominating Committee Meeting: once a year in 2020

Attendance as follow:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Mang-Shiang Lee	1	0	100	-
Member	Frank Chien	1	0	100	-
Member	K.M. Tsai	0	1	0	-

Other mentionable items:

1. If the Board does not accept the recommendations of Nominating Committee, the dates of the meetings, sessions, contents of motion, directors' opinions and the company's response should be specified.: None
2. If there were objections or expressed reservations by members recorded or stated in writing in Nominating Committee, the dates of the meetings, sessions, contents of motion, directors' opinions and the company's response should be specified.

Date, and content of proposals of Nominating Committee in 2020:

Date	Content	Suggestion from Nominating Committee members& The company's response to the suggestion
12/22/2020 First time in the first session	To elect the convener of the first Nominating Committee	Passed with the consent by all members present

### 3.4.5 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Does the Company set and disclose corporate governance code of practice according to corporate governance practice principles for TWSE/GTSM-Listed companies?	V		The Company has established the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” on 8/5/2019. The information is on the Company’s website.	Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies
II. Equity structure and shareholder rights				Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies
(I.) Has the Company set internal operating procedures to deal with shareholder proposals, doubts, disputes and litigation matters, and does it implement these in accordance with its procedures?	V		(I.) There are spokesman and an acting spokesman in the company who are responsible for handling the suggestions, doubts, or disputes of shareholders, and coordinate with the relevant units of the company.	
(II.) Does the Company have a list of those who ultimately control the major shareholders of the Company?	V		(II.) The Company has a list of major shareholders and who ultimately controls them .	
(III.) How does the Company establish its risk management mechanism and firewalls involving related enterprises?	V		(III.) The company formulated the “Practice for Financial Business Between Affiliated Businesses”. The regulation states that the assets and financial management should be independent between affiliates. Risk control and firewall mechanism should be implemented based on the internal control system of the company and all companies.	
(IV.) Has the Company set internal standards to prohibit the use of undisclosed insider information	V		(IV.) There is "Management Procedure for Prevention of Indoor Transactions" in the company. Insiders are prohibited from trading securities using undisclosed information in the stock market.	

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
to trade securities on the market?				
<p>III. Organization and responsibilities of the Board of Directors</p> <p>(I.) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly?</p> <p>(II.) Has the Company establish other functional committees besides the Compensation Committee and Audit Committee?</p> <p>(III.) Has the Company set performance assessment rules and methods for the BOD and does it perform this evaluation every year?</p>	V		<p>(I.) The Corporate Governance Best-Practice Principles has stated the diversity of the board members. Please refer to Page16.</p> <p>(II.) The company had established the Compensation Committee and Audit Committee. And, the company has also established the Nominating Committee on 12/10/2020. About the function and operation, please refer to Page 36.</p> <p>(III.) The Company conducts performance evaluation based on "the Board of Directors Performance Evaluation Method" regularly every year. The company also reports the results to the Board and Compensation Committee for reference in determining the remuneration. Please refer to Page 28.</p>	Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies
(IV.) Does regularly evaluate the independence of the CPA?	V		(IV.) The Company should evaluate the independence of accountants once a year. And, it should submit it to the Audit Committee. The results of the evaluation should meet the standards of the Company. The results of the assessment of the independence approved by the Board of Directors on March 17, 2020 are as	Accord with the Corporate Governance Best Practice Principles

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>follows:</p> <ol style="list-style-type: none"> <li>1. The appointed accountant has no significant financial interest in the Company.</li> <li>2. Appointed accountants should have no inappropriate relationship with the Company.</li> <li>3. The appointment of an accountant should ensure his assistants of integrity, impartiality, and independence.</li> <li>4. Appointed accountant does not serve as the director, manager, or a position with significant influence on the audit at present or within the recent two years. It is also confirmed that he will not serve in these positions in the future.</li> <li>5. During the audit, the appointed accountant and his spouse or relatives did not serve as the directors, managers, or the position with a direct and significant impact on the audit.</li> <li>6. The name of the appointed accountant should not be used by others.</li> <li>7. Appointed accountants should not borrow money from the Company, except for normal dealings with the financial industry.</li> <li>8. Appointed accountants should not engage in any other business in which they may lose their independence.</li> <li>9. The appointed accountant should not receive any commission related to his business.</li> <li>10. Appointed accountants should not hold any shares of the Company.</li> <li>11. Appointed accountants should not concurrently serve in the company on a regular and fixed salary.</li> <li>12. Appointed accountants should not co-invest or share interests with the Company.</li> <li>13. The appointment of an accountant should not involve in the Company's decision-making.</li> </ol>	for TWSE/ TPEx Listed Companies
IV. Does the Company appoint competent and appropriate corporate governance personnel	V		The director of corporate governance is the chief financial officer. The finance department, the secretary of the Board, the intellectual, and other authorities are concurrently responsible for corporate governance.	Accord with the Corporate Governance

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons										
	Yes	No	Abstract Illustration											
and corporate governance officer to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors, assisting directors’ compliance of law, handling matters related to board meetings and shareholders’ meetings according to law, and recording minutes of board meetings and shareholders’ meetings)?			<p>1. Handle the matters related to the Board and the shareholders' meeting based on the law.</p> <p>2. Make minutes for the Board and shareholders' meetings.</p> <p>3. Assist directors in continuing education</p> <p>4. Provide the information necessary for the directors to carry out their duties.</p> <p>5. Assist directors in complying with regulations</p> <p>6. Other matters in the corporate articles and contracts.</p> <p>Execution Highlights in 2020:</p> <p>1. Establish a corporate governance structure</p> <p>2. Formulate and modify the regulation related to corporate governance.</p> <p>3. Provide information necessary for directors to perform their duties.</p> <p>4. Assist directors in continuing education.</p> <p>5. Assist directors in complying with regulations.</p> <p>6. Register the date of the shareholders' meetings in advance based on the law. Prepare the meeting notice, manual, and record within the statutory period. Handle company change registration when amending articles of incorporation or re-electing the directors.</p> <p>7. Deal with the performance evaluation of the Board members.</p> <p>8. Deal with the company information disclosure and website maintenance.</p> <p>9. Deal with the insurance of director liability.</p> <p>The continuing education in 2020:</p> <table border="1"> <thead> <tr> <th>Organizer</th> <th>Name</th> <th>Date</th> <th>Course Name</th> <th>Hour</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Organizer	Name	Date	Course Name	Hour						Best Practice Principles for TWSE/ TPEX Listed Companies
Organizer	Name	Date	Course Name	Hour										

Evaluation Item	Implementation Status <sup>1</sup>				Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons											
	Yes	No	Abstract Illustration													
			<table border="1"> <tr> <td rowspan="3">Securities and Futures Market Development Foundation</td> <td rowspan="3">Ashley Chuang</td> <td>8/24/2020</td> <td>The influence of the latest amendment of Securities Investor and Futures Trader Protection Act on the rights and obligations of directors and supervisors</td> <td>3</td> </tr> <tr> <td>9/22/2020-9/23/2020</td> <td>Director and Supervisor (including Independent) &amp; Corporate Governance Supervisor Practice Seminar - Taipei Class</td> <td>12</td> </tr> <tr> <td>10/22/2020</td> <td>Corporate Governance and Corporate Integrity Advisory Meeting for the Directors and Supervisors</td> <td>3</td> </tr> </table>	Securities and Futures Market Development Foundation	Ashley Chuang	8/24/2020	The influence of the latest amendment of Securities Investor and Futures Trader Protection Act on the rights and obligations of directors and supervisors	3	9/22/2020-9/23/2020	Director and Supervisor (including Independent) & Corporate Governance Supervisor Practice Seminar - Taipei Class	12	10/22/2020	Corporate Governance and Corporate Integrity Advisory Meeting for the Directors and Supervisors	3		
Securities and Futures Market Development Foundation	Ashley Chuang	8/24/2020	The influence of the latest amendment of Securities Investor and Futures Trader Protection Act on the rights and obligations of directors and supervisors			3										
		9/22/2020-9/23/2020	Director and Supervisor (including Independent) & Corporate Governance Supervisor Practice Seminar - Taipei Class			12										
		10/22/2020	Corporate Governance and Corporate Integrity Advisory Meeting for the Directors and Supervisors	3												
V. Does the Company establish communication channels and dedicate section for stakeholder on its website to respond to important issues of corporate social responsibility concerns?	V		The company has a spokesman and agent spokesman system. The dedicated staff serves as the litigation and non-litigation agents of the company to disclose agency information. That serves as communication channels between the company and interested parties. The company has set up an area on the website as the communication channel to respond to the concerns of stakeholders.		Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies											
VI. Has the company appointed a professional stock affairs agency for shareholders affairs?	V		The company appoints Taixin International Commercial Bank Stock Agency to handle the affairs of the shareholders' meeting.		Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies											

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>VII. Disclosure of information</p> <p>(I.) Does the Company set up website to disclose financial operations and corporate governance information?</p> <p>(II.) Has the Company adopted other measures (such as English website, a designated person responsible for the collection and disclosure of information, implementation of the spokesman system, the legal entities announcements uploaded to website, etc.) to disclose information?</p> <p>(III.) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?</p>	<p>V</p> <p>V</p> <p>V</p>		<p>(I.) There is a section on corporate governance and investment, which contains relevant information on corporate governance and financial business of the company on the company website (<a href="http://www.glthome.com">http://www.glthome.com</a>)</p> <p>(II.) The company regularly announces financial business information on the open information observation website to ensure the timely disclosure of information that may influence the decision-making for others. There is a spokesman system in the company, which is responsible for dealing with the questions and replies of investors and shareholders. Disclose the instant information of financial business and corporate briefing on the company's website.</p> <p>(III.) The Company has not yet announced and filed its annual financial statements within two months after the end of the fiscal year. However, the Company will announce and report quarterly and annual financial statements and monthly revenue figures on time by the regulations.</p>	<p>Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies</p>

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons																								
	Yes	No	Abstract Illustration																									
VIII. Does the Company have other important information for better understanding the Company’s corporate governance system (including but not limited to interests and rights of employees, care for employees, relation with investors, relation with suppliers, relation with interested parties, continuing education of directors and supervisors, execution of risk management policies and risk measuring standards, execution of customer policies, liability insurance for the Company’s directors and supervisors)?	V		<p>(I.) There is a section for investors and interested parties on the company’s website. It provides the contact information of the person who charges in employees, investors, customers, suppliers to inquire about labor, financial affairs, important information, and issues of concern. The company’s website sets up sections for staff and welfare committees to provide management regulations, codes of practice, activity notices, and channels for employees to complain. Protect the right of employees and promote a harmonious relationship with laborers.</p> <p>(II.) The status of continuing education of directors and supervisor:</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Date</th> <th>Organizer</th> <th>Course name</th> <th>Hour</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Chairman</td> <td rowspan="2">Mang-Shiang Lee</td> <td>07/22/2020</td> <td>Institute of Finance and Research</td> <td>Corporate Governance &amp; Business Sustainability Seminar</td> <td>3</td> </tr> <tr> <td>10/16/2020</td> <td>TWSE</td> <td>Corporate Governance and Corporate Integrity Advisory Meeting for the Board and Supervisors</td> <td>3</td> </tr> <tr> <td rowspan="2">Representative director</td> <td rowspan="2">Jeff Lin</td> <td rowspan="2">09/18/2020</td> <td rowspan="2">Chinese Corporate Governance Association</td> <td>The Analysis of Top 10 Global Risks</td> <td>3</td> </tr> <tr> <td>The latest practical development of internal trading in Taiwan and the countermeasures for enterprises</td> <td>3</td> </tr> </tbody> </table>	Title	Name	Date	Organizer	Course name	Hour	Chairman	Mang-Shiang Lee	07/22/2020	Institute of Finance and Research	Corporate Governance & Business Sustainability Seminar	3	10/16/2020	TWSE	Corporate Governance and Corporate Integrity Advisory Meeting for the Board and Supervisors	3	Representative director	Jeff Lin	09/18/2020	Chinese Corporate Governance Association	The Analysis of Top 10 Global Risks	3	The latest practical development of internal trading in Taiwan and the countermeasures for enterprises	3	Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies
Title	Name	Date	Organizer	Course name	Hour																							
Chairman	Mang-Shiang Lee	07/22/2020	Institute of Finance and Research	Corporate Governance & Business Sustainability Seminar	3																							
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Representative director	Jeff Lin	09/18/2020	Chinese Corporate Governance Association	The Analysis of Top 10 Global Risks	3																							
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Evaluation Item	Implementation Status <sup>1</sup>						Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons		
	Yes	No	Abstract Illustration						
			director	Tony Chang	02/14/2020	Chinese Corporate Governance Association	Key technologies and market applications in 5G and IoT	3	
					09/08/2020		Management struggle and case study	3	
			director	Ming-Chung Yi	09/15/2020	Securities& Futures Institute	Analysis and Practice of International Tax Trends Under the New Corporate Governance Blueprint	3	
					09/24/2020		Principle and Application of Blockchain	3	
			Independent Director	K.M. Tsai	09/16/2020	Securities& Futures Institute	The Practical Operation after the Enforcement of the Company Law and the Analysis of the Latest Explanatory Letter	3	
					10/14/2020		Discuss the Responsibilities of Directors and Supervisors from Illegal Cases in Securities Market	3	
			Independent Director	Iris Chang	09/16/2020	Securities& Futures Institute	The Practical Operation after the Enforcement of the Company Law and the Analysis of the Latest Explanatory Letter	3	
					09/16/2020		The Relevant Regulations and Practices	3	

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons															
	Yes	No	Abstract Illustration																
			<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td>of the Audit Committee</td> <td></td> </tr> <tr> <td rowspan="2">Independent Director</td> <td rowspan="2">Frank Chien</td> <td>09/16/2020</td> <td rowspan="2">Securities &amp; Futures Institute</td> <td>The Practical Operation after the Enforcement of the Company Law and the Analysis of the Latest Explanatory Letter</td> <td>3</td> </tr> <tr> <td>09/16/2020</td> <td>The Relevant Regulations and Practices of the Audit Committee</td> <td>3</td> </tr> </table> <p>(III) Implementation of risk management policies and risk measurement standards: Before the meeting of the board of directors, the manager should report the financial situation to the Board, and the directors should also provide professional advice, including the management of possible risks. According to the risk assessment, the audit office regularly proposes the audit plan, sends it to the Board for approval. And, the audit office should carry out the audit and report it to the members of the Audit Committee. In addition, after the relevant departments of the company completing the annual internal control self-assessment, it should declare the internal control system declaration and disclose it in the annual report of the Shareholder Meeting by the provisions of the Taiwan Stock Exchange.</p> <p>(IV) The Company purchase the liability insurance for directors regularly every year. Report the duration, amount and content of the insurance to the Board on December 10, 2020.</p>					of the Audit Committee		Independent Director	Frank Chien	09/16/2020	Securities & Futures Institute	The Practical Operation after the Enforcement of the Company Law and the Analysis of the Latest Explanatory Letter	3	09/16/2020	The Relevant Regulations and Practices of the Audit Committee	3	
				of the Audit Committee															
Independent Director	Frank Chien	09/16/2020	Securities & Futures Institute	The Practical Operation after the Enforcement of the Company Law and the Analysis of the Latest Explanatory Letter	3														
		09/16/2020		The Relevant Regulations and Practices of the Audit Committee	3														

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
IX. Please state that the situation has been improved in according to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the latest year, and propose enhancement and measures for those who have not yet improved in priority.			(I) On December 10, 2020, the Board of Directors of the Company approved the establishment of Nominating Committee to improve the functions of the Board and strengthen the management mechanism. (II) On December 22, 2020, the Board approved the "Risk Management Policy" and set up a risk management team to report the situation of risk management to the Board at least once a year to protect shareholders' rights and interests and pursue the sustainable development of the company. (III) The company was listed as 21%~35% in the seventh "Corporate Governance Evaluation of Listed Companies" held by the Taiwan Stock Exchange. The Company will continue to strengthen and improve its corporate governance to protect the rights of investors and interested parties.	

### 3.4.6 Fulfillment of Social Responsibility Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Does the company conducts risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the materiality principle, and formulates relevant risk management policies or strategies?	V		On December 22, 2020, the Board approved the "risk management policy" and set up the risk management team. The risk management team and corporate governance team focus on the risk assessment about environment, social and corporate governance issues related to corporate operations. And then, the company adjusts the management based on the results of the assessment. Report the executive management to the Board to protect the rights of shareholders and the interested party every year.	Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies
II. Does the Company set up exclusively (or concurrently) dedicated units to promote corporate social responsibility, and authorize high level managers to handle and report to the Board of Directors?	V		The corporate governance team is responsible for promoting matters related to corporate social responsibility. We have a "Regulation of Practice on Corporate Social Responsibility" and report to the Board on the status of operations, schedule and the project regularly.	Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies
III. Environment Issues				
(I.) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		(I.) The company has established ISO14001 and OHSAS18001 environment, safety, and health management systems. The company abides by the principles of environmental management.	
(II.) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(II.) The company makes efforts to the production process with low consumption, improve energy efficiency, reduce the raw material consumption, lessen the waste generation in production, and promote the activities of green products without harmful substances. The company provides environmentally friendly products to countries around the world.	

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(III.) Does the company assess the potential risks and opportunities of climate change on its present and future operation, and take measures to respond to climate-related issues?	V		(III.) The Company has not introduced the greenhouse gas inventory system. However, in response to the activities of energy-saving and carbon saving, the company has adopted LED flat panel lights in all regional plants.	
(IV.) Does the company conduct assessment on greenhouse gas, water consumption and waste for the last two years, and establish company strategies for energy conservation and carbon reduction, greenhouse gas reduction, water saving and waste management?	V		(IV.) The company continues to introduce energy-saving equipment in the plant and office to enhance energy efficiency and reduce the impact on the environment.	
IV. Social Issues				Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies
(I.) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(I.) To fulfill the corporate social responsibility, protect the basic human rights of employees and various stakeholders, and comply with the relevant regulations, the company follows the 《Universal Declaration of Human Rights》, 《The UN Global Compact》, and 《LO Declaration on Fundamental Principles and Rights at Work》 and order a "human rights policy management Regulation". The company complies with the local labor laws and stops human rights abuses.	
(II.) Does the company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee compensation?	V		(II.) The Company should follow the Labor Standards and relevant regulations to formulate various welfare measures for employees and pay the performance bonuses based on regular performance appraisal to share business results with employees.	
(III.) Does the company provide a healthy and safe working environment	V		(III.) The company value the health of employees. Besides, carrying out the labor	

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
and organize training on health and safety for its employees on a regular basis?			environment inspection in accordance with the law, the company also held the health examination and education regularly. The company also enhance the staff's safety awareness and the ability to respond to the emergency.	
(IV.) Does the company provide its employees with career development and training sessions?	V		(IV.) To help employees develop, enhance their professional skills, and foster the staff's career development, the company encourages employees to attend a variety of education and training courses, including new employee training, general education courses, professional courses, occupational safety courses, and other job-related training courses	
(V.) Does the company comply with relevant regulations and international standards on the health and safety of customers, customer privacy, marketing and labeling of products and services, and formulates relevant policies and procedures to protect consumer rights and handling complaints?	V		(V.) The company strictly abides by regulations and international standards regarding customer health, safety, customer privacy, marketing, and labeling. All employees of the company signed the confidentiality clauses when joining the company to protect the privacy of the company and the shareholders. In addition, we have dedicated staff and email addresses to handle the complaints in a fair and timely manner to protect the consumer's rights and interests.	
(VI.) Does the company formulated and implement supplier management policy, requiring suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights?	V		(VI.) Our company has a "Supplier Management Procedure" The company and suppliers jointly implement corporate social responsibilities such as environmental protection, occupational safety and health and human rights protection. The company evaluates the suppliers based on the "Green Supplier Evaluation Form" The audit content includes compliance with legal	

Evaluation Item	Implementation Status <sup>1</sup>			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			provisions, environmental protection requirements, and green environmental protection regulations.	
V. Does the company compile corporate social responsibility reports or reports that disclose the company's non-financial information based on international CSR compiling standard or guidelines? Does the report accredited from accreditation agency or third-party verification organization?	V		The company does not need to compile a corporate social responsibility report at present. However, the company may compile it depending on operation in the future.	Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies
VI. If the Company makes its own corporate social responsibilities principles according to the Rules of Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies, please state the differences: The company has not compiled a corporate social responsibility report, so it is not applicable.				
VII. Any other important information that helps to understand the conduct of corporate social responsibility: 1. On April 23, 2020, 75 intubation protection boxes were donated to the National Taiwan University Hospital. 2. On April 27, 2020, 20 intubation protection boxes were donated to the Armed Services General Hospital 3. On April 28, 2020, 10 intubation protection boxes were donated to Taoyuan Buli Taoyuan Hospital. 4. On April 29, 2020, 10 intubation protection boxes were donated to Shuanghe Hospital and NT \$500, 000 for emergency relief. 5. On April 29, 2020, the intubation protection boxes was donated to the Rongyangjiao Coronavirus Research and Development Alliance. 6. Participated in the 8th Bike Angel China Dream Public Benefit Tour on August 31, 2020. The company encourage young people to study hard and exercise through this activity. The young people can enhance their sense of self-worth, learn to get along with others through teamwork, and achieve their Self-expectation.				

