Stock Code：6664

Group Up Industrial Co.,Ltd.

2020 Annual Report

PCB
IC Substrate

FPC/COF
FPC COF
RFID
SMART CARD
FILM TP
E-LABEL
Flex Display

Display
Touch Panel
Cover / Back
Semiconductor

2021.05.24
http://mops.twse.com.tw
http://www.gpline.com.tw

Contact of the Company

Spokesperson
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Phone:(03)485-3536
Email：bill.yu@gpline.com.tw

Deputy Spokesperson
Name: Mr.Ray Hung
Phone:(03)485-3536
Email：ray.hung@gpline.com.tw

Address and Phone

Headquarter:No.188, He-Ping Road, Yang-Mei District, Taoyuan City
Phone:(03)485-3536

Stock agency

Name:Grand Fortune Securities Co.Ltd.
Address: 6F, No.6, Section 1, Zhong Xiao West Road,Taipei City
Website: http://www.gfortune.com.tw
Phone: (02)2383-6888

Certified Accountant for the most recent financial statements

Accountant:Ms.Chen, Pei-Chi and Mr. Lin, Heng-Shen
Name of Accounting Firm：KPMG Accounting Firm
Address: 68F, No. 7, Section 5, Xinyi Road,Taipei City
Website: http://www.kpmg.com.tw
Phone: (02)8101-6666

The name of trading location where overseas securities are listed for trading and query the information of overseas securities：N/A

Official website of the Company: http://www.gpline.com.tw

Contents

1. The Report to Shareholders

The Company's 2020 annual turnover is NT$1,614,244,000, which is a decrease of NT$54,042,000 or approximately 3.24% compared with 2019 annual turnover of NT$1,668,286,000. The net profit after tax is NT$310,937,000 and earnings per share (EPS) is NT$5.65 which the details go as follows:

Unit：NT$ 1,000；%

Items	2020	2019	Increase (decrease)	%
Operating income	1,614,244	1,668,286	(54,042)	(3.24)
Operating cost	895,803	1,053,556	(157,753)	(14.97)
Operating margin	718,441	614,730	103,711	16.87
Operating expenses	286,335	272,487	13,848	5.08
Business revenue	432,106	342,243	89,863	26.26
Non-operating income (expenditure)	(49,965)	30,912	(80,877)	(261.64)
Pre-tax benefits	382,141	373,155	8,986	2.41

Operating income in 2020 decreased by 3.24% compared with 2019, mainly due to the decrease in PCB process equipment in 2020 compared with 2019; operating gross profit from 2020 to 2019 was NT$ 718,441,000 and NT$ 614,730,000 respectively, and operating gross profit margin was 44.51% and 36.85, respectively. Gross profit margin change 20.79%, due to product mix differences and R&D results; 2020~2019 operating profit is divided into NT$432,106,000 and 342,243,000, operating profit ratio is divided into 26.77% and 20.51%. Operating profit and business profit rate increased, mainly due to the increase in gross profit margin; the change in non-operating income (expenditure) was mainly due to exchange loss caused by the sharp appreciation of exchange rate in 2020. The revenue by product is as follows:

Unit：NT$ 1,000；%

year / Products	2020		2019	
	revenue	%	revenue	%
PCB equipment	1,137,982	70.50	1,307,492	78.37
Display equipment	45,501	2.82	74,432	4.46
Others	430,761	26.68	286,362	17.17
total	1,614,244	100.00	1,668,286	100.00

Company profitability

Unit：%

items		2020	2019	2018
profitability	Return on assets (%)	8.78	8.64	8.25
	Return on equity (%)	16.71	16.64	16.69
	Net profit before tax to capital ratio (%)	69.48	67.85	59.74
	Net profit rate (%)	19.26	17.81	15.98
	Earnings per share(NT$)	5.65	5.40	5.10

The year of 2020 return on assets was 8.78%, the return on equity was 16.71%, the pre-tax net profit to paid-in capital ratio was 69.48%, net profit ratio was 19.26%, and overall profitability was 5.65 NT$ per share, which were all better than that of the year 2019.

Overview of the Company:

The Company is mainly engaged in the design, manufacturing and assembly, sales and after-sales service of special machinery for PCB and semiconductor production. It provides four major technologies of coating, baking, exposure and automation for printed circuit boards, displays and touch panels, and special glass cover applications. etc.; GP continues to devote itself to the production of high-end rigid boards, flexible boards, multilayer boards and IC substrates and other process equipment sets used in the production, and customized production equipment lines with high quality and efficiency for customers with the actual demand of the production line. More than 30 years, GP is professional at integration of automation equipment, software customization design used for the control of intelligent human-machine synchronization, and even the integration of production capacity expansion. Factory planning and vertical integration services are the company's professional service items. In addition, for single machines that can be used as a single unit in the circuit board manufacturing process of electronics, semiconductors, and semi-automatic exposure machines, various types of pre-cure ovens and various precision equipment, etc. are the first choices of many manufacturers throughout Taiwan and Mainland China. At present, the purpose and scope of Industry 4.0 have been actively by GP applied to the process equipment production lines of various industries to achieve the purpose of smart manufacturing.