### 3.4.7 Implementation of Integrity Management Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>I. Establishing integrity management policies and plans</p> <p>(I.) Dose the company formulate a policy of ethical operation approved by the board of directors? Dose the company clearly stated the policy, practice of ethical operation in the rules ,and the commitment of the board of directors and senior management to actively implement the business policy?</p> <p>(II.) Dose the company establish a risk assessment mechanism for dishonest conduct? Dose the company regularly analyze and evaluate the business activities within the scope of business with a high risk of dishonest conduct? Dose the company formulate a plan to prevent dishonest conduct, which shall at least cover the preventive measures for the conduct in paragraph 2 of Article 7 of the Code of Conduct for Integrity of Listed and Top-counter Companies?</p> <p>(III.) Dose the company define the operating procedures, conduct guidelines, punishment and appeal system for violations in the plan to prevent dishonest acts? Dose the company implemente it, and regularly review the plan for revising and exposing violations?</p>	V		<p>(I.)The Company has formulated the "Code of Ethical Business Practice" and the "Code of Ethical Business Procedures and Guidelines of Conduct", which stipulate that directors, managers, employees and persons with substantial control ability should avoid conflicts of interest and gaining personal profits.</p> <p>(II.) The Company's "Code of Ethical Business Practice" has covered the business activities under Paragraph 2, Article 7 of the Code of Ethical Business Practice for Listed and Over-counter Companies or those business activities with a high risk of dishonest conduct. The company also establishes operating methods and internal control, strengthens education, training, internal publicity, and relevant preventive measures.</p> <p>(III)The company's "honest operation procedure and guide of conduct" policy stipulates the relevant operation procedure and punishment and appeal for violations. The company continues to promote public awareness to all staff and ensure the implementation.</p>	Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies
<p>II. Implementing Integrity Management</p> <p>(I.) Does the company evaluate the integrity records of the counterparties, and set out the terms of honest conduct in the contracts signed with the counterparties?</p>	V		<p>I)The Company has conducted a credit investigation on customers/manufacturers to check their integrity before engaging in all kinds of business activities. And the company also has enacted integrity</p>	Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(II.) Does the company set up a full-time (part-time) unit that promotes corporate integrity management under the board of directors and regularly reports its implementation to the board of directors?	V		<p>clauses in the contracts.</p> <p>(II)The human resources department is responsible for the integrity management policy of the company, and the revision, implementation, and supervision of the management policy. It was reported to the Board of Directors on December 22, 2020.</p> <p>The following is the execution situation.</p> <ol style="list-style-type: none"> <li>1. Cooperate with the statutory system to formulate anti-fraud measures to ensure honest operation.</li> <li>2. Develop a program to prevent dishonest conduct and formulate the SOPs and guidelines relating to the work and business into each scheme.</li> <li>3.For business activities with a high risk of dishonest conduct within the scope of business, mutual supervision, and checks and balances mechanism should be established.</li> <li>4. The training of integrity policy promotion once a year.</li> <li>5. Plan the whistleblower system to ensure the effectiveness of implementation.</li> <li>6. Assist the Board of Directors and management in checking and evaluating the effectiveness of operation on the preventive measures established by Integrity Business Management, and regularly assessing compliance with</li> </ol>	Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			relevant business processes.	
(III.) Does the company have a conflict of interest policy in place, provide an appropriate presentation channel, and implement it?	V		(III)The company has a Code of Ethical Business Practice and a Code of Ethical Conduct. It stipulates that directors, managers and employees should avoid conflicts of interest when conducting official duties. If they find any breach of this regulation, they will report it to the head of HR department or to the suggestion box on the company's internal Internet.	Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies
(IV.) Has the company established an effective accounting system and internal control system for the implementation of integrity management, and is regularly audited by the internal audit unit or commissioned by an accountant to perform the audit?	V		(IV)The Company should actively implement the honest operation. The internal auditors should regularly check the actual compliance by the accounting system, internal control system and relevant regulations. And, they should report it to the board of directors.	
(V.) Does the company regularly conduct internal and external education and training on integrity management?	V		(V)The integrity management education training is the compulsory course for all staffs. The company also promoted the awareness through the briefing on December 30, 2020.	
III. Operation of the company's report system (I.) Does the company have a specific reporting and rewarding system, establish a reporting channel that facilitates reporting, and assign appropriate personnel responsible for receiving reports?	V		(I)The company gives the full right of appeal to employees. In case of dishonesty or injustice, employees can respond it through E-mail, employee suggestion box, and other appeal channels. The HR or the director of the audit will be responsible for handling it.	Accord with the Corporate Governance Best Practice Principles for TWSE/ TPEX Listed Companies

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(II.) Does the company have established standard operating procedures and related confidentiality mechanisms for investigating reports?	V		(II) The reporting method and handling procedure are set out in Article 21 of the "Guidelines for Integrity Business Operation Procedures and Conduct". The information of accepted work will be kept confidential.	
(III.) Does the company take measures to protect prosecutors from being mishandled as a result of a report?	V		(III)The company should declare the identity of the prosecutors and the contents of the reports should be kept confidential. A commitment to protect whistleblowers from improper treatment.	
IV. Strengthen Information Disclosure Does the company disclose the content and effectiveness of its ethical practices on its website and on Public Information Observation Website?	V		IV The Company discloses the "Code of Ethical Business Practice", "Ethical Business Procedures and Guidelines of Conduct" and promotional content on the website to protect the rights and interests of shareholders.	
V. If the company has its own code of integrity based on the "Code of Integrity of Listed Companies", please describe the difference between its operation and the code: None				
VI Any other important information that helps to understand the Social Responsibility: None				

3.4.8 If there is corporate governance regulation, it should be disclosed: Please visit the website of the company.

3.4.9 Other important information to enhance the understanding of the operation of corporate governance: None.

### 3.4.10 The Implementation of Internal Control System

#### (1) Statement of Internal Control System

Global Lighting Technologies Inc.  
Maolin Optoelectronic Technology (Cayman) Co., Ltd  
Statement of Internal Control System



Date: March 5, 2021

Based on the results of the self-inspection of the internal control system in 2020

The following is the statement.

- I. The Company acknowledges that the Board of Directors and managers are responsible for the establishment, implementation, and maintenance of the internal control system. The company has organized this system. The objective is to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance, and security of assets), the reliability of financial reporting, and compliance with laws and regulations.
- II. The internal control system has its inherent limitations. No matter how perfect and effective the design and internal control system are, they can only provide a reasonable guarantee for the above three objectives. The effectiveness of the internal control system may change due to the variation of the environment and circumstances. However, there is a self-monitoring mechanism in the internal control system of the company. It will take corrective action if any deficiencies are identified.
- III. The company determines the effectiveness of the design and implementation of the internal control system by the judgment item of the internal control system of "Criteria for Handling the Establishment of Internal Control System of Public Offering Companies" ("Criteria for Handling"). The internal control system consists of five components: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Supervision.  
Each component includes some items. For the above items, please refer to the "Guidelines for Handling".
- IV. The company has adopted the above internal control system to judge projects to check the effectiveness of the design and implementation of the internal control system.
- V. Based on the results in the above paragraph, it thinks that the internal control system on December 31, 2020, including the knowledge of operating effectiveness, the degree of achievement, the reliability of financial reports, and the relevant laws and regulations of the internal control system are effective. It could ensure the above goals.
- VI. This Statement will be the main content of the Company's annual report. It will be disclosed. Any false or concealment of the information will be subject to the legal liability of articles 20, 32, 171, and 174 of the Securities and Exchange Law.

This statement has been approved by the board of directors on March 5, 2021.

6 directors present, 0 opposing, the others all agree to the contents of this statement

Global Lighting Technologies Inc.

Chairman: Mang-Shiang Lee



President: C.L. Wang



(2) Internal Control System Audit Report: None.

3.4.11 In the most recent year and up to the date of the annual report, the company and its internal personnel were punished by law, or the company has punished its internal personnel for violating the provisions of the internal control system. Those whose penalty results may have a material impact on shareholders' equity or securities prices: None.

3.4.12 The most recent year ended on the publication date of the Annual Report Important resolutions of shareholders' meeting and board of directors:

Important resolutions of the board of directors:

Date of Board Meeting	Important Resolutions
3/17/2020 First Regular Meeting	Pass the remuneration proposals (2019) of the Compensation Committee for directors and staff
	Pass business reports and financial statements (2019)
	Through the statement of internal control (2019)
	Pass the amendment of the Articles of Association
	Pass the amendment of the company's "endorsement guarantee operation procedure"
	Pass the amendment of the "rules of procedure of the shareholders' meeting"
	Pass the amendment of the "Rules of Procedure of the Board of Directors" of the Company
	Pass the amendment of the Company's "method for election of directors"
	Pass the convening of regular meetings of shareholders of the Company (2020)
	Pass the replacement of the accounting firm of the company's financial statements, visa fees , and the assessment of the independence of accountants case
5/4/2020 Second Regular Meeting	Pass the Earnings Distribution Plan (2019)
	Pass the first quarter financial statement (2020)
	Pass the shareholder's proposals in the regular shareholder meetings (2020)
	Pass the amendment of the Articles of Association of the Company
8/6/2020 Third Regular Meeting	Pass the second quarter consolidated financial report (2020)
	Pass the Maolin Optical Capital Increase
	Pass the Maolin Optics's applying for endorsement guarantee for short-term financing of China Trust
	Pass the appointment of the audit director
11/9/2020 Fourth Regular Meeting	Pass the third quarter consolidated financial report (2020)
	Pass the ratifying of the appointment of the company's acting spokesman
12/10/2020 Fifth Regular Meeting	Pass the endorsement guarantee of Zhongshan Maolin Photoelectric Technology Co., Ltd
	Pass the establishment of the company's Nominating Committee
12/22/2020 Sixth Regular Meeting	Pass the business plan (2021)
	Adopt the audit plan (2021)

Date of Board Meeting	Important Resolutions
	Pass the company's capital loan with the risk of quota control case (2021)
	Pass the suggestion of the policy of risk management case
	Pass the distribution of manager's year-end bonus of by Compensation Committee (2020)
3/5/2021 First Regular Meeting	Pass the suggestion of the director and employee remuneration proposals by Compensation Committee (2020)
	Pass business reports and financial statements (2020)
	Pass the Earnings Distribution Plan (2020)
	Pass the internal control statement (2020)
	Pass the convening for regular meetings of shareholders of the Company (2021)
	Pass the appointment of the company
4/29/2021 Second Regular Meeting	Pass the first quarter financial statement (2021)
	Pass the CPA independence evaluation case
	Pass the fee of the accountant case
	Pass the shareholder's proposals in the regular shareholder meetings (2021)

The important resolutions of Shareholder's Meeting

Date	Summary of Important Motions	Execution
6/18/2020	Business Statement and Financial Statement Admission ( 2019 )	proposal was approved after voting
	Recognition of Earnings Allocation (2019)	proposal was approved after voting The Record Date was 7/21/2020 The Payable Date was 8/12/2020 Cash dividend NT\$1.5 per share
	Pass the amendment of some articles of the Articles of Association	proposal was approved after voting & implement the revised measures
	Pass the amendment of some articles of the "Endorsement Guarantee Operation Procedure"	proposal was approved after voting & implement the revised measures
	Pass the amendment of some articles of the "Rules of Procedure"	proposal was approved after voting & implement the revised measures
	Pass the amendment of some articles of the "Method for Election of Directors"	proposal was approved after voting & implement the revised measures

3.4.13 In the recent year and up to the publication of the Annual Report, the directors or supervisors have different opinions on the crucial resolutions approved by the Boards, and that was recorded or in writing: None

3.4.14 In the recent year and up to the publication of the Annual Report, the resignation and dismissal of the chairman, general manager, accounting director, financial director, internal audit director, and R&D director of the company:

Title	Name	Inauguration Day	Dismissal Date	The reason of Resignation or Dismissal
Internal Audit Director	Kelly Chu	8/5/2015	8/6/2020	Position Adjustment
President	C.L. Wang	6/14/2011	3/5/2021	Position Adjustment

### 3.5 The Information on Accountant Fee

Name of the Accounting Firm	Name of Accountant		Audit Time	Remarks
Deloitte & Touche	Chao-Mei, Chen	Cheng-Chuan, Yu	1/1/2020~12/31/2020	-

Unit: thousand NTD

Name of the Accounting Firm	Name of Accountant	Audit Fee	Non-audit fees					Audit Time	Non-audit fees
			System Design	Commercial Registration	The human resources	Others	Total		
Deloitte & Touche	Chao-Mei, Chen	4,900	-	-	-	-	-	01/01/2020-12/31/2020	No non-audit fees (2020)
	Cheng-Chuan, Yu								

3.5.1 The amount of audit and non-audit fees and the content of non-audit services should be disclosed if the fee of the accountant, the accounting firm, and the non-audit fees of affiliates are more than one-fourth of the audit fees: None

3.5.2 It should disclose the amount and reason of audit fees if the audit fee paid in the year of replacement of the accounting firm is less than that of the previous year: None

3.5.3 It should disclose the amount, proportion, and reason for reduction of audit fees if the audit expenses decreased more than 15 percent compared with the previous year: None

### 3.6 The Replacement of Accountant

#### 3.6.1 The Former Accountant

The Date of Replacement	3/17/2020		
Reasons and Description	Implement the Corporate Governance and Strengthen the Objectivity and Independence of Accountants		
Termination or Non-acceptance by the Appointer or Accountant	Client	Accountant	Appointer
	Status		
	Terminate the Appointment	-	V
	Refuse the Appointment	-	-
Issue Unqualified Audit Report Within the Last Two Years	None		
Whether there is a disagreement with the issuer	Yes		Accounting principles and practices
			Disclosure of Financial Statements
			Audit Scope and Procedure
			Others
	None	V	
	Description		
Other Disclosure Article 10 (6) items 1-4 to 1-7 should be disclosed.	None		

#### 3.6.1 Succeeding Accountant

Name of Firm	Deloitte & Touche
Name of Accountant	Chao-Mei, Chen Cheng-Chuan, Yu
Date of Appointment	3/17/2020
The Consultation and Results of the Accounting Treatment, Accounting Principles, and Financial Statements for Specific Transactions Before the Appointment	None

The Succeeding Accountant's Different Opinions on the Former Accountant's in Written	None
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3.6.3 The former accountant to the reply of Article 10 (6) item1 and item 2-3 : Not Applicable

3.7 Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or an affiliated enterprise of such accounting firm: None

3.8 Any transfer of equity interests or pledge of or change in equity interests by a director, supervisor, manager, or shareholder with a stake of more than 10 percent during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report: None

Changes in Shareholding by the director, supervisor, manager, and major shareholders

Unit: shares

Title	Name	2020		2021 up to 3/30	
		Holding Shares Increase (Decrease)	Pledged Shares Increase (Decrease)	Holding Shares Increase (Decrease)	Pledged Shares Increase (Decrease)
Chairman	Mang-Shiang Lee	-	-	-	-
Director	Wistron Corporation	-	-	-	-
	Representative : Jeff Lin	-	-	-	-
Director	Tony Chang	-	-	-	-
Director	Ming-Chung Yi	-	-	-	-
Independent director	Iris Chang	-	-	-	-
Independent director	Frank Chien	-	-	-	-
Independent director	K.M. Tsai	-	-	-	-
major shareholder	Mang-Shiang Lee	-	-	-	-
major shareholder	Wistron Corporation	-	-	-	-
President	Johnny Tsai	-	-	-	-
Chief Technology Officer	C.L. Wang	-	-	-	-
Factory manager	Fleming Lin	-	-	-	-
Senior Manager	Amanda Huang	-	-	-	-
Senior Manager	Ashley Chuang	-	-	-	-

Information on equity transfer to Interested party: None

Information on equity pledge to Interested party: None

3.9 Relationship information on the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship  
 Unit: shares,  
 %

Name	Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		The Top Ten Largest Shareholders Who Are Interested Parties, Spouses, or Within Two Degrees of Kinship		Remarks
	Shares	%	Shares	%	Shares	%	Shares	%	
Lumina Global Limited Company	30,005,393	22.92	-	-	-	-	-	-	-
Wistron Corporation	20,914,430	15.97	-	-	-	-	-	-	-
Mang-Shiang Lee	2,491,320	1.90	600,000	0.46	30,005,393	22.92	-	-	-
Labor Pension Fund	2,387,000	1.82	-	-	-	-	-	-	-
UPAMC Quality Growth Fund	2,296,000	1.75	-	-	-	-	-	-	-
Labor Retirement Fund	2,268,000	1.73	-	-	-	-	-	-	-
Nomura Taiwan Superior Equity Fund	2,009,000	1.53	-	-	-	-	-	-	-
Pei-jun Liao	1,485,335	1.13	-	-	-	-	-	-	-
Shinny Plastics Corp.	1,350,000	1.03	-	-	-	-	-	-	-
Yi Yuan Investment Co., Ltd.	1,040,000	0.79	-	-	-	-	-	-	-

3.10 Directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the company March 31, 2021 Unit: shares, %

Invested Company (Note1)	The Company's Investment		Director', Supervisors', Managers', and Directly or Indirectly Controlled Companies' Investment		Comprehensive Investment	
	Shares	%	Shares	%	Shares	%
SSEL	6,561,000	100	-	-	6,561,000	100
SSOL	9,950,167	100	-	-	9,950,167	100
SSTL	10,750,000	100	-	-	10,750,000	100
SSDL	35,144,141	100	-	-	35,144,141	100
SGL	15,000,000	100	-	-	15,000,000	100
GLT-Optical	50,089,400	100	-	-	50,089,400	100
GLT-Taiwan	-	-	111,519,956	100	111,519,956	100
GLT-Shanghai	-	-	Note 2	100	Note 2	100
GLT-Suzhou Opto	-	-	Note 2	100	Note 2	100
GLT-ZhongShan	-	-	Note 2	100	Note 2	100
GLT-USA	-	-	100	100	100	100
Hao-yuan Technology Co., Ltd	-	-	3,400,000	100	3,400,000	100
Asensetek Technology Co., Ltd	-	-	728,500	27.15	728,500	27.15

Note 1: The company's long-term investments are by the equity method.

Note 2: It is a limited company and does not hold shares.

## 4. Status of fundraising

### 4.1 Capital and share

#### 4.1.1 Capital Sources from the recent five year

On January 1, 2006, the registered capital was US \$45,000,000, including ordinary shares 350,000,000 (shares) and Class A preference share 100,000,000 (share) with a par value of US \$0.1 per share, and the paid-up capital was US \$23,482,235, including ordinary shares 141,349,600 (share) and Class A preference share 93,472,750 (share) with a par value of US \$0.1 per share. The conversion ratio of Class A preference share is 1:1.388. The following are the changes in the capital in the last five years.

Month/ Year	Issued Price	Authorized Capital		Paid-in Capital		Exchange Ratio (Note 1)	Remark		
		Shares (K)	Amount	Shares (K)	Amount		Sources of Capital	Capital Increased by Assets Other than Cash	Other
95/12	US\$0.1	Common Stock 499,316 Preferred shares A 100,000 Preferred shares B 39,427	Common Stock US\$49,931,641 Preferred shares A US\$10,000,000 Preferred shares B US\$3,942,701	100	US\$ 10,000	-	Capitalization through the exercise of employee stock options	None	-
95/12	US\$0.1			35,334	US\$ 3,533,424	1:1.101	Preferred shares B issued	None	-
97/12	US\$0.1			200	US\$ 20,000	-	Capitalization through the exercise of employee stock options	None	-
99/4	US\$0.1			0.2	US\$20	-	Capitalization through the exercise of employee stock options	None	-
99/8	US\$0.1			66,890	US\$ 6,688,963	-	New share issued through cash injection	None	-
99/12	NT\$10	158,615	NT\$ 1,586,148,480	Common Stock : 66,245 Preferred stock A : 29,693 Preferred stock B : 11,224	NT\$ 1,071,628,150	-	(Note 1)	None	-
100/3	NT\$10	158,615	NT\$ 1,586,148,480	2,888	NT\$ 28,875,660	-	Capitalization through the exercise of employee	None	-

Month/ Year	Issued Price	Authorized Capital		Paid-in Capital		Exchange Ratio (Note 1)	Remark		
		Shares (K)	Amount	Shares (K)	Amount		Sources of Capital	Capital Increased by Assets Other than Cash	Other
							stock options		
100/3	NT\$10	360,000	NT\$ 3,600,000,000	12,655	NT\$ 126,545,010	-	New share issued through Preferred shares A,B Conversion	None	-
100/7	NT\$10	360,000	NT\$ 3,600,000,000	15,350	NT\$ 153,500,000	-	New share issued through cash injection	None	-
100/8	NT\$10	360,000	NT\$ 3,600,000,000	374	NT\$ 3,738,870	-	Capitalization through the exercise of employee stock options	None	-
100/12	NT\$10	360,000	NT\$ 3,600,000,000	304	NT\$ 3,043,220	-	Capitalization through the exercise of employee stock options	None	-
103/9	NT\$10	360,000	NT\$ 3,600,000,000	19	NT\$ 190,000	-	Capitalization through the exercise of employee stock options	None	-
103/10	NT\$10	360,000	NT\$ 3,600,000,000	23	NT\$ 230,000	-	Capitalization through the exercise of employee stock options	None	-
103/12	NT\$10	360,000	NT\$ 3,600,000,000	650	NT\$ 6,500,000	-	Capitalization through the exercise of employee stock options	None	-
104/2	NT\$10	360,000	NT\$ 3,600,000,000	150	NT\$ 1,500,000	-	Capitalization through the exercise of employee stock options	None	-

Month/ Year	Issued Price	Authorized Capital		Paid-in Capital		Exchange Ratio (Note 1)	Remark		
		Shares (K)	Amount	Shares (K)	Amount		Sources of Capital	Capital Increased by Assets Other than Cash	Other
104/8	NT\$10	360,000	NT\$ 3,600,000,000	75	NT\$ 750,000	-	Capitalization through the exercise of employee stock options	None	-
104/10	NT\$10	360,000	NT\$ 3,600,000,000	16	NT\$ 160,000	-	Capitalization through the exercise of employee stock options	None	-
104/12	NT\$10	360,000	NT\$ 3,600,000,000	14	NT\$ 140,000	-	Capitalization through the exercise of employee stock options	None	-
105/4	NT\$10	360,000	NT\$ 3,600,000,000	1,257	NT\$ 12,570,000	-	Capitalization through the exercise of employee stock options	None	-
106/1	NT\$10	360,000	NT\$ 3,600,000,000	-10,000	NT\$ -100,000,000	-	Cancellation of treasury shares	None	-

Note 1: According to the exchange rate of US dollar to New Taiwan dollar 1:31.7664 (rounded up to the NT \$1), ordinary shares 208,539,432 (shares) , preferred shares A 93,472,750 (share) and preferred shares B 35,334,244 (share) with a par value of US \$0.1 per share were converted into ordinary shares 66,245,470 (shares) , preferred shares A 29,692,928 (share) and preferred shares B 11,224,417 (share) with a par value of NT \$10 per share. And, the paid-up capital was NT \$1,071,628,150.

Note 2: On February 21, 2011, the special meeting of shareholders passed a resolution to convert preferred shares A and preferred shares B into ordinary share. preferred shares A will convert into ordinary shares at 1:1.388 per share. preferred stock B will convert into ordinary shares at 1:1.101 per share. After preferred stock A and preferred stock B converted into common shares, there will be ordinary shares of 12,654,501 (shares) in total.

March 30, 2021

Shares Category	Authorized Capital			Notes
	Issued Shares	Non-issued Shares	Total	
Common Shares	130,937,091	229,062,909	360,000,000	-

#### 4.1.2 Shareholding Structure :

March 30, 2021 Unit: shares

Category Number	Government Institution	Financial Institution	Other Institution	Individual	FINI	Total
Number of Shareholders	3	15	42	13,093	73	13,226
Shareholding (shares)	4,813,000	4,828,074	24,968,430	63,048,197	33,279,390	130,937,091
Percentage	3.68%	3.69%	19.07%	48.15%	25.42%	100.00%

#### 4.1.3 The Distribution of Shareholdings :

(Par value of NT\$10 per share )

March 30, 2021

Category by shareholdings	No. of Shareholders	Number of Shares	Percentage
1 ~ 999	718	126,553	0.10%
1,000 ~ 5,000	10,723	19,670,383	15.02%
5,001 ~ 10,000	965	7,758,681	5.93%
10,001 ~ 15,000	268	3,512,559	2.68%
15,001 ~ 20,000	180	3,379,000	2.58%
20,001 ~ 30,000	124	3,278,541	2.50%
30,001 ~ 50,000	98	4,008,607	3.06%
50,001 ~ 100,000	73	5,031,112	3.84%
100,001 ~ 200,000	37	5,309,000	4.05%
200,001 ~ 400,000	18	4,973,850	3.80%
400,001 ~ 600,000	7	3,612,560	2.76%
600,001 ~ 800,000	3	2,213,767	1.69%
800,001 ~ 1,000,000	2	1,816,000	1.39%
1,000,001 以上	10	66,246,478	50.59%
Total	13,226	130,937,091	100.00%

#### 4.1.4 The List of Major Shareholders (Top 10 shareholders who own the most shares)

March 30, 2021

Major Shareholders	Shares Number	Percentage
Lumina Global Limited Company	30,005,393	22.92%
Wistron Corporation	20,914,430	15.97%
Mang-Shiang Lee	2,491,320	1.90%
Labor Pension Fund	2,387,000	1.82%
UPAMC Quality Growth Fund	2,296,000	1.75%
Labor Retirement Fund	2,268,000	1.73%
Nomura Taiwan Superior Equity Fund	2,009,000	1.53%
Pei-jun Liao	1,485,335	1.13%
Shinny Plastics Corp.	1,350,000	1.03%
Yi Yuan Investment Co., Ltd.	1,040,000	0.79%

#### 4.1.5 Market Price Per Share, Net Value, Earnings & Dividends For Latest Two Years :

Unit: NTD, thousand shares

Item	Period		2019	2020	2021 (As of March 31)
Market price of Per Share	Highest		134.50	152.00	115.00
	Lowest		30.80	72.70	98
	Average		62.39	120.08	105.67
Net Value Per Share	Before Distribution		47.19	55.33	57.79
	After Distribution		45.69	Note 4	-
Earnings Per Share	Weighted Average Share Numbers		130,937	130,937	130,937
	Earnings Per Share		2.63	10.35	2.49
Dividend Per Share	Cash Dividend		1.50	5.50	-
	Stock Dividend	Retained Earning	None	None	-
		Capital Surplus	None	None	-
	Accumulated Unpaid Dividends		None	None	-
Return on Investment Analysis	P/E Ratio (Note 1)		23.72	11.60	-
	P/D Ratio (Note 2)		41.59	21.83	-
	Cash Dividend Yield (Note 3)		2.40	4.58	-

Note 1: P/E Ratio = Average Market Price / Earnings per Share

Note 2: P/D Ratio = Average Market Price / Cash Dividends per Share

Note 3: Cash dividend Yield Rate= Cash Dividends per Share / Average Market Price

Note 4: The proposal for 2020 dividend distribution will be presented to shareholders at 2021 Annual General Shareholders' Meeting.

#### 4.1.6 Company dividend policy and execution status

##### (1) Dividend policy in articles of incorporation

The company should allocate 1%~15% as employee remuneration, and no more than 1.5% as director remuneration if it is profitable in the current year. If the company has an accumulated deficit, it shall pre-reserve the amount to cover the losses. The employee assigned for remuneration includes the employees of subsidiaries of the company whose shares are 100% owned by the company. Employee remuneration is paid by stock or cash. The remuneration resolution shall be passed by a majority of the present director with two-thirds of the directors present, and it shall be reported to the Shareholders' Meeting. A director who is the executive director of the company may receive both director remuneration and employee remuneration. The company could distribute the current year's profits under the profit distribution plan planned by the board of directors and approved by the general resolution of the shareholders' meeting. The board of directors should draw up the profit distribution plan in the following manners.

The company's current profit after tax should cover the accumulated losses, and allocate the appropriated retained earnings by the provisions of the public offering company law or the requirements of the competent authority. The company's distributable earnings for the current year is the profit after tax which deducts the mentioned amount of appropriated retained earnings. The board of directors may approve the whole or part of the distributable earnings of the current year to distribute to shareholders (including cash dividends or stock dividends). The dividends to be distributed in the current year shall not be less than 10% of the profit after tax of the current year, and the cash dividend shall not be less than 10% of the dividends to be distributed in the current year if the accumulated losses or appropriated retained earnings are not covered.

(2) The status of Proposed Dividend Distribution for the current year: On March 5, 2021, the Board of Directors decided to distribute a cash dividend of NT \$5.5 per share, which will distribute upon approval of the annual regular meeting of shareholders in 2021.

(3) The status of the actual distribution of dividends for the previous year: The annual regular meeting of shareholders on June 18, 2020, decided to distribute cash dividends of NT \$1.5 per share. They all have been issued in August of the same year.

#### 4.1.7 The impact of the proposed issuance of bonus shares on the company's business performance and earnings per share: None

#### 4.1.8 Remuneration for employees and directors:

##### (1) Percentage or range of remuneration for employees and directors in the articles of incorporation:

The company should allocate 1%~15% as employee remuneration, and no more than 1.5% as director remuneration if it is profitable in the current year. If the company has an

accumulated deficit, it shall pre-reserve the amount to cover the losses. The employee assigned for remuneration includes the employees of subsidiaries of the company whose shares are 100% owned by the company. Employee remuneration is paid by stock or cash. The remuneration resolution shall be passed by a majority of the present director with two-thirds of the directors present, and it shall be reported to the Shareholders' Meeting. A director who is the executive director of the company may receive both director remuneration and employee remuneration.

- (2) The accounting treatment of the basis for estimating the amount of the current employee, director, and supervisor remuneration, the basis for calculating the number of shares for employee compensation distributed by stocks, and the actual allocated amount differing from the estimated amount:
  - A. In 2020, the estimated employee and director remuneration are US \$2,452,901.53 and US \$735,870.47. They accounted for 5% and 1.5% of the profit before tax, excluding staff and director remuneration respectively. The company could distribute the dividends according to the dividend distribution plan drawn and approved by the board of directors and the shareholder's meeting.
  - B. After the end of the year, The change in the amount approved by the board of directors shall be recognized in the gains and losses of the next year.
- (3) The status of the distribution of remuneration approved by the board of directors
  - A. On March 5, 2021, the Board of Directors decided to distribute the remuneration of US \$2,452,901.5 to the employees. The company's remuneration for directors and employees has entered into the consolidated financial statements in 2020, so it has no impact on earnings per share.
  - B. The proportion of the sum of the employee remuneration based on stock distribution and the profit after tax in the current individual financial statement and the employee remuneration: The Company has not issued stock dividends, so it is not applicable.
- (4) The status of the actual distribution of employee and director remuneration in the previous year: In 2019, the actual employee and director remuneration were US\$178,779.74 and US\$595,932.45 which is consistent with no difference between the remuneration recognized in the accounts for employee and director remuneration.

#### 4.1.9 The situation of company repurchase its own shares

January 27, 2017

The time of buyback	First,2013
The purpose of buyback	Transfer to employees
The period of buyback	12/16/2013~1/27/2014
The price bands of buyback	NT \$33.05
The class and quantity of repurchased shares	Ordinary share 10,000,000 (share)
The amount of repurchased shares	NT \$330,512,103
The ratio of repurchased quantity to intended repurchased quantity	100%
The quantity of eliminated and transferred shares	10,000,000 shares (Note)
The accumulated number of holding shares	0 share
The ratio of accumulated number of holding shares to the total number of shares issued	0 %

Note: The board of directors held on 12/13/2016 passed the resolution to carry out a capital reduction, and the record date of capital reduction was on January 27th, 2017.

4.2 The corporate bonds (including overseas corporate bonds): None

4.3 The management of preference share: None

4.4 The management of Overseas Depositary Receipts: None

4.5 The management of employee stock warrants:

4.5.1 The management and impact on employee stock warrants that have not yet expired up to the annual report publication date: None

4.5.2 The manager acquiring employee stock warrants accumulated to the printing date of the annual report and The names, acquisition and subscription of the top ten acquiring employee stock option receipts :None

4.5.3 Status of private placement of employee stock warrants during the 3 most recent fiscal years up to the annual report publication date: None.

4.6 The management of Employee restricted stock: None

4.7 M&A and the issue of new shares as consideration for the transferee shares: None

4.8 The implementation of fund utilization plan: None

## 5. Operation Highlights

### 5.1 Business Activities

#### 5.1.1 Business Scope :

##### (1) Main business

- A. R&D, manufacturing, import and export of optoelectronic parts and components for light guide plate and light control element.
- B. Electronic parts and components manufacturing and import/export trading business.
- C. Manufacture, wholesale, import and export of molds and dies.
- D. Manufacture, wholesale, import and export of plastic parts and components.

##### (2) Business weighting

Unit : NT\$ thousand, %

Product	2019		2020		First Quarter of 2021	
	Amount	Business weighting	Amount	Business weighting	Amount	Business weighting
Light guide plate	3,469,542	65.63%	9,756,663	87.07%	2,403,486	90.00%
Plastic parts and components	1,816,706	34.37%	1,449,105	12.93%	267,046	10.00%
Total	5,286,248	100%	11,205,768	100%	2,670,532	100%

##### (3) The company's current products (service)

Item	Application
Light guide plate	Lighting, light-emitting keyboards, LCD monitors, laptops, smartphones, automotive products, industrial instruments, etc.
Plastic parts and components	Automotive navigation devices, wearable devices and other consumer electronics products, etc.

##### (4) New products (service) planned for development

- A. Based on the optics research accumulated over the years, and continuing to apply it to the development of products such as displays, wearable and automotive products, to achieve power saving and energy conservation requirements with high optical efficiency.
- B. Continue to develop thin and large-screen TV light guide plates to meet consumer demand for larger, more energy-efficient and thinner products.
- C. For Mini LED and Micro LED display techniques, develop light guide products that can

control the light emitting pattern.

## 5.1.2 Industry Overview

### (1) Current status and development of the industry

#### A. Light Guide Plate Industry

The light guide plate is an important component of the backlight module, which can guide the direction of the light, increase the brightness of the panel and control the brightness uniformity. As design patterns and backlight module industrial technologies continue to advance, applications of light guide plate apply in addition to laptops, LCD monitors, LCD TVs, automotive products, and multi-media display for home use, such as smart refrigerators, home appliances, anti-theft, surveillance, other medical or industrial equipment products, and is further extended to electronic products other than displays, such as light-emitting keyboards, e-books, and automotive ambient lighting, which not only improve the convenience of using the products, but also emphasize the enhancement of product aesthetics and quality. At the same time, with the trend of market demand to high-end, differentiated product development, it continues to expand the application of light guide plates in recent years.

#### B. Industrial Risk

Compared with the development of various display technologies in recent years, Mini LED has added new growth momentum to the market. Although the active light-emitting technology of OLED displays does not require a backlight and has features such as thinness, larger viewing angles, rich saturated colors, and flexible panels. However, due to color degradation, complex process and cost issues, even if the global OLED panel shipments reached 577 million in 2020, an annual growth rate of 3.7%, the future is still facing considerable challenges. In 2021, laptops and automotive products are expected to see the successful introduction of Mini LED and Micro LED into mass production product lines. According to research estimates by TrendForce, the market size of Mini LED and Micro LED will reach US\$4.2 billion in 2024.

#### C. Market Demand

In 2020 under the national lockdown policy due to the new coronavirus epidemic, fermenting demand for stay at home economic. According to WitsView research, global TV shipments reached 223.5 million units, with a single quarter record high of 72.04 million units in fourth quarter of 2020. As people were restricted from going out for a long time during the epidemic, the time spent watching TV at home increased significantly, further driving the pursuit of a better viewing experience and leading to an unexpected wave of large-size TV replacements in the second half of 2020. In the

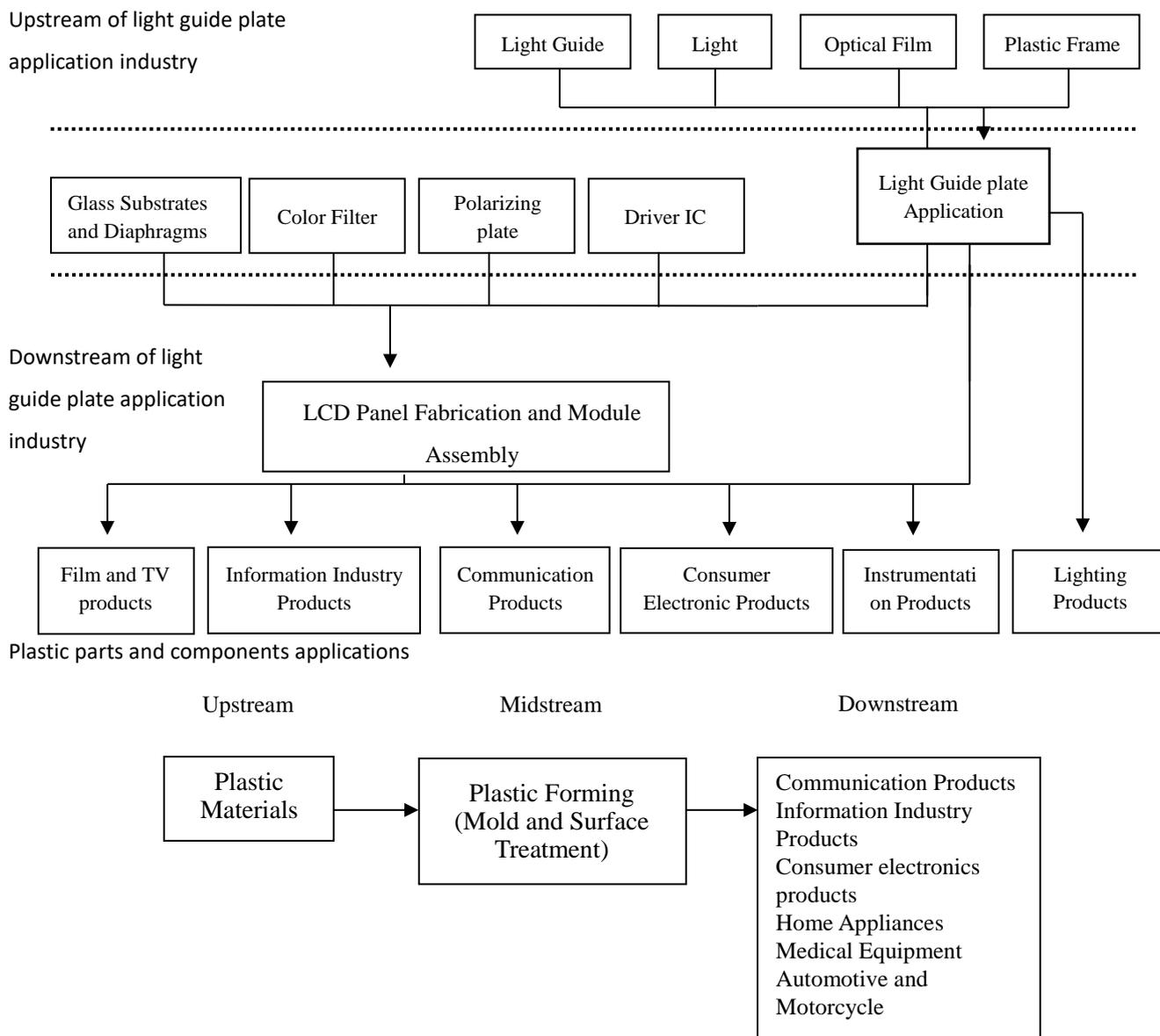
laptop panels segment, there was a significant demand from second quarter of 2020 onwards. According to the TrendForce statistics, the annual shipment of laptop panels reached 225.7 million units in 2020, an annual growth rate of 20.2%, and the market demand is expected to remain strong in 2021.