Development plan for the future:

(1) Short-term planning

- Based on the existing LCD industry CIM system architecture support, the semiconductor industry SECS/GEM300 agreement support equipment performance and experience accumulation, the equipment intelligent manufacturing enhancement; GP responds to the client's smart factory construction trend, enhance the market competitive advantage.
- Continue to make alliances with peers to jointly construct a turnkey solution, expand new customers and actively strive for orders.
- Continue to develop the semiconductor, OLED, 3D cover glass, flexible electronics and other markets.

(2) Long-term planning

- Based on GP equipment customization development capabilities, to meet new process needs of existing customer and new potential market, developing and introducing next-generation process-specific equipment.
- Cooperate with the development of new upstream materials on the client side, develop special process equipment synchronously in the form of cross-industry alliances, and use materials and equipment to sell or recommend each other to create a win-win opportunity.
- Form alliances with major European, American, and Japanese manufacturers, cooperate with OEM/ODM and conduct market development.
- Continue to work to reduce possible risks caused by regional concentration and industrial concentration.

Sincere yours,

Mr. Chen, An Shun
Chairman of Board Director

I. History of the Company

2. Date of establishment

1990.1.24

3. History

1990

- Ministry of Economic Affairs approved the establishment and registration, and the paid-in capital was NT$5,000,000. The main business items are manufacturing and trading of automation hot air and curing related equipment.
- Developed Taiwan's first D/F_LPI dedicated double-sided irradiation UV machine, with patent.
- Developed Taiwan's first slab-type hot air conveyor oven, completed the installation and successfully mass-production.

1991

- Developed the first CURTAIN_COATING equipment in Taiwan, completed the installation and successfully mass-production.

1992

- Developed Taiwan's first direct-off-rack blackening oven, and the installation was completed and mass production was successful.

1993

- Completed the development of the metal halide ultraviolet lamp power supply system, and established an application team.
- Developed a special automatic conveyor oven for single-sided silver glue through holes.

1994

- Third-generation CURTAIN COATING equipment was successfully developed, and the production capacity was increased from 4 pieces/min to 8 pieces/min, setting a record for high-speed manufacturing operations.

1995

- Successfully developed and obtained a patent for PCB POSTCURE OVEN dust collection and oil filtration equipment.

1996

- The development of first-generation FPC process roll-to-roll special automatic equipment is completed.

1997

- The factory expanded due to production capacity and moved to a new factory office, at No. 8, Gaoqing Road, Yangmei District, Taoyuan City.

1998

- Developed Taiwan's first thin-plate clamp conveyor oven, completed the installation and successfully mass-produced.

1999

- ISO9001 quality certification.
- Formally launched exposure machine products.
- Successfully developed first vertical roller coating machine in Taiwan.

2000

- Roller coater has made a major breakthrough in technology, successfully applied to the FC/BGA/CSP process, and was introduced and published by Circuit Tree Journal in the United States.
- The light washer and hot plate machine were successfully introduced into the TFT-LCD manufacturing process.

2001

- Developed first automatic drying line for touch panels in Taiwan, and the installation was completed and mass production was successful.

2002

- Completed sixth generation of inner layer roller coating machine.

2003

- Developed Taiwan's first automatic electrostatic spray baking line, completed the installation and mass production.
- Roll-to-roll automatic alignment exposure line was successfully introduced into the market.

2004

- Roll-to-roll automatic pressing light successfully introduced into the market

- Roll-to-roll automatic laminating line was successfully introduced into the market

2005
- Invested in Suzhou Industrial Park to serve customers in central China area.

2006
- The sales of automatic roller coating and baking line broke through 200 lines.

2007
- The sales of automatic electrostatic spray coating line broke through 40 lines.

2008
- Large-scale automatic robotic arm curing furnace and optical channel oven for solar energy successfully introduced into the market.

2009
- Develop multi-layer hot-air hot-plate oven and other equipment and gradually introduce them into the market.
- Roll-to-roll automatic coating machine was successfully introduced into the optical film precision coating market.

2010
- Roll-to-roll air-floating oven was successfully introduced into the market.

2011
- Imported smartphone drying process equipment
- Selected as a BRIC company by China Credit Information Service in 2011.