#### D. Plastic Parts and Components Industry

The company's current applications in the plastic parts and components of consumer electronics products, due to the wide range of applications, its industrial development is closely related to the demand of various industries. Including the automotive industry, telecommunications, information industry, consumer electronics and even optical components are all applications for its molding products. Therefore, the product demand is varied and the target market is vast. The company has become a long-term partner of international manufacturers because of its rich experience in production, good mold development and quality control ability.

#### E. Upstream, midstream and downstream correlations of the industry :

The main purpose of the light guide plate is to provide uniform and sufficient brightness to the panel, which is widely used in various information, communication, consumer products and LCD panels. Upstream materials for traditional backlight modules, including light guide plates, light sources, optical films and plastic frames, etc. In downstream, the LCD panel module can be assembled and then used in consumer electronics panels. However, the company's main business is light guide plate application products, in addition to being a key component of LCD panels, light guides plate can also be used directly in a wide range of electronic products. Such as the light-emitting keyboard, e-books, automotive and wearable products, etc., the scope of application is more diversified. The correlation industry chain is illustrated as follows :



### 5.1.3 Overview of Core Technology and R&D

#### (1) Core Technology

The company's optical design is the core technology, through the optical element on the microlens structure, guide and control the direction and distribution of light rays, to achieve high brightness and uniform line or area light source needs. In order to achieve precise microlens light control, it extends precision processing and precision molding technology, and has a number of self-developed patents. In addition to maintaining our technological leadership in light guide plates (films) used in LCDs, extending the optical design capabilities accumulated over the years to a wider range of luminous products, including keyboard, backlight, front light, e-book, consumer electronics, esports, lighting, automotive and other applications. To inject light guiding and light controlling technologies into various fields of products to enhance the added value of end products. We believe in providing our customers with not only an optical component, but also a total solution for

optical system control, to enable the customers to create the best design solution for product differentiation.

The company uses an advanced hot extrusion process to produce light guide plates. From the input plastic particles, the optical microlens structure is extruded onto the plate or film during the hot extrusion process to produce light guiding and light controlling functions. By the characteristics of the hot extrusion process, the shaped structure is made to greatly improve the efficiency of light coupling at the light source, without the need for additional media to control the angle of refraction of light, to achieve high energy efficiency.

## (2) Precision processing and molding technology

The company continues to invest in research and development in the field of precision processing and plastic molding. Products ranging from 0.1" thin luminous to 82" thin TV. Each product has at least hundreds of thousands and at most tens of millions of microlenses, each of which is an important structure for light control, and we require each microlens structure to be precisely and perfectly processed and molded. In adhering to this spirit, the company has combined many years of development experience in this field, precise control of microstructure angles and dimensional changes, even asymmetric microlens engraving on freeform surfaces, or microlens engraving on large-size rollers. All of them are the performance of our technology to control the light by precision processing and molding.

The company has pioneered a consistent production method, from the input of plastic pellets to the shipment of finished pallets (pellet to pallet), build a fully automated production line to minimize production costs and provide customers with the most competitive and high quality products.

## (3) Process Development

Currently, seven large size extrusion lines are in production at the Zhongshan plant in Guangdong. Miaoli Tongluo plant will also complete 10 lines of production in 2020. Total monthly production capacity can reach 1.7 million pieces (based on 55"), capital expenditures will also remain around \$450 million in 2021, we will focus on product development, intelligent manufacturing and process automation. In recent years, we have strengthened the process capability of light guide plate, and we can apply double-sided lamination in the production process of light guide plate according to customer's demand, with the consistent production process of light guide plates of composite materials, reduce the extra processes of film tearing, cleaning and alignment lamination processes on customer production lines. To achieve zero assembly tolerance and optical consistency, greatly enhances light guide plate value and yield rate.

The company's manufacturing team not only continues to improve quality and manufacturing efficiency, but also actively engages in Industry 4.0. Through consistent

automated production, online AOI, and big data collection and analysis, we can grasp the production status and product traceability, further information connection with customers, from order placement, production management, product information to after-sales quality tracking, etc. We are able to manage all of them effectively and become the customer's long-term cooperation and trust partner.

(4) Product Application

Different from general backlight module manufacturers or light guide plate manufacturers, they only focus on fixed types of products. The company is dedicated to the development of high efficiency, uniformity, or the need to specify the direction of light control components, regardless of size and thickness, from backlight to front light, from internal light guide to exterior display, automotive or home appliances etc., all belong to our service and product development range. In addition, the company upholds the concept of modular design, from the selection of light sources, the number, placement and angle design, to the external structure, curvature, thickness, in addition to the various types of peripheral optical film matching and control etc., are all based on the concept of modular design to achieve the best optical performance. Not only can improve the convenience of using the products, but also emphasize the aesthetics and quality of the products through the light, providing customers with high efficiency, high quality, energy-saving products.

Large displays	LCD-TV, public displays, LCD monitors, backlight modules for desktop screens, and rear display cover luminous trim
Small and medium-sized displays	Backlight or front light modules for cell phones, navigation equipment, industrial instruments, laptops and other communication products
Other Applications	Light-emitting keyboards, automotive dashboards, automotive decorative lighting, smart home appliances, control panels, LED lighting, backlighting or front lighting for wearable products, 3D light guide plates, thinner and more flexible light guide films, light guide rings, light-emitting connectors

(5) R&D Perspective

The Company has launched the R&D center which is established in Chungli plant in 2020. For the perspective of the future, we still insist on and continue to invest a lot of R&D momentum in optical talent training, precision processing and molding technology, and process development, etc., and strive to expand the application of optical products, towards large size, thin, high efficiency and energy saving, curved luminescence, wearable products, outdoor display, etc. And will continue to pay attention to the development trend of related industry technology and devote to forward-looking technology research, in order to maintain the company's leading position in technology and become a world-class first-class optical component application company.

(6) Successful development of technology or products in the past five years

Year	R&D Results
2016	<ol style="list-style-type: none"> <li>1. Large-size thin double-sided structured plate extrusion technology.</li> <li>2. Introduction of Edge Serration technology for large-size light guide plates into mass production.</li> <li>3. Introduction of Edge Serration technology for thin light guide film into mass production.</li> <li>4. Double-sided indicator lamp application development.</li> </ol>
2017	<ol style="list-style-type: none"> <li>1. Development of optical grade PS light guide material with excellent physical and optical properties.</li> <li>2. Composite light guide plate local light control lighting technology.</li> <li>3. Introduction of large-size light guide plate in line Edge Serration technology into mass production.</li> </ol>
2018	<ol style="list-style-type: none"> <li>1. In the field of large-size optical design, developing a new type of composite scattering dot technique, use to enhance the gradation of luminescent quality modification and significantly improve the phenomenon of uneven luminescence.</li> <li>2. Develop new Serration structure to improve the spread angle of LED light source, and manufacture and produce the necessary molds by ourselves.</li> <li>3. With film extrusion line, develop the light guide film with double Taper structure to improve the light utilization rate by 30%.</li> </ol>
2019	<ol style="list-style-type: none"> <li>1. The development of large size extruded free form light guide plate can greatly improve the luminous efficacy of the light guide plate and effectively reduce the optical effect of LED assembly tolerance.</li> <li>2. Develop high-contrast light guide plate to control the light path by tiny light guide structure design, and then improve the contrast of bright and dark state of the end product.</li> <li>3. Develop composite optical microstructure light guide plate. By controlling light through various light guide microstructures with special angles, enhance the luminance and visual effect of the light guide plate, and achieve efficient and uniform optical performance of the display as a whole.</li> </ol>
2020	<ol style="list-style-type: none"> <li>1. 3D light guide plate, can be used on ergonomically designed products.</li> <li>2. High contrast front light panel to be used for reflective reading displays.</li> <li>3. Ring illuminators structure, with time lighting control function, to create a uniform breathing light flicker or marquee visual effect.</li> <li>4. Ultra-thin uniform light guide film, thickness reduced to 50um, can be arbitrarily bent and fit in the luminous area inner lining.</li> <li>5. Introduce roll-to-roll lamination process, which can be used for composite products include top and bottom layers of optical clear adhesive of light guide film.</li> </ol>

(7) Personnel involved in research & development and their educational background

Unit : People

Personnel \ Year	2018	2019	2020
Masters and above	24	27	25
University (College)	57	40	29
Junior College and below	54	33	51
Total	135	100	105

(8) Invested research costs each year for the last 5 years

Unit : NT\$ thousand

Item	2016	2017	2018	2019	2020
R&D expenses	191,915	193,950	191,832	168,623	186,930
Net Sales	6,065,058	5,872,403	5,424,061	5,286,248	11,205,768
Percentage of net sales	3.16%	3.30%	3.54%	3.19%	1.67%

## 5.2 Market and Sales Overview

### 5.2.1 Market analysis

(1) Sales (provided) of main product (service) by region

Unit : NT\$ thousand

Sales Region	2019		2020	
	Amount	Proportion	Amount	Proportion
Asia (Outside Taiwan)	2,459,712	46.52%	9,015,530	80.46%
R.O.C	2,308,917	43.68%	1,733,272	15.47%
America	350,270	6.63%	400,483	3.57%
Other	167,349	3.17%	56,483	0.50%
Total	5,286,248	100.00%	11,205,768	100.00%

(2) Market share

The company's light guide plate and light control element applications, focusing on high-end and differentiated products, we are unable to provide more reference market share statistics.

(3) Favorable and unfavorable factors of competitive niche and development prospects and

Countermeasures

A. Competitive advantage :

The company's main products are large-size, desktop LCDs, laptops LCDs, e-books

and light-emitting keyboards, and light guide plate applications for automotive and wearable products. There are also various light-emitting components, eSports peripherals, buttons, warning light and other niche products. Due to the diverse end-use of light guide plates, all the products that need to guide light are potential markets.

With the innovative light guiding technology development, simultaneously driving the demand for consumer electronics products, the demand for light-emitting components will also increase. Therefore, the demand for large-size and thin light guide plates is expected to grow in the future.

The company has been dedicated to the research and development of light guide component technology for many years, and has many years of production experience and optical design background. With the world-class prospective key light guide plate process technology, it will effectively improve company's product quality, raise the production efficiency and reduce the cost.

**B. Competitive disadvantage and Countermeasures :**

In recent years, the China's panel industry has been expanding, resulting in fierce price competition. In addition, the innovative technologies of OLED and Mini/Micro LED are maturing into the actual mass production stages, which affects the room for growth of light guide plates.

Countermeasures :

- a. Continuously invest in R&D resources to increase the added value of products. With the core technology of optical design and simulation and a large database, improve the precision of optical design. In order to strengthen the company's operational growth momentum in a market trend of diversified and fast-changing products, small and varied quantities and high customization.
- b. Continuously improve the production process, use intelligent production lines, shorten the production process and reduce the production cost.
- c. Expand the customer base to brand manufacturers and directly participate in the product design process. Permeation from key components to the whole module, self-made optical film instead of outsourcing, to increase gross margin and manufacturing process controls.

**5.2.2 Important use and manufacturing process of main products:**

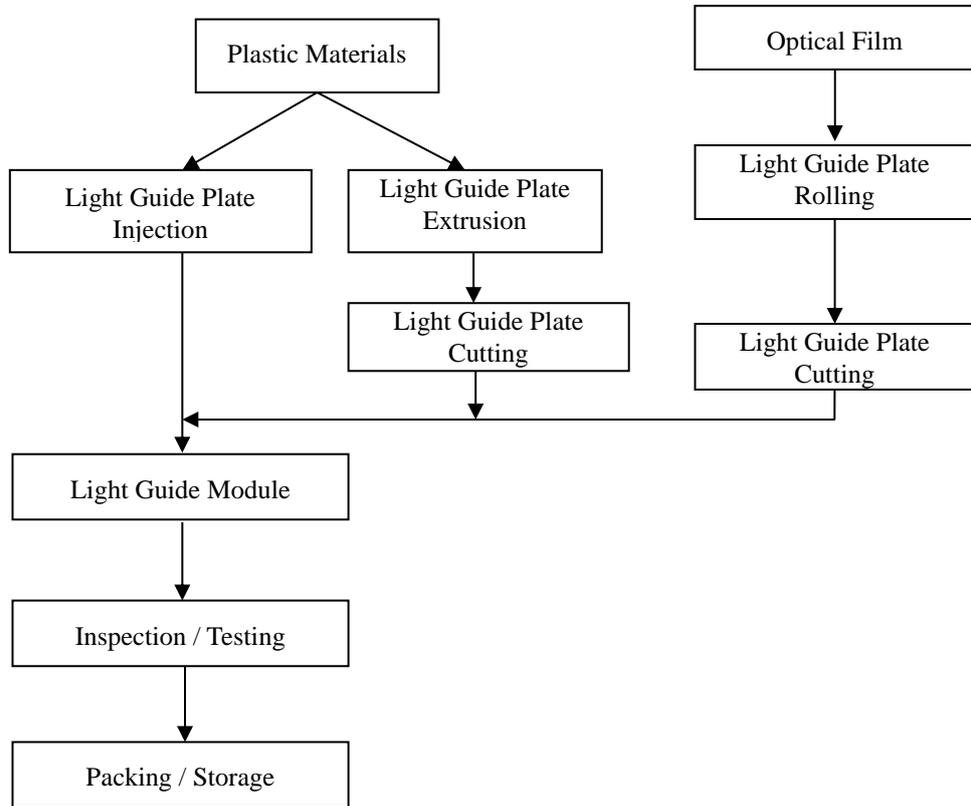
**(1) Important use of main products**

Main Product	Important Use
Light Guide Plate Applications	Illumination, light-emitting keyboards, LCD monitors, laptops, smartphones, automotive products, industrial instruments, and other light guide plate applications.

Main Product	Important Use
Plastic Parts and Components	Automotive navigation devices, wearable products, and other consumer electronics plastic parts, etc.

(2) Manufacturing process

A. Light Guide Plate Applications



B. Plastic injection



5.2.3 Supply of main raw materials

Main Raw Materials	Supplier	Supply Status
Optical Film	Suzhou Hutong, Suzhou Jiazhi, Datawin(Suzhou), 3M Material Technology	Good
PCBA 、FPCA	Career Technology, Flexiun Interconnect Inc.	Good
LED	LITE-ON, Everlight, Nichia	Good
Plastic Parts and Components	Shinny Plastics Corp., Sunrain Technology, Silitech Technology	Good
Plastic pellets	SUMITOMO, Chimei Corporation, Mitsubishi Chemical	Good

## 5.2.4 A list of major suppliers and clients

### (1) Data of major supplier for the last two years

Unit: NT\$ thousand

Item	2019				2020				2021 First Quarter (Note 2)			
	Company	Amount	Annual net purchase (%)	Relationship with issuer	Company	Amount	Annual net purchase (%)	Relationship with issuer	Company	Amount	Annual net purchase (%)	Relationship with issuer
1	A	542,204	15.70	None	D	2,009,519	26.17	None	D	618,582	27.74	None
2	B	201,482	5.90	None	E	1,224,549	15.95	None	E	308,588	13.84	None
3	C	193,007	5.60	Related Party	F	668,523	8.70	None	G	276,507	12.40	None
	Other	2,507,822	72.80	None	Other	3,777,136	49.18	None	Other	1,025,987	46.02	None
	Net Purchase	3,444,515	100	-	Net Purchase	7,679,727	100	-	Net Purchase	2,229,664	100	-

An explanation of the reason for increases or decreases in the above figures. :

Note 1: A list of any suppliers accounting for 10 percent or more of the company's total procurement amount in either of the 2 most recent fiscal years, the amounts bought from each and the percentage of total procurement accounted for by each. Where the company is prohibited by contract from revealing the name of a supplier, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: The increase or decrease was due to market changes and changes in customer demand for products.

(2) Data of Major purchase from clients in the last two years :

Unit : NT\$ thousand, %

Item	2019				2020				2021 First Quarter			
	Company	Amount	Annual net purchase (%)	Relationship with issuer	Company	Amount	Annual net purchase (%)	Relationship with issuer	Company	Amount	Annual net purchase (%)	Relationship with issuer
1	A	1,709,355	32.34	None	B	3,943,494	35.19	Note	B	1,007,913	37.73	
2	B	443,761	8.39	None	D	2,393,711	21.36	None	D	900,675	33.73	
3	C	431,220	8.16	None	A	1,384,098	12.35	None	A	246,103	9.22	
	-	-	-	-	E	1,356,467	12.11	None		-	-	
	Other	2,701,912	51.11	None	Other	2,127,998	18.99	None	Other	515,841	19.32	
	Net sales	5,286,248	100	-	Net sales	11,205,768	100	-	Net sales	2,670,532	100	-

An explanation of the reason for increases or decreases in the above figures. :

Note 1: A list of any client accounting for 10 percent or more of the company's total sales amount in either of the 2 most recent fiscal years, the amounts bought from each and the percentage of total sales accounted for by each. Where the company is prohibited by contract from revealing the name of a supplier, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: The increase or decrease was due to market changes and changes in customer demand for products.

(3) Production value in the last two years :

Unit : NT\$ thousand, thousand piece

Product	Year/ Production value	2019			2020		
		Capacity	Output	Output Value	Capacity	Output	Output Value
Plastic Parts and Components		48,000	28,284	1,600,394	39,000	17,998	1,260,963
Light Guide Plate Applications		78,000	46,676	2,768,109	92,000	45,676	7,571,862
Total		126,000	74,960	4,368,503	131,000	63,674	8,832,825

(4) Sales value for the last two years :

Unit : NT\$ thousand, thousand piece

Product	Year/ Sales Value		2019				2020			
	Domestic Sales (Note 1)		Export Sales		Domestic Sales (Note 1)		Export Sales			
	Sales	Vales	Sales	Vales	Sales	Vales	Sales	Vales		
Plastic Parts and Components	-	-	28,285	1,799,728	-	-	17,998	1,433,902		
Light Guide Plate Applications	-	-	46,676	3,469,541	-	-	45,676	9,756,663		
Other	-	-	Note 2	16,979	-	-	Note 2	15,203		
Total	-	-	74,961	5,286,248	-	-	63,674	11,205,768		

Note 1: The Company sells all of its products for export, so there is no sales volume or value for domestic. sales.

Note 2: It is commission income and royalty income, so there is no sales volume.

5.3 The number of employees employed for the 2 most recent fiscal years and as of the date of publication of the Annual Report

Unit : People, %

Year		2019	2020	As of March 31, 2021
Number of employees	Manager level and above	41	58	58
	General Staff	1,325	1,555	1,546
	Total	1,366	1,613	1,604
Average age		34.3	34.3	34.9
Average length of service		5.3	5.	4.8
Education level distribution ratio	PhD	0.02	0.04	0.06
	Master	3.25	2.86	3.29
	University (College)	25.33	20.2	18.17
	Below High School (included)	71.4	76.9	78.48

5.4 Disbursements for environmental protection

5.4.1 In accordance with the provisions of the regulations, those who shall apply for a stationary pollution source installation permit or pollution discharge permit, or those who shall pay pollution protection fees, or those who shall establish a dedicated unit for environmental

protection, the application, payment or establishment of the following circumstances shall be explained.:

- (1) GLT-Suzhou Opto has set up a dedicated personnel for environmental protection work, and has applied for and processed the following approvals according to the regulations :
  - A. Environmental impact report form of construction project.
  - B. Suzhou National High-tech Industrial Development Zone Environmental Protection Bureau, Suzhou New Environmental Project (2006) No. 494, the approval of the Environmental Impact Report Form for the construction project of GLT-Suzhou Opto relocation project.
  - C. Suzhou National High-tech Industrial Development Zone Environmental Protection Bureau, Suzhou New Environmental Inspection (2009) No. 119, on the GLT-Suzhou Opto relocation project construction project completion environmental protection acceptance application form audit opinion.
  - D. Annual inspection and report on noise, waste water and emission of the company by relevant units, which are in compliance with the national and local emission standards.
- (2) GLT-Shanghai has set up a dedicated environmental protection personnel and entrusted Jinshan Drainage Engineering Co., to handle the company's wastewater. In addition, we have signed a contract with a quality manufacturer to dispose of GLT-Shanghai's domestic refuse and hazardous waste in accordance with the law, and have applied for and received the following approvals as required by law :
  - A. Environmental impact report form of construction project.
  - B. Environmental Protection Bureau of Jinshan District, Shanghai Jinshan Environmental Protection Permit [2016] No. 209, on the approval of the Environmental Impact Report Form for GLT-Shanghai new supporting mold production and processing project.
  - C. Environmental Protection Bureau of Jinshan District, Shanghai Jinshan Environmental Protection Inspection 【 2017 】 No. 24, on the approval of the completion of environmental protection inspections for GLT-Shanghai's new supporting mold production and processing project.
  - D. Environmental Protection Bureau of Jinshan District, Shanghai Jinshan Environmental Protection Permit 【 2019 】 No. 169, Approval of the Environmental Impact Statement for GLT-Shanghai's 10 million units per year light guide plate production project.
  - E. Annual inspection and report on noise, waste water, rainwater and emission of the company by relevant units, which are in compliance with the national and local emission standards.
- (3) GLT-Zhongshan has set up a dedicated personnel responsible for environmental protection work, and has applied for and processed the following approvals in accordance with the law :
  - A. Zhongshan Environmental Protection Bureau, Zhongshan (Ju) Environmental

- Construction Form [2011] No. 0089, regarding the approval of the Environmental Impact Report Form for the new construction project of GLT-Zhongshan.
- B. Zhongshan Environmental Protection Bureau, Zhongshan (Ju) Environmental Construction Form [2013] No.0031, regarding the approval of the Environmental Impact Report Form for the GLT-Zhongshan expansion project.
- C. Zhongshan Environmental Protection Bureau, Zhongshan (Ju) Environmental Construction Form [2014] No. 0051, regarding the approval of the Environmental Impact Report Form for the GLT-Zhongshan tech-transformation project.
- D. Zhongshan Environmental Protection Bureau, Zhongshan (Ju) Environmental Inspection Form [2015] No. 4, letter of opinion on the environmental protection inspection and acceptance of the completion of the GLT-Zhongshan new expansion of tech-transformation project.
- E. GLT-Zhongshan has set up a dedicated environmental personnel and entrusted Wistron Zhongshan Limited to handle the company's wastewater. In addition, annual inspection and report on noise, waste water and emission of the company by relevant units, which are in compliance with the national and local emission standards.
- (4) GLT- Taiwan has applied for and processed the following approvals in accordance with the laws and regulations :
- A. For Air pollution control part :
- a. GLT-Taiwan added the 4<sup>th</sup> extrusion line in June, 2013, therefore, we applied an alteration of the stationary pollution source operating permit to the Taoyuan County Government. On January 14, 2014, we received a new stationary pollution source operating permit (Operation Permit No. H5338-01) from the Taoyuan County Government. The plant is not required to have dedicated personnel for air pollution control.
- b. GLT-Taiwan newly added the 3rd active carbon adsorption tower in December 2014, therefore, we applied an alteration of the stationary pollution source operating permit to the Taoyuan County Government. On January 6, 2015, we received a new stationary pollution source operating permit (Operation Permit No. H5338-02) from the Taoyuan County Government. The permit is effective until December 5, 2018. The plant is not required to have dedicated personnel for air pollution control.
- c. In March 106, because the production line is using new raw materials, it is required by the law to apply an alteration of the stationary pollution source operating permit contents to the local environmental protection authorities. The permit is effective from August 3, 2017 to August 2, 2022.
- d. Due to the decrease of the company's extrusion material amount. In March 2019, the company applied for de-classification from monitoring and inspection of the stationary pollution source to the competent authorities. The environmental

protection authorities have agreed, but the company still generate stationary pollution source air pollutant emissions, so it still needs to report on a quarterly basis.

B. For Business Waste treatment part :

- a. The business waste generated by the company is disposed of in accordance with the provisions of the Business waste disposal plan and entrusted a private waste clearance and disposal organization with a permit issued by the county or city government. The disposal methods and procedures are in accordance with the Waste Disposal Act. The plant is not a responsible enterprise designated and officially announced by the central competent authority required to set up a waste disposal technician.
- b. In order to comply with the entrust procedure of the final disposal of waste, the Company applied to the Environmental Protection Bureau on August 19, 2019 for an alteration of the waste disposal plan.

C. For Business wastewater treatment :

- a. GLT-Taiwan has a business wastewater discharge of less than 50 CMD. On April 28, 2014, received a water pollution control permit from the Taoyuan County Government, effective period of the permit till April 23, 2024. Water quality testing every six months is entrusted to by an environmental testing and analysis organization that has been issued a permit by the Environmental Protection Administration. The permit is a simple discharge permit, so there is no need to set up a dedicated personnel for wastewater treatment.
- b. The water circulating in the plant cooling towers is re-added with algacide and discharged regularly. Therefore, the implementation of the application for alteration of discharge permit. In November 2018, required to extend the permit period. The permit is effective until April 23, 2024.
- c. Every 6 months to pay regular water pollution control fees every 6 months.

(5) GLT-Optical in accordance with the provisions of the law and the local authorities for the following approval

A. For Air pollution control part :

- a. GLT-Optical expanded from 5 lines to 7 lines in production in 2019. Increased use of raw materials, 1 set of polishing machine, 1 Cartridge Filter Dust Collector. In March, 2019, applied to the Hsinchu Science Park Bureau for an alteration of the stationary pollution source operating permit. On October 2, 2019, we received an alteration permit, which is effective until October 1, 2024.
- b. Quarterly payment of air pollution prevention fees as scheduled.

B. For Business Waste treatment part :

- a. The plant does not generate hazardous business waste, and all general business waste is disposed of by qualified waste disposal manufacturers in accordance with the provisions of the business waste cleaning plan.
- b. GLT-Optical expanded from 5 lines to 7 lines in production in 2019. Increased use of raw materials, 1 set of polishing machine, 1 Cartridge Filter Dust Collector. In March, 2019, applied to the Hsinchu Science Park Bureau for an alteration of the Business Waste Cleaning Plan. On April 2, 2019, an alteration approval letter was received and the plan is effective until April 1, 2024.

C. For Business wastewater treatment :

- a. Application for extension of the water pollution control permit for 5 years expiration. Applied to the Hsinchu Science Park Bureau, and on December 29, 2020, the extension approval was received and the permit is effective until December 28, 2025.
- b. Business wastewater monthly payment of sewage treatment fee, no exceed the values for control standards with additional treatment fee. Semi-annual test reporting of wastewater quality is conducted and the results are in compliance with national effluent standards.

(6) The Company's pollutant discharge permits were received as follows :

Permit	Company	Establishment	Approval No.
Sewage discharge permit	GLT-Suzhou Opto	An environmental protection personnel has been set up	Su Xin Pai (2007) permission No. 91
	GLT-Shanghai	An environmental protection personnel has been set up	Shanghai Water Affairs Permit No. Jin-18-08602017
Water pollution control permit	GLT-Taiwan	No need to set up an environmental protection personnel	Taoyuan County pollution control permit No. H3425-02
Business Waste Cleaning Plan			Government Environmental Affairs No. H10212250003
Stationary pollution source operating permit			Repeal (no operating permit)
Water pollution control permit	GLT-Optical	No need to set up an environmental protection personnel	Hsinchu Science Park Water pollution control permit No. KS063-03
Business Waste Cleaning Plan			Hsinchu environmental letter No. 1050030073
Stationary pollution source operating permit			Hsinchu Science Park environmental operating permit No. KS283-03
Pollutant discharge permit	GLT-Suzhou Opto	An environmental protection personnel has been set up	No. 913205057624497287001X
	GLT-Zhongshan	An environmental protection personnel has been set up	No. 4420202017000212

5.4.2 Setting forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced :

Anti-pollution facilities details :

March 31, 2021 Unit: NT\$ thousand

Facility	Quantity	Acquisition Date	Investment Cost	The use purpose and the possible effects to be produced
Exhaust gas treating apparatus (GLT-Suzhou Opto)	1 Set	12/23/2016	3,719	Comply with environmental standards for exhaust emissions
Oil-Water separator (GLT-Suzhou Opto)	1 Unit	2/15/2017	17	Comply with integrated wastewater discharge standard
Canteen Fume Purifier (GLT-Suzhou Opto)	1 Set	11/5/2017	104	Comply with environmental standards for exhaust emissions
Laser machine off-gas collection and treatment (GLT-Suzhou Opto)	1 Set	5/28/2020	219	Comply with stationary pollution source emission standards
Active carbon adsorption tower (GLT-Taiwan)	3 Sets	1/31/2013	2,073	Comply with stationary pollution source emission standards
Waste gas scrubber tower (GLT-Taiwan)	2 Sets	8/31/2013	3,734	Comply with stationary pollution source emission standards
Hydro extractor (GLT-Taiwan)	1 Set	7/31/2019	58	Comply with stationary pollution source emission standards
Waste water treatment equipment (GLT-Taiwan)	1 Set	1/31/2014	744	Comply with the effluent standards
Waste gas treatment equipment (GLT-Zhongshan)	1 Set	1/1/2012	1,019	Comply with environmental standards for exhaust emissions
	1 Set	12/1/2012	1,631	
	1 Set	3/1/2014	1,376	
	1 Set	12/1/2019	946	
Canteen Fume Purifier (GLT-Shanghai)	1 Set	4/1/2016	115	Comply with environmental standards for exhaust emissions
VOC Waste gas treatment equipment (GLT-Optical)	1 Set	5/1/2016	12,900	Comply with stationary pollution source emission standards
Central dust collection equipment (GLT-Optical)	1 Set	5/1/2016	4,000	Comply with stationary pollution source emission standards
	1 Set	11/1/2017	2,500	
	1 Set	12/31/2018	420	
	1 Set	12/14/2020	241	
Waste water treatment equipment (GLT-Optical)	1 Set	6/21/2016	1,500	Comply with the effluent standards

Facility	Quantity	Acquisition Date	Investment Cost	The use purpose and the possible effects to be produced
Central dust collection equipment (GLT-Optical)	Half set	3/21/2019	1,600	Comply with stationary pollution source emission standards
Waste gas treatment equipment (GLT-Shanghai)	2 Sets	8/1/2016	925	Comply with environmental standards for exhaust emissions
Reconstruction of separate drainage pipe rainwater and sewage and inspection pit (GLT-Shanghai)	1 Set	12/1/2017	684	Comply with wastewater effluent standards

5.4.3 A description of the company's efforts to improve environmental pollution in the most recent fiscal year and up to the annual report publication date, and in the case of pollution disputes, a description of how they were carried out :

(1) Examples of environmental pollution improvement :

- A. In April 2019, GLT-Suzhou Opto for the emission from the injection molding machine, add collection and treatment equipment. Emission through activated carbon adsorption and photocatalytic treatment. And entrusted with qualified testing institutions to test, to comply with the national emission standards.
- B. GLT-Suzhou Opto collects the emission from laser machines, add pulse cartridge dust collector. The centralized integration of waste gas into the existing waste gas treatment and emission reduction equipment was completed in May 2020.
- C. GLT-Zhongshan to improve the air quality of the operating space in the laser cutting and milling workshop, In July 2017, completed the retrofitting of laser cutting workshop air-extractor. The milling workshop was retrofitted in January 2019.
- D. GLT-Zhongshan to improve the air quality in the production line workshop, retrofitting a set of UV exhaust equipment was completed in December 2019.
- E. GLT-Taiwan to comply with the requirements of the air pollution prevention act, add new hydro extractor. To prevent excessive dirt in the air scrubber tower from filter clogging and causing waste water overflow from the motor.
- F. GLT-Taiwan to comply with the requirements of the air pollution prevention act, add new hydro extractor. To prevent excessive dirt in the air scrubber tower from filter clogging and causing waste water overflow from the motor.
- G. GLT-Taiwan to comply with the requirements of the air pollution prevention act, add new hydro extractor.
- H. GLT-Optical to comply with the requirements of the air pollution prevention act, add new cartridge filter dust collector, currently 5 cartridges in total.

(2) The Company did not have any disputes arising from environmental pollution in the most recent fiscal year and up to the annual report publication date.

5.4.4 Describing the loss (including damages compensation paid) suffered by the company due to environmental pollution incidents occurred in the most recent 2 fiscal years and up to the prospectus' publishing date, the total penalty/fine amount, as well as disclosing its future preventive policies (including improvement measures) and possible expenses to be incurred (including possible loss if no preventive measures are taken, and the penalties and estimated damage compensation amount; if reasonable estimation cannot be made, explanation on the facts why it cannot be made shall be stated.) :

- (1) GLT-Taiwan Air pollution control equipment scrubber tower, recycled cleaning fluid after washing waste gas, which leaked into the ground through the body of the circulating electric motor. Failure to comply with the 10th item of air pollution control facilities inspection and service and repair records in accordance with the contents of the permit registrations. Inspect the system power to make sure it is working properly, fine NT\$100,000, and two hours of environmental education.

5.4.5 Explaining the current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years. :

- (1) GLT-Suzhou Opto according to national requirements for the collection of waste gas generated by the laser machine, add the cartridge filter dust collector, and integrated with the existing waste gas treatment and emission reduction equipment. The total amount of environmental protection expenditure is estimated to be RMB 50,000.
- (2) GLT-Zhongshan to improve the space quality of the production line workshop, modified a set of UV exhaust equipment. The total amount of this environmental protection expenditure is estimated to be RMB 220,000.
- (3) GLT-Optical is located in Tonglou Industrial Park, Hsinchu Science Park. To ensure that the emissions from the plant comply with the requirements of environmental regulations, equipped with VOC waste gas treatment equipment, central dust collection equipment and wastewater treatment equipment, and received the stationary pollution source operating permit and water pollution control permit. In response to the planning of the production line, additional central dust collection equipment will be purchased. The total amount of environmental protection expenditure is estimated to be NT\$4 million.
- (4) GLT-Shanghai reconstructed the hazardous waste repository, with an environmental expenditure of RMB 23,000.
- (5) GLT-Shanghai will add a new set of air discharge equipment, the total amount of environmental protection expenditure is estimated to be RMB150,000. This equipment will be used in the new plastic workshop technology improvement project.

## 5.5 Labor Relations

5.5.1 Setting forth all employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees. :

(1) Employee benefits measures

The company's employee benefit measures include free meals, labor insurance, national health insurance, group insurance and the new system of appropriate labor retirement pension contributions. In addition to employee bonus and stock options, bonus payments and annual health checkups, the Employees' welfare Committee's three festivals gift vouchers, wedding and funeral subsidies, staff travel activities, birthday gift vouchers and cakes, etc. The office environment is elegant and there is a coffee lounge for employees to relax. And provide the employees with opportunities to participate in various educational trainings and seminars in order to improve their capabilities and work efficiency.

In addition, there is a gymnasium with treadmills, steppers, weights, massage chairs, basketball machines, and pool tables for employees to exercise and relieve stress. A monthly birthday party is held, and on certain holidays, such as Mother's Day, each employee is given a gift, and on Christmas Day, a Christmas party is held with a variety of meals and drinks for employees to enjoy, and during the party, there is also a lucky draw activity for the employees to have fun together.

The company emphasizes the physical and mental health of its employees. In addition to establishing various sports clubs (e.g. cycling club, basketball club), the company also organizes outdoor hiking and cycling activities to encourage employees to go outdoors more often to improve their physical fitness. And we continue to sponsor the cycling angel fulfills dream in China charity event, which is a sports charity event to help the children of the Fund for Children and Families, encouraging these young people to study hard, train their bodies and minds, and strengthen their originally insufficient self-confidence. The total distance of the ride from Taiwan to Hangzhou, Shanghai, Suzhou and Yangzhou was about 1,000 kilometers, and our employees also actively participated in this charity event.

(2) Continuing education and training

The company aims to improve the quality of employees and work skills, enhance the efficiency and quality of work, and implement general training for new employees or professional skills training for full-time employees in accordance with the training plan, in order to cultivate excellent talents and improve the overall operational performance of the company and achieve the goal of sustainable management.

(3) Retirement systems and the status of implementation

The Company's subsidiaries that are located in the R.O.C. have established a retirement plan in accordance with the Labor Standards Act, under which employees who have opted for the old system are required to contribute 2% of their wages to the

retirement reserve, which is managed by the supervisory committee of workers' retirement reserve fund. Effective July 1, 2005, in accordance with the implementation of the Labor Pension Act of the R.O.C. (the "New Act"), if employees who were subject to the New Act choose to be covered by the New Act, or if they join the Company after the implementation of the New Act, their service years will be transferred to the defined pension system, and the Company will contribute 6% of their monthly wages to the pension fund and deposit it in their individual pension accounts. For subsidiaries outside of the ROC, contributions are made in accordance with the relevant local laws and regulations.

In addition, for post-retirement pension insurance for employees of enterprises in the PRC, the Company contributes to the pension insurance for employees in accordance with the local regulations of the enterprise. According to the local social insurance practice, pension insurance is included in social insurance (including medical, maternity, pension, work injury and unemployment), and the company has started to fulfill the obligation of paying pension insurance after applying for social insurance additions for employees. Due to the impact of the New Coronavirus epidemic, the China government introduced a phased reduction of corporate social insurance premiums in 2020, with some items being reduced. The rates and standards of pension insurance payment are listed below.:

A. GLT-Shanghai :

Payment Rate	Endowment Insurance	Work-related Injury Insurance	Unemployment Insurance	Basic Medical Insurance	Maternity Insurance
Corporate	16%	0.448%	0.5%	9.5%	1%
Individual	8%	-	0.5%	2%	-
Social insurance base : The minimum payment base for 2020 is \$4,927.					

B. GLT-Suzhou Opto :

Payment Rate	Endowment Insurance	Work-related Injury Insurance	Unemployment Insurance	Basic Medical Insurance	Maternity Insurance
Corporate	16%	0.3%	0.5%	7%	0.8%
Individual	8%	-	0.5%	2%	-
Social insurance base : The minimum payment base before 2020/7 is \$3,030 and the minimum payment base after 2020/7 is \$3,368.					

C. GLT-Zhongshan :

Payment Rate	Endowment Insurance	Work-related Injury Insurance	Unemployment Insurance	Basic Medical Insurance	Maternity Insurance
Corporate	0%	0%	0%	1% (Rising to 1.5% from July)	0.8%
Individual	8%	-	0.2%	0.5%	-
Social insurance base : 1.The endowment insurance, work-related injury insurance and unemployment insurance participating standard is the employee's payable wage. 2. Before 2020/7, the basic medical insurance standard is \$2,890. Maternity insurance standard is the employee's payable wage. After 2020/7, the basic medical and maternity insurance standard will be \$3,500.					

(4) Status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees

The Company respects the employees' opinions and employees can reflect their opinions through meetings, emails or complaint hotlines, and the communication channels between employers and employees are smooth and labor relations are harmonious, therefore, no major labor disputes have occurred so far.

(5) Employees working environment and personal safety protection measures

- A. Implement OHSAS18001 occupational health and safety management system.
- B. Regularly implement occupational safety and health education and training to improve the safety awareness and capability of employees.
- C. Regularly implement annual general and special health checkups for employees.
- D. Implementation of the operating environment measurement every 6 months to reduce the rate of occupational accidents.
- E. Implement access control to ensure the safety and security of the plant.