2014
- Roll-to-roll dual-column exposure machine successfully introduced into the market.

2015
- Roll-to-roll vacuum laminator was successfully introduced into the market.
- Established Group Up Trading (Shenzhen) Co., Ltd. to serve customers in southern China area.
- Expansion of the factory due to capacity demand, relocated to a new factory office, No. 188, Heping Road, Yangmei District, Taoyuan City.

2016
- The mSAP process dedicated automatic drying line was successfully introduced into the market.
- Obtained 100% equity of GP Technology (Suzhou Industrial Park) Co., Ltd. due to business development.

2017
- Selected as a BRIC company in 2017 by China Credit Information Service.
- Commonwealth Magazine ranked 1278 in the top 2000 rankings of manufacturing industries published in 2017, of which the business growth rate item ranked 77th, and profitability ranked 54th.
- Handle the public issuance of stocks and log in to the counter market for trading

2018
- Commonwealth Magazine ranked 1090 among the top 2000 publishing manufacturing industries.
- The company's stock is listed on the Taiwan Exchange, stock code: 6664.

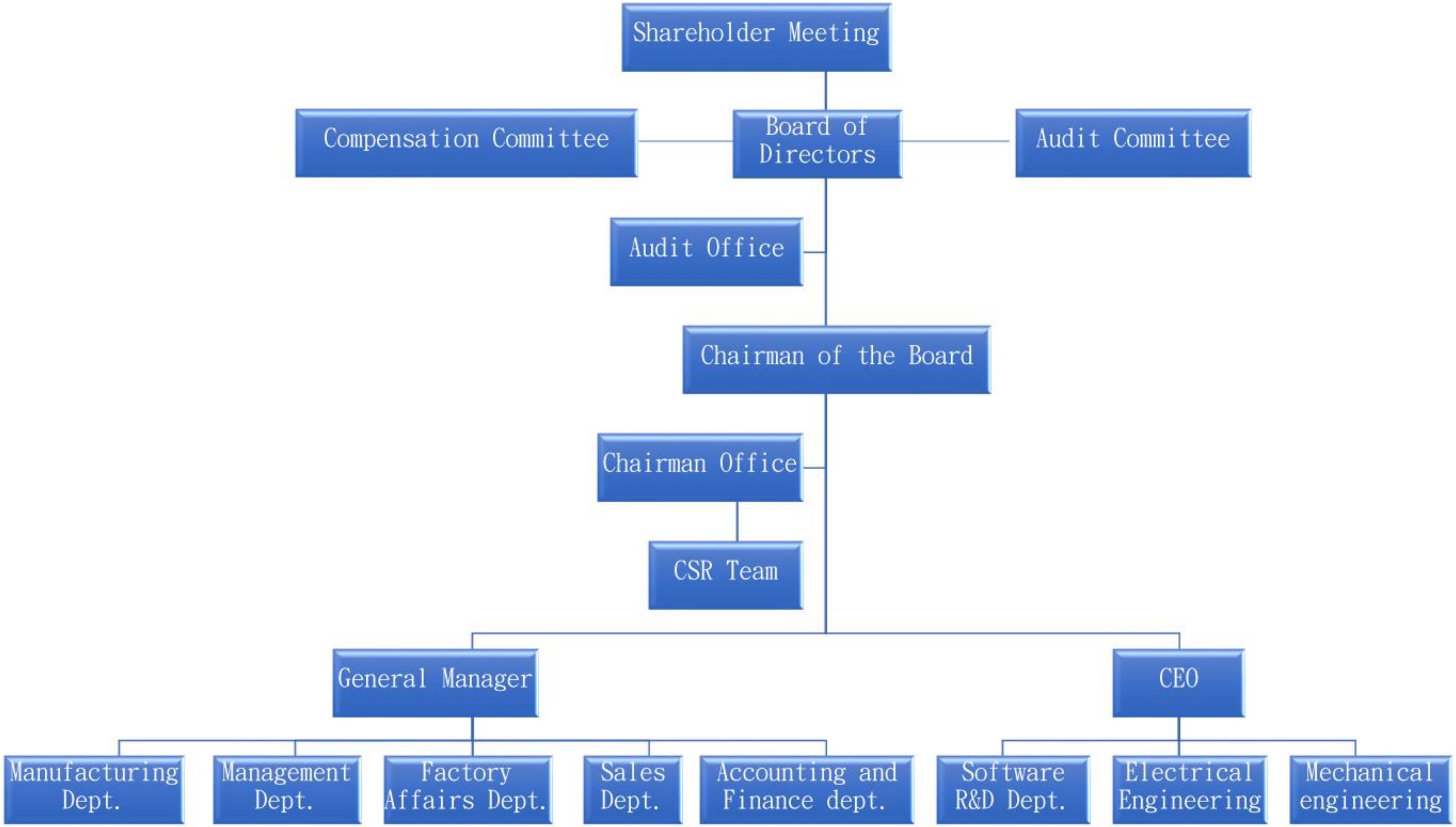
2019
- Successfully developed advanced semiconductor packaging drying equipment
- The first domestic manufacturer of PCB circuit board baking equipment that has passed the TPCA certification of safety regulations for oven type.
- Promote PCB smart manufacturing, and jointly develop PCBECI equipment communication protocol with the TPCA Association.
- Successfully imported equipment for baking special-shaped curved glass in vehicles from major American customer.