5.6 Important Contracts

Nature of contract	Counterparty	Period	Major Contents	Restrictions
Intellectual Property License Agreement	The company Company A	From December 14, 2009 to the expiration date of fifty years after publication of the intellectual property rights and the loss of confidentiality of the trade secrets.	Company A granted the Company and its affiliates a license to use the intellectual property rights acquired in the IP Transaction within the range of US\$1 billion in annual net sales of the relevant products without compensation. (According to the consolidated financial statements of the foreign issuer and its subsidiaries, net operating revenues for 2010 amounted to approximately NT\$3,083 million, equivalent to approximately US\$150 million, which is still far below	None

Nature of contract	Counterparty	Period	Major Contents	Restrictions
			the upper limit of uncompensated use.). A percentage of the license fee will be charged for any amount in excess of the specified amount, and the license period will end on the expiration date of the last intellectual property right that expires during the term of all intellectual property rights licensed.	
Referral Agreement	The company Company A	(If Company A does not give 60 days notice of termination prior to expiration then the contract will automatically renew annually)	The Company agrees to appoint Company A as its non-exclusive representative to negotiate cooperation opportunities with potential customers for specific products, and the Company may choose whether or not to accept such cooperation opportunities, and if accepted, the Company shall pay Company A commission of a certain percentage of the turnover from such customers.	None
Copyright Co-Ownership Agreement	The company Company A	December 14, 2009 to December 13, 2015 (automatically renewed if either party does not give 90 days' notice of termination prior to expiration)	Company A transfers to the Company half of the copyright of Optical Pattern Software in the Company's intellectual property rights under an asset purchase agreement between the parties, and each party may use the copyright.	None
Master Development and Supply Agreement	GLT-USA Company D	February 4, 2010 until terminated by written notice from one of the parties	Company D appoints GLT-USA and its affiliates to develop and supply related Company D goods. In accordance with this Agreement, the intellectual property rights developed by Company D in connection with GLT-USA and its affiliates in regard to the fulfilment of this contract or work order or related to Company D's goods shall belong to Company D. In addition, GLT-USA and its affiliates shall license their intellectual property rights to Company D free of charge in perpetuity so that Company D may use, production and sale, or modify Company D's goods by itself or by others.	None

Nature of contract	Counterparty	Period	Major Contents	Restrictions
Land Use	GLT-Shanghai Shanghai Municipal Housing, Land and Resources Administration	Signed on July 1, 1999, for the term of use until August 2, 2049	GLT-Shanghai was granted the land use right on the east side of Tingwei Highway, Shanyang Town, Jinshan District, with an area of 37,574 square meters for which the transfer fee is USD 533,550.8 and the term of use is 50 years.	None
Land Use	GLT-Suzhou Suzhou New District XuShuGuan District Management Committee	May 26, 2006 To May 25, 2056	Suzhou High-tech Zone Hu Shu Guan District Management Committee agreed to grant the land use right of 40 acres of industrial land located in Yangshan Industrial Park of Suzhou Hu Shu Guan Economic Development Zone to GLT-Suzhou at a price of RMB 68,000 per acre for a term of 50 years.	None
Land Use	GLT-Suzhou Opto Bureau of Land and Resources of Suzhou New & Hi-Tech Zone (Huqiu) District	December 12, 2006 to December 11, 2056	GLT-Suzhou Opto was granted the right to use an industrial land with a land area of 27,716.1 square meters located at Songshan Road North, Xianglong East, Suzhou for a term of 50 years at a total land transfer fee of RMB5,266,059.	None
Purchase Contract	GLT-Taiwan Nichia Corporation	January 1, 2011~present (The termination date of the contract has not been set, so it is recorded as present)	GLT-Taiwan shall provide a certificate of deposit pledge or cashier check to NIPPON CHEMICAL as security for the purchase of LEDs.	None
Land Use	GLT-Optical Hsinchu Science Park Bureau	February 1, 2014 ~December 31, 2033	GLT-Optical leases the land use in Gong 7 <sup>th</sup> , Jiuhu Section, Tongluo Township, Miaoli County for the construction of plant, warehouse, and other business workplaces.	None
Insurance Contract	The company Mingtai Fire&Marine Insurance Co., Ltd.	December 1, 2020 to December 1, 2021	Directors' and Managers' Liability Insurance	None

## 6. Financial Standing

### 6.1 Most Recent 5-Year Concise Consolidated Balance Sheet and Consolidated Statement of Comprehensive income

#### 6.1.1 Conse Consolidated Balance Sheet

Unit : NT\$ thousands

Item		Most Recent 5-Year Financial Information(註 1)					2021 (As of March 31)
		2016	2017	2018	2019	2020	
Current assets		5,613,758	5,198,535	5,058,288	5,563,544	8,208,415	8,557,048,
Net property, plant and equipment		3,100,972	3,299,755	3,314,627	3,414,421	3,409,001	3,421,473
Intangible assets		-	-	-	-	-	-
Other assets		439,523	291,652	286,131	850,593	821,631	773,832
Total assets		9,154,253	8,789,942	8,659,046	9,828,558	12,439,047	12,752,353
Current Liabilities	Before Distribution	2,158,756	1,858,484	1,858,007	2,486,900	4,384,244	4,183,743
	After Distribution	2,551,568	1,989,421	1,962,757	2,683,306	Note 2	-
Non-current liabilities		629,063	885,297	690,096	1,163,192	810,400	1,001,847
Total Liabilities	Before Distribution	2,787,819	2,743,781	2,548,103	3,650,092	5,194,644	5,185,590
	After Distribution	3,180,631	2,874,718	2,652,853	3,846,498	Note 2	-
Equity attributable to owners of the Company		6,366,434	6,046,161	6,110,943	6,178,466	7,244,403	7,566,763
Common stock		1,409,371	1,309,371	1,309,371	1,309,371	1,309,371	1,309,371
Capital surplus		2,554,506	2,383,809	2,383,809	2,383,809	2,383,809	2,383,809
Retained Earnings	Before Distribution	2,602,282	2,420,373	2,459,795	2,659,153	3,818,420	4,143,902
	After Distribution	2,209,470	2,289,436	2,355,045	2,462,747	Note 2	-
Other equity		130,787	(67,392)	(42,032)	(173,867)	(267,197)	(270,319)
Treasury stock		(330,512)	-	-	-	-	-
Non-controlling interests		-	-	-	-	-	-
Stockholders Equity	Before Distribution	6,366,434	6,046,161	6,110,943	6,178,466	7,244,403	7,566,763
	After Distribution	5,973,622	5,915,224	6,006,193	5,982,060	Note 2	-

Note1: The above financial information audited by CPA.

Note2: Pending shareholders' approval.

### 6.1.2 Concise Consolidated Statement of Comprehensive income

Unit : NT\$ thousands

Item \ Period	Most Recent 5-Year Financial Information (Note 1)					2021 (As of March 31)
	2016	2017	2018	2019	2020	
Operating revenue	6,065,058	5,872,403	5,424,061	5,286,248	11,205,768	2,670,532
Gross profit	1,621,845	986,254	737,144	917,745	2,372,943	535,193
Operating income	852,994	298,635	141,803	330,896	1,575,457	315,253
Non-operating income and expenses	20,268	(5,951)	67,076	27,579	(88,150)	21,222
Net income for continuing operations	873,262	292,684	208,879	358,475	1,487,307	336,475
Income from discontinued operations, net of income tax effect	-	-	-	-	-	-
Net income	790,056	271,483	169,018	344,564	1,355,051	325,482
Other comprehensive income for the year, net of tax	(232,992)	(198,945)	24,691	(130,192)	(92,708)	(3,122)
Total comprehensive income for the year	557,064	72,538	193,709	214,372	1,262,343	322,360
Profit attributable to owners of the Company	790,056	271,483	169,018	344,564	1,355,051	325,482
Profit attributable to non-controlling interests	-	-	-	-	-	-
Total comprehensive income attributable to owners of the Company	557,064	72,538	193,709	214,372	1,262,343	322,360
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-	-
EPS	6.05	2.07	1.29	2.63	10.35	2.49

Note1: The above financial information audited by CPA

### 6.1.3 CPAs and Their Opinions for Most Recent 5-Year

Year	Name of CPA	CPA Firm	Auditor's Opinion
2016	Arnico Tseng, Samuel Lu	Diwan & Company	Unqualified opinion
2017	Arnico Tseng, Samuel Lu	Diwan & Company	Unqualified opinion
2018	Arnico Tseng, Samuel Lu	Diwan & Company	Unqualified opinion
2019	Arnico Tseng, Samuel Lu	Diwan & Company	Unqualified opinion
2020	Chen, Chao-Mei, Yu, Cheng-Chuan	Deloitte & Touche	Unqualified opinion

## 6.2 Most Recent 5-Year Financial Analysis

### 6.2.1 Financial Analysis

Item		Period(Note1)	Most recent 5-Year Financial Information					2021 (As of March 31)
			2016	2017	2018	2019	2020	
Financial Ratio(%)	Total liabilities to total assets		30.45	31.22	29.43	37.14	41.76	40.66
	Long-term debts to Net property, plant and equipment		225.59	210.06	205.18	215.02	236.28	250.44
Ability to payoff debt(%)	Current ratio (%)		260.05	279.72	272.24	223.71	187.23	204.53
	Quick ratio (%)		225.95	234.91	233.94	189.14	162.66	167.15
	Interest protection		52.89	19.10	13.72	14.34	64.51	70.40
Ability to operate	A/R turnover (times)		3.05	3.24	3.14	3.23	4.96	4.12
	A/R turnover days		120	113	116	113	73.58	88.59
	Inventory turnover (times)		6.93	7.48	7.39	6.71	9.98	6.64
	Account payable turnover (times)		3.56	4.63	4.70	3.96	4.54	3.16
	Days sales outstanding		53	49	49	54	37	55
	Fixed assets turnover (times)		2.03	1.83	1.64	1.57	3.28	3.12
	Total assets turnover (times)		0.66	0.65	0.62	0.57	1.01	0.85
Earning ability	Return on assets (%)		8.70	3.12	2.09	3.96	12.33	2.71
	Return on equity (%)		12.54	4.37	2.78	5.61	20.19	4.40
	Pre-tax income to paid-in capital(%)		61.96	22.35	15.95	27.38	113.59	25.70
	Net income ratio (%)		13.03	4.62	3.12	6.52	12.09	12.19
	EPS(NTD)		6.05	2.07	1.29	2.63	10.35	2.49
Cash flow (%)	Cash flow ratio(%)		62.50	18.78	39.68	34.56	46.55	9.69
	Cash flow adequacy ratio (%)		91.24	103.08	102.01	88.85	100.11	96.20
	Cash reinvestment ratio (%)		9.47	(0.46)	6.48	7.45	16.59	3.46
Leverage	Operating leverage		5.37	14.65	28.38	10.94	5.93	6.82
	Financial leverage		1.02	1.06	1.13	1.09	1.02	1.02

The reasons for all financial ratio changes within the most recent two years are as follows (exempt from analysis less than 20%):

- (1) The increase of interest protection, return on assets, return on equity, pre-tax income to paid-in capital, net income ratio and EPS was mainly due to the increase of pre-tax income and net come.
- (2) The increase of fixed assets turnover and total assets turnover was mainly due to the increase in operating revenue.
- (3) The decrease of A/R turnover days was mainly due to the increase in operating revenue.
- (4) The increase of cash flow ratio and Cash reinvestment ratio was mainly due to the increase in Cash flow from operating activities.
- (5) The decrease of Operating leverage was mainly due to the increase in operating income.
- (6) The increase of A/R turnover was mainly due to the increase in operating revenue.
- (7) The increase of Inventory turnover and The decrease of Days sales outstanding were mainly due to the increase in operating costs.

Note 1: The above financial information audited by CPA.

Note 2: The analysis of negative cash flow from operating activities is meaningless

1. Financial Ratio

(1) Total liabilities to Total assets = Total liabilities / Total assets

(2) Long-term fund to property, plant and equipment = (Net equity + Non-current liabilities) / Net property, plant and equipment

2. Ability to Pay off Debt

(1) Current ratio = Current Assets / Current liability

(2) Quick ratio = (Current assets – Inventory – Prepaid expenses) / Current liability

(3) Interest protection = Net income before income tax and interest expense / Interest expense

3. Ability to Operate

(1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the Average of account receivable (including account receivable and notes receivable from operation) balance

(2) A/R turnover day = 365 / account receivable turnover

(3) Inventory turnover = Cost of Goods Sold / the average of inventory

(4) Account payable (including account payable and notes payable from operation) turnover = Cost of goods sold / the average of account payable (including account payable and notes payable from operation) balance

(5) Inventory turnover day = 365 / Inventory turnover

(6) Fixed assets turnover = Net sales / Net Fixed Assets

(7) Total assets turnover = Net sales / Total assets

4. Earning Ability

(1) Return on assets = [ PAT + Interest expense × (1 – effective tax rate) ] / the average of total assets

(2) Return on Equity = Net Income Attributable to Shareholders of the Parent / Average Equity Attributable to Shareholders of the Parent

(3) Net income ratio = PAT / Net sales

(4) EPS = (Profit attributable to owners of the Company – Dividend from prefer stock) / weighted average outstanding shares

5. Cash Flow

(1) Cash flow ratio = Cash flow from operating activities / Current liability

(2) Cash flow adequacy ratio = Most recent 5-year Cash flow from operating activities / Most recent 5-year (Capital expenditure + the increase of inventory + cash dividend)

(3) Cash investment ratio = (Cash flow from operating activities – cash dividend) / (Gross property, plant and equipment + long-term investment + other non-current assets + working capital)

6. Leverage :

(1) Operating leverage = (Net revenue – variable cost of goods sold and operating expense) / operating income

(2) Financial leverage = Operating income / (Operating income – interest expenses)

### 6.3 Audit Committee's Auditor's Report

#### GLOBAL LIGHTING TECHNOLOGIES INC.

#### Audit Committee's Auditor's Report

The Company's Board of Directors prepared 2020 consolidated financial statements, it was completed to audit by accountants Chen, Chao-Mei and Yu, Cheng-Chuan of Deloitte & Touche, Taiwan and unqualified audit report has been offered. The audit report was reviewed and determined to be correct and accurate by Audit Committee members.

Independent auditors Tu, Chin Yuan and Chen, Ming Hung of Ernst & Young United Accounting Firm and audit report has been offered. The Audit Committee members were responsible for supervising the Group's financial reporting process.

Herein were the matters communicated between CPAs and the Audit Committee as follows:

1. The scope and time of examination planned by CPAs, and major discoveries of examination (including significant deficiencies verified in examining process).
2. CPAs offered the responsible personnel affiliated to CPA firm and regulated by independency, and adhered to relevant independency statements prescribed in Norm of Professional Ethics for Certified Public Accountant, communicated all possibilities considered influencing independency relationship and other matters (including relevant protective measures).
3. CPAs shall decide the major examining matters of the Company's annual consolidated financial statements from the matters communicated with the governing body, among relevant income recognition, included relevant income recognition decided by CPAs shall be the major examining matter of communication in the audit report.

The financial statements, business report, and statements of retained earnings mentioned above were reviewed and determined to be correct and accurate by the Audit Committee. According to Article 14-4 of Securities and Exchange Act and Article 219 of Company Act, we hereby submit this report.

Faithfully

2021 Annual Shareholders' Meeting of Global Lighting Technologies Inc.



Global Lighting Technologies Inc.

Audit Committee's Convener: Chang, Chia-Yu

March 5, 2021



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

Please refer to the attachment on page 116-190 of this Annual Report.

6.5 Standalone Financial Statements for the Years Ended December 31, 2020 and 2019, and Independent Auditors' Report: Nil.

6.6 Financial Difficulties for the Company and its Affiliates The Company should disclose the financial impact to the Company if the Company and its affiliated companies have incurred any financial or cash flow difficulties in 2019 and as of the date of this Annual Report: None.

## 7. Review of Financial Conditions, Financial Performance, and Risk Management

### 7.1 Analysis of Financial Status

Unit : NT\$ thousands

Item	Year	2020	2019	Difference	
				Amount	%
Current Assets		8,208,415	5,563,544	2,644,871	47.54
Fixed Assets		3,409,001	3,414,421	(5,420)	(0.16)
Other Assets		821,631	850,593	(28,962)	(3.40)
Total Assets		12,439,047	9,828,558	2,610,489	26.56
Current Liabilities		4,384,244	2,486,900	1,897,344	76.29
Long-term Liabilities		810,400	1,163,192	(352,792)	(30.33)
Total Liabilities		5,194,644	3,650,092	1,544,522	42.31
Capital Stock		1,309,371	1,309,371	-	-
Capital Surplus		2,383,809	2,383,809	-	-
Retained Earnings		3,818,420	2,659,153	1,159,267	43.60
Other Adjustments		(267,197)	(173,867)	(93,330)	53.68
Total Stockholders' Equity		7,244,403	6,178,466	1,065,937	17.25

Analysis of changes in financial ratios: (The percentage of change is more than 20%)

- (1) Current Assets : Mainly due to the increase in cash and cash equivalents, accounts receivable and inventories.
- (2) Total Assets : Mainly due to the increase in cash and cash equivalents, accounts receivable and inventories.
- (3) Current Liabilities : Mainly due to the increase in short-term borrowings, accounts payable and other payables.
- (4) Long-term Liabilities : Mainly due to the decrease in long-term borrowings.
- (5) Total Liabilities : Mainly due to the increase in short-term borrowings and accounts payable.
- (6) Retained Earnings : Mainly due to the increase in undistributed surplus.
- (7) Other Adjustments : This is due to the net change in the conversion difference of the foreign operating agency's financial statements.

## 7.2 Analysis of Financial Performance

Analysis of financial performance for the last two years

Unit : NT\$ thousand

Item	Year	2020	2021	Difference	
				Amount	%
Operating Revenues		11,205,768	5,286,248	5,919,520	111.98
Operating Costs		8,832,825	4,368,503	4,464,322	102.19
Gross Profit		2,372,943	917,745	1,455,198	158.56
Operating Expenses		797,486	586,849	210,637	35.89
Operating Income		1,575,457	330,896	1,244,561	376.12
Non-operating Income and Expenses		(88,150)	27,579	(115,729)	(419.63)
Income Before Tax		1,487,307	358,475	1,128,832	314.90
Income Tax Expenses		132,256	13,911	118,345	850.73
Net Income		1,355,051	344,564	1,010,487	293.27
Analysis of changes in financial ratios: (The percentage of change is more than 20%)					
(1) Operating revenues, operating costs, gross profit, operating expenses, operating income, net income before tax, net income for the current period: mainly due to the industry benefits from the increase in customer demands and the growth of new product shipments.					
(2) Non-operating income and expenses: mainly due to the impact of the sharp depreciation of the U.S. dollar in 2020.					
(3) Income tax expenses: mainly due to the increase in net income before tax.					

Anticipated sales volume in the next year and its basis, and the possible impact on the Company's future financial business and the countermeasures :

The Company has intensively cultivated the core technology of optics and expanded the application range of the light guide plates. At the same time, based on the customers' estimation, considering the planning of production capacity and the product trends on the market, the Company sets the annual shipment targets and anticipated to achieve the sales targets in 2021.

### 7.3 Analysis of Cash Flow

#### Cash Flow Analysis for the Past Two Years

Unit : NT\$ thousands

Item \ Year	2020	2019	Increase (Decrease) Amount	Increase (Decrease) Ratio (%)
Operating Activities	2,040,978	859,958	1,181,020	137.33
Investment Activities	(621,071)	(287,915)	(333,156)	115.71
Financial Activities	(281,410)	(123,667)	(157,743)	127.55
Analysis of the changes:				
(1) Increase in net cash inflows from operating activities: mainly due to the increase in net income before tax and accounts payable.				
(2) Increase in net cash outflows from investment activities: mainly due to the disposal of investments adopted by the equity method and the reduction in the repayment at maturity of the financial assets measured by amortized cost.				
(3) Increase in net cash outflows from financing activities: mainly due to the increase in short-term borrowings.				

#### Remedy for Cash Deficit and Liquidity Analysis :

The Company prudently plans the cash requirements for operating and investment activities, and there is no deficit of liquidity.

#### 7.4 Impact of Major Capital Expenditure in the Past Year on the Financial Status : Nil.

#### 7.5 Re-investment Policy in the Past Year, the Main Reason for its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year :

The Company's reinvestment policies are all approved by the board of directors, meet the medium and long term development and operational needs, and increase revenue and profit as the main policy. In the coming year, the Company will continue to intensively cultivate the growth of the core technology of optics and the reinvestment will also be mainly related to the Company's core business.

Unit : NT\$ thousands

Reinvestment Business	2020 Investment Profit and Loss	Explanation
SSEL	382,804	Mainly due to the recognition of reinvestment income evaluated by the equity method.
SSOL	229,211	Mainly due to the recognition of reinvestment income evaluated by the equity method.
SSTL	816,112	Mainly due to the recognition of reinvestment income evaluated by the equity method.
SSDL	217,367	Mainly due to the recognition of reinvestment income evaluated by the equity method.
SGL	382,804	Mainly due to the recognition of reinvestment income evaluated by the equity method.

Reinvestment Business	2020 Investment Profit and Loss	Explanation
GLT-Optical	229,211	Mainly due to the recognition of reinvestment income evaluated by the equity method.

## 7.6 Analysis of Risk Management

### 7.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures:

#### (1) Interest Rate Changes:

The Company's 2020 interest income is NT\$17,820 thousand and interest expenses are NT\$11,932 thousand, both of which account for a low percentage of annual operating revenue and profit and loss. It is estimated that future interest rate changes will not have a significant impact on the Company.

#### (2) Foreign Exchange Rate Changes:

The Company's foreign exchange positions are mainly US dollars, and the risk of exchange rate adopts the principle of natural offsetting. Since the Company's main sales revenue and procurement of raw materials are all priced in U.S. dollars, the natural hedging effect produced by their mutual offset can reduce exchange requirements and borrow foreign currency debts as needed to reduce the related risks of exchange rate changes.

#### (3) Inflation:

The price of raw materials required by the Company is still stable and has not been affected by inflation in the short term.

### 7.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending or Endorsement Guarantees, and Derivatives Transactions:

The Company is not engaged in high-risk, high-leveraged investment and derivatives transactions. The Company's lending or endorsement guarantees are limited to affiliated companies in which the Cayman parent company within the group holds 100% of the shares. No lending or endorsement guarantees are provided to any non-related parties, and it is not material impact on the Company's overall operations.

### 7.6.3 Future Research and Development Projects and Corresponding Budget:

In 2021, the Company will continue to intensively cultivate optical core technologies, and the estimated research and development costs will be approximately NT\$250,000 thousand.

### 7.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:

All the Company's business executions are handled in accordance with relevant domestic and foreign laws and regulations. The company also pays attention to important domestic and foreign policy development trends and legal changes status at any time to respond to the changes in the market environment and take appropriate countermeasures, so there is no material impact on the Company's financial business.

7.6.5 Effects of and Response to Changes in Technology and the Industry Relating to Corporate Finance and Sales:

The Company analyzes the market and industrial evolutionary trends at any time, and formulates strategies and direction of developments based on the changes in market supply and demand, hoping to make the Company's products more widely used, so there is no significant adverse impact on the company's financial business due to the technological changes or the industrial changes.

7.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures:

The Company currently has no corporate image change that caused a corporate risk.

7.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: Nil.

7.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans :

As of the annual report printing date, the Company has no plans to expand the plants.

7.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration :

The Company maintains a good relationship with most suppliers and customers, and continues to develop new technologies and new fields of light guide plate application to reduce the risk of excessive concentration of purchases and sales.

7.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Directors, Supervisors, or Shareholders with Shareholdings of over 10%: Nil.

7.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights: Nil.

7.6.12 If there is any litigation or non-litigation, please list the significant litigation, non-litigation or administrative litigation with its judgment already made or pending which is related to the Company or the Company's directors, supervisors, general manager, actual person in charge, shareholders holding more than 10% of the Company's shares or affiliates. If the result may have a significant impact on the shareholders' equity or the price of the Company's shares, please disclose the fact of the dispute, the claim amount, the date of commencement of the litigation, the principal litigants and the handling of the situation as of the date of publication of the annual report: Nil.

7.6.13 Other Major Risk and Countermeasures :

Information security risk : The formulation and maintenance of the Company's information security management policy and the establishment of information security system are all in charge by the Group's IT Department. It includes network management and system management. The Company conducts information security and network risk evaluations based on the information system, and carry out risk management and control based on the level and occurring probability of the risk impacts. The Company carries out the necessary management mechanisms for the high-risk systems, such as data backup, remote host and engine backup room settings, etc., to ensure that the system is not interrupted. In addition, the Company regularly conducts the database restoration exercises, information security trainings and other related operations to strengthen the concept of information security risks for all employees of the Company.

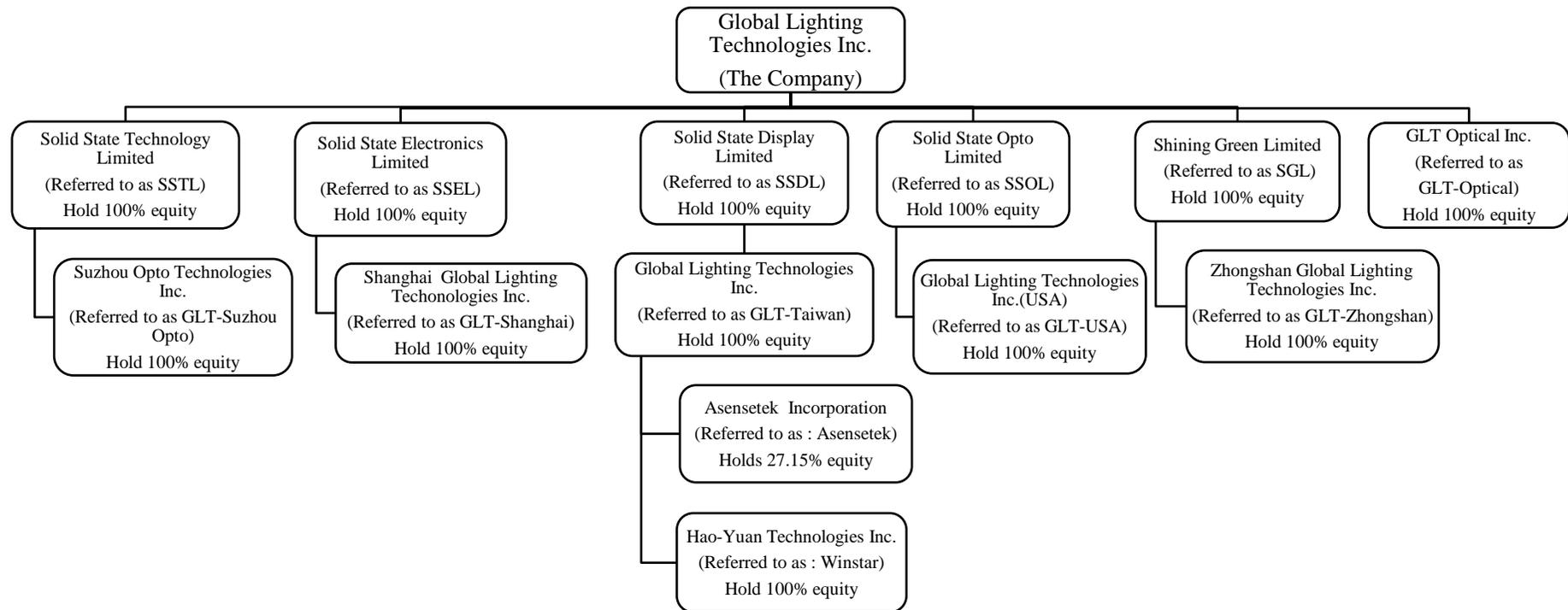
7.7 Other Important Matters : Nil.

## 8. Special Disclosure

### 8.1 Summary of Affiliated Companies

#### 8.1.1 Profile of Affiliated Companies

##### (1) Organization Chart of Affiliated Companies



### 8.1.2 Basic Data of Affiliates Companies

March 31, 2021 Unit : NT\$

Affiliate	Date of Establishment	Major Business or Products	Address	Nationality	Paid-in Capital
SSEL	5/23/2000	Sales company and holding company	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	British Virgin Islands	US\$6,561,000
SSOL	5/23/2000	Sales company and holding company	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	British Virgin Islands	US\$9,950,167
SSTL	5/23/2000	Sales company and holding company	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	British Virgin Islands	US\$10,750,000
SSDL	5/23/2000	Sales company and holding company	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	British Virgin Islands	US\$35,144,141
SGL	1/4/2010	Holding company	P.O. Box 217, Apia, Samoa	Samoa	US\$15,000,000
GLT-Optical	3/29/2013	Research, design, development, manufacturing and sales of light guide plate application products	No. 6, Tongke 1 Road, Hsinchu Science Park, Tongluo Township, Miaoli County, Taiwan, R.O.C.	Taiwan, ROC	NT\$500,894,000
GLT-Taiwan	11/3/2000	R&D, production and sales of light guide plate application products, development of optical mold and production and sales of electronic matching plastic products	No. 1149, Section 3, Ming Chuan Road, Zhongli District, Taoyuan City, Taiwan, R.O.C.	Taiwan, ROC	NT\$1,115,199,560
Asensetek	3/14/2012	Manufacturing and sales of optical and precision equipment, electronic components, motors and electronic machinery	9F, No. 43, Fuxing Road, Xindian District, New Taipei City, Taiwan, R.O.C.	Taiwan, ROC	NT\$26,834,990
Winstar	3/28/2013	General investment business	No. 1149, Section 3, Ming Chuan Road, Zhongli District, Taoyuan City, Taiwan, R.O.C.	Taiwan, ROC	NT\$34,000,000
GLT-Shanghai	11/1/1993	Production and sales of light guide plate application products, development of optical mold and production and sales of electronic matching plastic products	No. 1468, Tingweigong Road, Shanyang County, Jingshan District, Shanghai, PR China	People Republic of China	US\$20,000,000

Affiliate	Date of Establishment	Major Business or Products	Address	Nationality	Paid-in Capital
GLT-Suzhou Opto	7/6/2004	R&D, production and sales of light guide plate application products and displays, development of optical mold, and production and sales of plastic products for electronic use	No. 468, Songshan Road, Xuye Pass, Gaoxin District, Zhuzhou, PR China	People Republic of China	US\$21,200,000
GLT-Zhongshan	3/24/2011	Production and sales of light guide plate application products	The northwest side of the 1 <sup>st</sup> floor and the west side of the 2 <sup>nd</sup> floor of Building A, Wistron Zhongshan Optoelectronic Park 1, Linhai Industrial Park, Torch Development Zone, Zhongshan City, PR China	People Republic of China	US\$15,000,000
GLT-USA	7/24/2000	Production and sales of light guide plate application products	55 Andrews Circle, Brecksville, Ohio 44141, U.S.A.	USA	US\$7,247,343

8.1.3 Information about Common Shareholders of Entities Presumed to Have a Controlling and Subordinate Relationship : Nil.

## 8.1.4 Information on Directors, Supervisors and General Managers of Affiliated Companies :

March 31, 2021

Affiliate	Title	Name	Shareholding	
			Shares (Capital Contribution)	%
SSEL	Chairman	Global Lighting Technologies Inc. Representative : Lee Man-Shiang	6,561,000 shares	100%
SSOL	Chairman	Global Lighting Technologies Inc. Representative : Lee Man-Shiang	9,950,167 shares	100%
SSTL	Chairman	Global Lighting Technologies Inc. Representative : Lee Man-Shiang	10,750,000 shares	100%
SSDL	Chairman	Global Lighting Technologies Inc. Representative : Lee Man-Shiang	35,144,141 shares	100%
SGL	Chairman	Global Lighting Technologies Inc. Representative : Lee Man-Shiang	15,000,000 shares	100%
GLT-Optical	Chairman	Global Lighting Technologies Inc. Representative : Lee Man-Shiang	50,089,400 shares	100%
GLT-Taiwan	Chairman	Solid State Display Limited Representative : Lee Man-Shiang	111,519,956 shares	100%
	Director	Solid State Display Limited Representative : Wang Ching-Lin		
	Director	Solid State Display Limited Representative : Lee Song-Fa		
	Supervisor	Solid State Display Limited Representative : Lee Xing-Kun		
GLT-Shanghai	Chairman	Solid State Electronics Limited Representative : Lee Man-Shiang	US\$20,000,000	100%
	Director	Solid State Electronics Limited Representative : Wang Ching-Lin		
	Director	Solid State Electronics Limited Representative : Wu Fan-Wei		
	Supervisor	Solid State Electronics Limited Representative : Chuang Mei-Zhen		
GLT-Suzhou Opto	Chairman	Solid State Technology Limited Representative : Lee Man-Shiang	US\$21,200,000	100%
	Director	Solid State Technology Limited Representative : Wang Ching-Lin		
	Director	Solid State Technology Limited Representative : Tsai Zong-Lin		
	Supervisor	Solid State Technology Limited Representative : Chuang Mei-Zhen		

Affiliate	Title	Name	Shareholding	
			Shares (Capital Contribution)	%
GLT-Zhongshan	Chairman	Shining Green Limited Representative : Lee Man-Shiang	US\$15,000,000	100%
	Director	Shining Green Limited Representative : Lee Xing-Kun		
	Director	Shining Green Limited Representative : Jeff Lin		
	Supervisor	Shining Green Limited Representative : Chuang Mei-Zhen		
GLT-USA	Chairman	Solid State Opto Limited Representative : Lee Man-Shiang	100 shares	100%
Asensetek	Chairman	Wang Bo-Sheng	436,610 shares	16.27%
	Supervisor	Zhu Yan-Han	172,655 shares	6.43%
Hao-Yuan	Chairman	Global Lighting Technologies Inc. Representative : Lee Man-Shiang	3,400,000 shares	100%

8.1.5 Financial status and operating results of affiliated companies :

December 31, 2020 Unite : NT\$

Affiliate	Capital	Total Assets	Total Liabilities	Total Equity	Operating Revenue	Net Income (Loss)	Current Period (Profit) and Loss	Earnings (Loss) Per Share
SSEL	US\$6,561,000	US\$60,063,865	US\$747,700	US\$59,316,165	US\$7,495,614	US\$933,250	US\$12,895,377	US\$1.97
SSOL	US\$9,950,167	US\$83,582,410	US\$57,703,574	US\$25,878,836	US\$138,621,572	US\$6,328,993	US\$7,703,635	US\$0.77
SSTL	US\$10,750,000	US\$85,595,874	US\$24,246,629	US\$61,349,245	US\$66,892,044	US\$29,448,954	US\$30,897,343	US\$2.87
SSDL	US\$35,144,141	US\$82,675,531	US\$1,883,442	US\$80,792,089	US\$3,097,019	US\$76,861	US\$7,789,749	US\$0.22
SGL	US\$15,000,000	US\$10,798,367	US\$0	US\$10,798,367	US\$0	US\$0	US\$-1,281,155	US\$-0.09
GLT-Optical	NT\$245,000,000	NT\$2,643,724,333	NT\$2,580,215,084	NT\$63,509,249	NT\$495,019,363	NT\$-151,402,696	NT\$-143,736,578	NT\$-5.87
GLT-Taiwan	NT\$1,115,199,560	NT\$3,069,647,262	NT\$844,606,086	NT\$2,225,041,176	NT\$2,179,045,633	NT\$339,783,484	NT\$226,847,355	NT\$2.03
GLT-Shanghai	US\$20,000,000	US\$137,081,004	US\$88,613,337	US\$48,467,667	US\$269,597,504	US\$15,570,792	US\$11,912,642	-
GLT-Suzhou Opto	US\$21,200,000	US\$32,548,445	US\$7,172,787	US\$25,375,658	US\$19,618,727	US\$1,249,241	US\$841,512	-
GLT-Zhongshan	US\$15,000,000	US\$23,242,213	US\$12,444,058	US\$10,798,155	US\$17,237,622	US\$-1,049,280	US\$-1,281,155	-
GLT-USA	US\$7,247,343	US\$16,294,558	US\$3,256,604	US\$13,037,954	US\$32,331,834	US\$1,272,945	US\$1,057,314	US\$10,573.14
Asensetek	NT\$26,834,990	NT\$17,577,647	NT\$452,009	NT\$17,125,638	NT\$78,800	NT\$-1,947,238	NT\$-2,681,025	NT\$-1.00
Hao-Yuan	NT\$34,000,000	NT\$29,968,261	NT\$81,503	NT\$29,886,758	NT\$0	NT\$0	NT\$-81,148	NT\$-0.02

8.1.6 Consolidated financial statements of affiliated companies : Please refer to page 116-190.

8.1.7 Relationship report: Not applicable.

8.2 Private Placement Securities in the Past Years and as of the Date of Publication of the Annual Report : Nil.

8.3 Holding or Disposal of the Company's Shares by Affiliates in the Past Year and as of the Date of Publication of the Annual Report : Nil.

8.4 Other Necessary Supplementary Explanations : Nil.

8.5 Explanation of major differences between the company's articles of incorporation and national regulations on the protection of shareholders' equity : No major differences.

**9. Matters in the Past Year and as of the Date of Publication of the Annual Report Which Have a Substantial Impact on Shareholders' Equity or Share Price as Stipulated in Item 2, Paragraph 3 of Article 36 of the Securities Exchange Act : Nil.**

**Global Lighting Technologies Inc. and  
Subsidiaries**

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

## 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:

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

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)

ASSETS	2020		2019	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
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	<u>8,208,415</u>	<u>66</u>	<u>5,563,544</u>	<u>57</u>
<b>NON-CURRENT ASSETS</b>				
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	<u>4,230,632</u>	<u>34</u>	<u>4,265,014</u>	<u>43</u>
<b>TOTAL</b>	<u>\$ 12,439,047</u>	<u>100</u>	<u>\$ 9,828,558</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
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	<u>4,384,244</u>	<u>35</u>	<u>2,486,900</u>	<u>25</u>
<b>NON-CURRENT LIABILITIES</b>				
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	<u>810,400</u>	<u>7</u>	<u>1,163,192</u>	<u>12</u>
Total liabilities	<u>5,194,644</u>	<u>42</u>	<u>3,650,092</u>	<u>37</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)</b>				
Share capital	<u>1,309,371</u>	<u>10</u>	<u>1,309,371</u>	<u>14</u>
Capital surplus	<u>2,383,809</u>	<u>19</u>	<u>2,383,809</u>	<u>24</u>
Retained earnings				
Special reserve	173,867	2	42,032	-
Unappropriated earnings	3,644,553	29	2,617,121	27
Total retained earnings	<u>3,818,420</u>	<u>31</u>	<u>2,659,153</u>	<u>27</u>
Other equity	<u>(267,197)</u>	<u>(2)</u>	<u>(173,867)</u>	<u>(2)</u>
Total equity attributable to owners of the Company	<u>7,244,403</u>	<u>58</u>	<u>6,178,466</u>	<u>63</u>
Total equity	<u>7,244,403</u>	<u>58</u>	<u>6,178,466</u>	<u>63</u>
<b>TOTAL</b>	<u>\$ 12,439,047</u>	<u>100</u>	<u>\$ 9,828,558</u>	<u>100</u>

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)	<u>8,832,825</u>	<u>79</u>	<u>4,368,503</u>	<u>83</u>
GROSS PROFIT	<u>2,372,943</u>	<u>21</u>	<u>917,745</u>	<u>17</u>
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	<u>268</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>797,486</u>	<u>7</u>	<u>586,849</u>	<u>11</u>
PROFIT FROM OPERATIONS	<u>1,575,457</u>	<u>14</u>	<u>330,896</u>	<u>6</u>
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)	<u>-</u>	<u>-</u>	<u>874</u>	<u>-</u>
Total non-operating income and expenses	<u>(88,150)</u>	<u>(1)</u>	<u>27,579</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	1,487,307	13	358,475	7
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(132,256)</u>	<u>(1)</u>	<u>(13,911)</u>	<u>(1)</u>
NET PROFIT	<u>1,355,051</u>	<u>12</u>	<u>344,564</u>	<u>6</u>
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)	<u>(8,794)</u>	<u>-</u>	<u>(167)</u>	<u>-</u>

(Continued)

## 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)	<u>(155)</u>	<u>-</u>	<u>62</u>	<u>-</u>
	<u>(367,772)</u>	<u>(3)</u>	<u>(152,952)</u>	<u>(3)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 20)	<u>275,064</u>	<u>2</u>	<u>22,760</u>	<u>1</u>
Total other comprehensive loss	<u>(92,708)</u>	<u>(1)</u>	<u>(130,192)</u>	<u>(2)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>\$ 1,262,343</u>	<u>11</u>	<u>\$ 214,372</u>	<u>4</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,355,051	12	\$ 344,564	7
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,355,051</u>	<u>12</u>	<u>\$ 344,564</u>	<u>7</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 1,262,343	11	\$ 214,372	4
Non-controlling interests	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,262,343</u>	<u>11</u>	<u>\$ 214,372</u>	<u>4</u>
<b>EARNINGS PER SHARE (Note 24)</b>				
Basic	<u>\$ 10.35</u>		<u>\$ 2.63</u>	
Diluted	<u>\$ 10.29</u>		<u>\$ 2.63</u>	

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)						
	Share Capital	Capital Surplus	Retained Earnings		Other Equity		Total Equity
			Special Reserve	Unappropriated 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	
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	<u>\$ 1,309,371</u>	<u>\$ 2,383,809</u>	<u>\$ 173,867</u>	<u>\$ 3,644,553</u>	<u>\$ (258,846)</u>	<u>\$ (8,351)</u>	<u>\$ 7,244,403</u>

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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 modifications	(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	<u>2,040,978</u>	<u>859,958</u>

(Continued)

## 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
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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
	(621,071)	(287,915)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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)
	(281,410)	(123,667)
<b>EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>		
	(111,752)	(110,730)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	1,026,745	337,646
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	2,937,604	2,599,958
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	\$ 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)

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### 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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
“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.

#### The Group as lessee

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

Right-of-use assets are initially measured at cost 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 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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
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	<u>52,378</u>	<u>615,886</u>
	<u>\$ 3,964,349</u>	<u>\$ 2,937,604</u>

## 7. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Current</u>		
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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Non-current</u>		
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

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

(Continued)

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

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.

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

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	<u>\$ 2,702,125</u>	<u>\$ 101,099</u>	<u>\$ 1,863</u>	<u>\$ 48</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,805,135</u>

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	<u>\$ 1,384,417</u>	<u>\$ 88,109</u>	<u>\$ 3,347</u>	<u>\$ 2,825</u>	<u>\$ 741</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,479,439</u>

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	<u>(9)</u>	<u>-</u>
Balance at December 31	<u>\$ 259</u>	<u>\$ -</u>

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	<u>57,224</u>	<u>41,767</u>
	<u>\$ 985,503</u>	<u>\$ 667,148</u>

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

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

## 11. OTHER ASSETS

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

## 12. SUBSIDIARIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

Investor	Investee	Nature of Activities	<b>Proportion of Ownership (%)</b>	
			<b>2020</b>	<b>2019</b>
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)

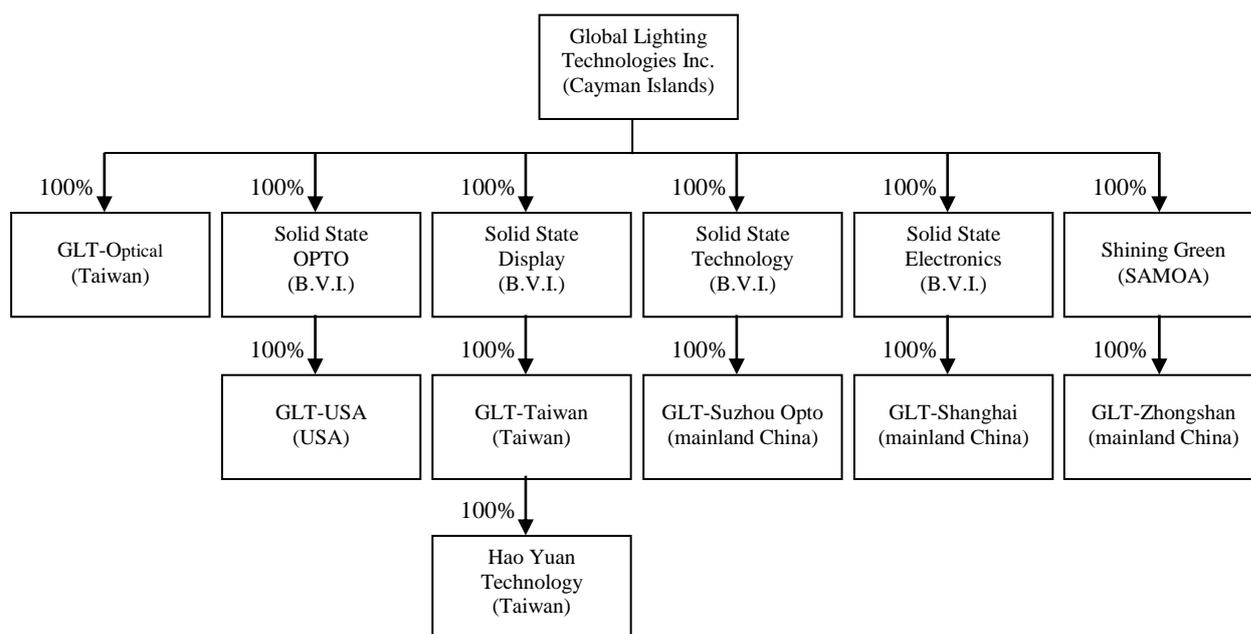
Investor	Investee	Nature of Activities	Proportion of Ownership (%)	
			2020	2019
Solid State Electronics	Shanghai Global Lighting Technologies Inc. (GLT-Shanghai)	Design, production, and sales of applications of light guide plates, design and production of optical molds, and sales of plastic products 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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Associates that are not individually material</u>		
Unlisted shares		
Asensetek Incorporation	\$ <u>      -</u>	\$ <u>      -</u>
Proportion of the Group's ownership:		
	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
Asensetek Incorporation	27.15%	27.15%
Aggregate information of associates that are not individually material:		
	<u>For the Year Ended December 31</u>	
	<u>2020</u>	<u>2019</u>
The Group's share of:		
Profit from continuing operations	\$       -	\$  8,062
Other comprehensive income	<u>      -</u>	<u>      -</u>
Total comprehensive income for the year	\$ <u>      -</u>	\$ <u> 8,062</u>

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
<b>Cost</b>								
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	<u>167,176</u>	<u>2,424,678</u>	<u>3,058,537</u>	<u>51,345</u>	<u>194,471</u>	<u>401,305</u>	<u>175,163</u>	<u>6,472,675</u>
<b>Accumulated depreciation and impairment</b>								
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	-	<u>704,025</u>	<u>1,933,696</u>	<u>41,824</u>	<u>85,214</u>	<u>298,915</u>	-	<u>3,063,674</u>
Carrying amount at December 31, 2020	<u>\$ 167,176</u>	<u>\$ 1,720,653</u>	<u>\$ 1,124,841</u>	<u>\$ 9,521</u>	<u>\$ 109,257</u>	<u>\$ 102,390</u>	<u>\$ 175,163</u>	<u>\$ 3,409,001</u>
<b>Cost</b>								
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	<u>167,176</u>	<u>2,221,357</u>	<u>2,862,058</u>	<u>39,913</u>	<u>192,168</u>	<u>373,193</u>	<u>346,075</u>	<u>6,201,940</u>
<b>Accumulated depreciation and impairment</b>								
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	-	<u>630,100</u>	<u>1,775,737</u>	<u>39,862</u>	<u>76,023</u>	<u>265,797</u>	-	<u>2,787,519</u>
Carrying amount at December 31, 2019	<u>\$ 167,176</u>	<u>\$ 1,591,257</u>	<u>\$ 1,086,321</u>	<u>\$ 51</u>	<u>\$ 116,145</u>	<u>\$ 107,396</u>	<u>\$ 346,075</u>	<u>\$ 3,414,421</u>

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amount</u>		
Land	\$ 429,855	\$ 402,977
Buildings	227,192	250,742
Land use rights	45,041	45,649
Transportation equipment	1,241	425
Other equipment	<u>5,048</u>	<u>-</u>
	<u>\$ 708,377</u>	<u>\$ 699,793</u>
	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Additions to right-of-use assets	<u>\$ 43,409</u>	<u>\$ -</u>
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	<u>181</u>	<u>-</u>
	<u>\$ 28,696</u>	<u>\$ 29,776</u>

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Carrying amount</u>		
Current	<u>\$ 22,919</u>	<u>\$ 23,791</u>
Non-current	<u>\$ 687,672</u>	<u>\$ 675,420</u>

The discount rates for lease liabilities were as follows:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
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

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

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Secured borrowings</u>		
Bank loan	\$ 150,000	\$ 544,337
<u>Unsecured borrowings</u>		
Line of credit borrowing	<u>710,000</u>	<u>-</u>
	<u>\$ 860,000</u>	<u>\$ 544,337</u>

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

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

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
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	<u>114,164</u>	<u>139,227</u>
	<u>\$ 510,786</u>	<u>\$ 388,155</u>

## 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:

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Operating costs	<u>\$ 17,072</u>	<u>\$ 40,855</u>
Operating expenses	<u>\$ 6,025</u>	<u>\$ 12,077</u>

### 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:

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

Movements in net defined benefit assets were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Asset</b>
Balance at January 1, 2019	\$ (18,553)	\$ 22,992	\$ 4,439
Net interest income (expenses)	<u>(232)</u>	<u>292</u>	<u>60</u>
Recognized in profit or loss	<u>(232)</u>	<u>292</u>	<u>60</u>
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	<u>(121)</u>	<u>-</u>	<u>(121)</u>
Recognized in other comprehensive income	<u>(1,041)</u>	<u>733</u>	<u>(308)</u>
Contributions from employer	<u>-</u>	<u>595</u>	<u>595</u>
Balance at December 31, 2019	(19,826)	24,612	4,786
Net interest income (expenses)	<u>(174)</u>	<u>219</u>	<u>45</u>
Recognized in profit or loss	<u>(174)</u>	<u>219</u>	<u>45</u>
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	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Recognized in other comprehensive income	<u>-</u>	<u>777</u>	<u>777</u>
Contributions from employer	<u>-</u>	<u>612</u>	<u>612</u>
Balance at December 31, 2020	<u>\$ (20,000)</u>	<u>\$ 26,220</u>	<u>\$ 6,220</u>

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:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
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:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Discount rate(s)		
0.25% increase	<u>\$ (582)</u>	<u>\$ (618)</u>
0.25% decrease	<u>\$ 607</u>	<u>\$ 646</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 584</u>	<u>\$ 623</u>
0.25% decrease	<u>\$ (563)</u>	<u>\$ (600)</u>

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.

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
The expected contributions to the plan for the next year	<u>\$ 620</u>	<u>\$ 620</u>
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:

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

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Balance at January 1	<u>\$ 11,312</u>	<u>\$ 9,797</u>
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	<u>(1,368)</u>	<u>(869)</u>
Recognized in profit or loss	<u>1,599</u>	<u>1,515</u>
Balance at December 31	<u>\$ 12,911</u>	<u>\$ 11,312</u>

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

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
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:

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

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

Analysis of employee benefits obligation in the next decade

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
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:

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

## 20. EQUITY

a. Share capital - ordinary shares

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

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

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

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:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Special reserve	<u>\$ 131,835</u>	<u>\$ (25,360)</u>
Cash dividends	<u>\$ 196,406</u>	<u>\$ 104,750</u>
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:

	<b>For the Year Ended December 31, 2020</b>
Special reserve	\$ 93,330
Cash dividends	<u>\$ 720,154</u>
Cash dividends per share (NT\$)	<u>\$ 5.5</u>

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

	<b>2020</b>	<b>2019</b>
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	<u>275,064</u>	<u>22,760</u>
Balance at December 31	<u>\$ (258,846)</u>	<u>\$ (174,310)</u>

Unrealized gain/(loss) on financial assets at FVTOCI

	<b>2020</b>	<b>2019</b>
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	<u>(8,794)</u>	<u>(167)</u>
Balance at December 31	<u>\$ (8,351)</u>	<u>\$ 443</u>

**21. REVENUE**

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

a. Contract balances

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

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:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
From contract liabilities at the beginning of the year		
Sale of goods	\$ <u>9,343</u>	\$ <u>4,446</u>

b. Disaggregation of revenue

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

## 22. NET PROFIT

a. Interest income

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Bank deposits	\$ <u>17,820</u>	\$ <u>32,541</u>

b. Other income

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

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
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	<u>(3)</u>	<u>(48)</u>
	<u>\$ (110,555)</u>	<u>\$ 369</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
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	<u>(1,463)</u>	<u>(1,110)</u>
	<u>\$ 21,954</u>	<u>\$ 25,765</u>

Information about capitalized interest is as follows:

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

e. Depreciation and amortization

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

f. Employee benefit expenses

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
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	<u>59,060</u>	<u>53,388</u>
Total employee benefit expenses	<b><u>\$ 1,005,224</u></b>	<b><u>\$ 801,987</u></b>
 An analysis of employee benefit expense by function		
Operating costs	\$ 661,760	\$ 533,620
Operating expenses	<u>343,464</u>	<u>268,367</u>
	<b><u>\$ 1,005,224</u></b>	<b><u>\$ 801,987</u></b>

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Employees' compensation	5.0%	5.0%
Remuneration of directors	1.5%	1.5%

Amount

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
	<b>Cash</b>	<b>Cash</b>
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

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

**23. INCOME TAXES**

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
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	<u>3,701</u>	<u>(3,727)</u>
Income tax expense recognized in profit or loss	<u>\$ 132,256</u>	<u>\$ 13,911</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
Profit before tax	<u>\$ 1,487,307</u>	<u>\$ 358,475</u>
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	<u>(132,638)</u>	<u>(73,872)</u>
Income tax expense recognized in profit or loss	<u>\$ 132,256</u>	<u>\$ 13,911</u>

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

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

c. Current tax assets and liabilities

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
Current tax assets		
Tax refund receivable	<u>\$ 476</u>	<u>\$ -</u>
Current tax liabilities		
Income tax payable	<u>\$ 100,422</u>	<u>\$ 4,543</u>

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

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Compre- hensive Income</b>	<b>Exchange Difference</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>					
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	<u>3,096</u>	<u>(3,050)</u>	<u>-</u>	<u>(46)</u>	<u>-</u>
	<u>\$ 35,631</u>	<u>\$ (3,891)</u>	<u>\$ -</u>	<u>\$ 201</u>	<u>\$ 31,941</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Pension expenses difference between financial accounting and taxation	\$ 957	\$ 131	\$ 155	1	\$ 1,244
Right to return goods	<u>417</u>	<u>(321)</u>	<u>-</u>	<u>1</u>	<u>97</u>
	<u>\$ 1,374</u>	<u>\$ (190)</u>	<u>\$ 155</u>	<u>\$ 2</u>	<u>\$ 1,341</u>

For the year ended December 31, 2019

	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Compre- hensive Income</b>	<b>Exchange Difference</b>	<b>Closing Balance</b>
<u>Deferred tax assets</u>					
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	<u>3,113</u>	<u>58</u>	<u>-</u>	<u>(75)</u>	<u>3,096</u>
	<u>\$ 32,171</u>	<u>\$ 4,275</u>	<u>\$ -</u>	<u>\$ (815)</u>	<u>\$ 35,631</u>
<u>Deferred tax liabilities</u>					
Temporary differences					
Pension expenses difference between financial accounting and taxation	\$ 888	\$ 131	\$ (62)	-	\$ 957
Right to return goods	<u>-</u>	<u>417</u>	<u>-</u>	<u>-</u>	<u>417</u>
	<u>\$ 888</u>	<u>\$ 548</u>	<u>\$ (62)</u>	<u>\$ -</u>	<u>\$ 1,374</u>

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

	<u>December 31</u>	
	<b>2020</b>	<b>2019</b>
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	<u>37,400</u>	<u>-</u>
	<u>\$ 163,081</u>	<u>\$ 151,862</u>

f. Loss carryforwards as of December 31, 2020

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

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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
Profit for the year attributable to owners of the Company	<u>\$ 1,355,051</u>	<u>\$ 344,564</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
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	<u>687</u>	<u>213</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>131,624</u>	<u>131,150</u>

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

<b>Subsidiary</b>	<b>Principal Activities</b>	<b>Date of Acquisition</b>	<b>Proportion of Voting Equity Interests Acquired (%)</b>
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

	<b>Hao Yuan Technology</b>
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	<u>(200)</u>
	<u>\$ 90,777</u>

d. Bargain purchase gain recognized on acquisitions

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

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

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

## 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

	<b><u>For the Year Ended December 31</u></b>	
	<b>2020</b>	<b>2019</b>
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	<u>(12,335)</u>	<u>(42,196)</u>
 Cash paid	 \$ <u>394,475</u>	 \$ <u>441,012</u>

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes		Foreign Exchange	Closing Balance
			New Leases	Lease Modifications		
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	<u>699,211</u>	<u>(24,769)</u>	<u>43,409</u>	<u>(707)</u>	<u>(6,553)</u>	<u>710,591</u>
	<u>\$ 1,844,556</u>	<u>\$ (85,004)</u>	<u>\$ 43,409</u>	<u>\$ (707)</u>	<u>\$ (6,779)</u>	<u>\$ 1,795,475</u>

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	<u>734,916</u>	<u>(24,248)</u>	<u>(11,457)</u>	<u>699,211</u>
	<u>\$ 1,874,903</u>	<u>\$ (18,917)</u>	<u>\$ (11,430)</u>	<u>\$ 1,844,556</u>

## 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
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic unlisted shares	\$ -	\$ -	\$ 29,096	\$ 29,096

December 31, 2019

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<u>Financial assets at FVTOCI</u>				
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

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

For the year ended December 31, 2019

	<b>Financial Assets at FVTOCI Equity Instruments</b>
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	<u>(45,140)</u>
Balance at December 31, 2019	<u>\$ 37,890</u>

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

	<u>December 31</u>	
	<u>2020</u>	<u>2019</u>
<u>Financial assets</u>		
Financial assets at FVTOCI	\$ 29,096	\$ 37,890
Financial assets at amortized cost (Note 1)	7,199,746	4,772,070
<u>Financial liabilities</u>		
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.

	<b>U.S. Dollar Impact</b>		<b>Japanese Yen Impact</b>	
	<b>For the Year Ended</b>		<b>For the Year Ended</b>	
	<b>December 31</b>		<b>December 31</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
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:

	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
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

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

December 31, 2019

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

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

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

**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

<u>Related Party</u>	<u>Relationship with the Group</u>
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

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

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)

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

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

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

e. Manufacturing and operating expenses

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

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

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

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

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

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2020</b>	<b>2019</b>
<u>Accounts payable - related parties</u>		
Shinny Plastics Corp	\$ 92,201	\$ 105,049
Tony Material LLC	<u>17,518</u>	<u>13,665</u>
	<u>\$ 109,719</u>	<u>\$ 118,714</u>

Other payables - related parties

Tony material LLC	\$ 11,940	\$ 15,929
Wistorn InfoComm (Zhongshan)	2,925	-
Other related parties	<u>8</u>	<u>-</u>
	<u>\$ 14,873</u>	<u>\$ 15,929</u>

h. Lease arrangements

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

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

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

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

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:

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

### 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:

<u>Guarantor</u>	<u>Guaranteed Person</u>	<u>Guarantee Amount</u>
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

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
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
<u>Financial liabilities</u>			
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

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount</b>
<u>Financial assets</u>			
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
<u>Financial liabilities</u>			
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

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

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

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

e. Information about major customers

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

	<b>For the Year Ended December 31</b>	
	<b>2020</b>	<b>2019</b>
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

## 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.

## 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.

**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	<u>Shares</u> 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.

## 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 INVESTEEES 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:

- Direct investment
- Indirect investment through a holding company registered in a third region
- 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 GLT-Shanghai GLT-Optical	c	Accounts receivable - related parties	\$ 39,680	Open account 60 days	-
			c	Sales	221,083	Based on agreement	2
			c	Sales	349	Based on agreement	-
			c	Other receivables - related parties - current portion	199,360	Terms of financing	2
2	Solid State OPTO	GLT-USA GLT-Optical	c	Accounts receivable - related parties	70,508	Open account 60 days	1
			c	Sales	843,322	Based on agreement	8
			c	Other receivables - related parties - current portion	136,704	Terms of financing	1
3	Solid State Technology	GLT-Shanghai GLT-Optical	c	Accounts receivable - related parties	798,220	Open account 60 days	6
			c	Sales	1,976,116	Based on agreement	18
			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 Solid State OPTO GLT-Taiwan Solid State Display GLT-Zhongshan	c	Sales	6	Based on agreement	-
			c	Accounts receivable - related parties	1,539,421	Open account 60 days	12
			c	Sales	3,858,213	Based on agreement	34
			c	Accounts receivable - related parties	6,965	Open account 60 days	-
			c	Sales	32,289	Based on agreement	-
			c	Accounts receivable - related parties	10	Open account 60 days	-
			c	Sales	186	Based on agreement	-
c	Interest revenue	1,086	Based on agreement	-			
6	GLT-Zhongshan	GLT-Taiwan GLT-Suzhou OPTO Solid State Display	c	Accounts receivable - related parties	72,069	Open account 60 days	1
			c	Sales	262,148	Based on agreement	2
			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	-	-
			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	-
		GLT-Optical	c	Sales	850	Based on agreement	-
			c	Other receivables - related parties	408	Open account 60 days	-
			c	Interest revenue	2,234	Based on agreement	-
		Solid State OPTO	c	Other receivables - related parties - current portion	221,247	Terms of financing	2
			c	Gain on disposal of property, plant and equipment	2,596	-	-
		GLT-Shanghai	c	Accounts receivable - related parties	58,705	Open account 60 days	-
			c	Sales	183,173	Based on agreement	2
		Solid State Technology	c	Accounts receivable - related parties	290	Open account 60 days	-
c	Sales		2,825	Based on agreement	-		
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.

**Global Lighting Technologies Inc.**



**Chairman : Mang-Shiang Lee**