2020
- Intellectual Property Bureau ranked 50th in the top 100 corporate patent applications.
- ISO9001:2015 management system certification.
- Commonwealth Magazine ranked no.1076 among the top 2000 manufacturing company.
- Progress in the 7th Corporate Governance Evaluation, ranking top 36~50%

II. Corporate Governance Report

1. System of the Company

(1) Organizational structure



(2) Department and Function

Department	Role and Function
Chairman and CEO	Planning and execution of R&D development, manufacturing planning and technology development
General Manager	Corporate strategic planning, promotion and supervision
Chairman office	1. Formulation of company's long-term business development strategy 2. Planning and contract review for foreign investment and mergers and acquisitions 3. Planning and execution of corporate social responsibility, public relations activities, media contact and other related matters 4. Meeting affairs of board of directors and shareholders meeting 5. Drafting of the company's short- and medium-term business objectives, guidelines, and implementation policies 6. Implementation of board resolutions
Audit office	1. Promote and coordinate the self-inspection operation of relevant internal control implementation of various departments 2. Check whether the company's internal control continues to operate and comply with laws and regulations, and whether the operating activities are implemented as planned, and propose improvements in a timely manner
Manufacturing Department	1. Improve process smoothness 2. Control of the actual production process 3. Production, outsourcing operations and outsourcing vendor management 4. Execute production schedule and manufacture by order
Management Department	1. Management method development, manpower organization planning 2. Execution of salary and attendance 3. Planning and execution of general administrative affairs and asset management operations
Factory Affairs Department	1. Coordinate the schedule and inventory delivery of each product 2. Establishment and implementation of procurement plan 3. Supplier Evaluation and Management 4. Quality system planning and quality management plan drafting 5. Production process quality inspection 6. Supplier Quality System Audit 7. Project file and material number management
Sales Department	1. Analysis of market information, customer products and industry change data 2. Sales plan, strategy and target formulation and execution 3. Customer relationship management, account management, customer complaint tracking and order management 4. Project progress planning and tracking, program control during manufacturing and shipment
Accounting and Finance Department	1. Financial scheduling and analysis, budget planning and tracking 2. Accounting management, cost control, report analysis 3. Execution of stock affairs operation process and management of reinvestment
Mechanical Engineering Electrical Engineering Software Research and Development	1. Product specification development and formulation 2. Advanced technology research and development 3. Process technology improvement research and development 4. Evaluation of selection of materials and parts

2. Information of board directors, general manager, vice general managers, associates, managers of various departments

(1) basic information of board directors and independent directors

2021.04.27；Unit：share；%

Title	Country	name	gender	Inauguration date	term	Appointment date	Holding shares at the time of appointment		Number of shares currently held		Spouse, Children hold shares now		Holding shares in the name of another person		Experiences/academic background	Concurrently holding positions in the company and others	Other supervisors, directors or supervisors with spouse or second relative relationship			Note
							shares	%	shares	%	shares	%	shares	%			title	name	relationship	
Chairman of Board	R.O.C.	A.S.Chen	male	2018.02.22	3 years	1990.01.24	879,408	1.76%	879,408	1.6%	892,211	1.62%	—	—	Bachelor of Mechanical Engineering Taipei City University of Science & Technology,TPCU Manager of Design Dept. CSUN Industrial Co.Ltd.	Chairman of Group Up Industrial Co.Ltd. Supervisor of Zhanhong Investment Co., Ltd. GROUP UP (SAMOA) LTD	Sales vice general manager	Asui Chen	brother	Chairman and CEO are the same person (Note 1)
	R.O.C.	Zhanhong Investment Co., Ltd.	—	2018.02.22	3 years	2017.6.12	2,755,104	5.51%	2,755,104	5.01%	—	—	—	—	n/a	—	n/a	n/a	n/a	—
Board Director	R.O.C.	Lee, Jung-Kung	male	2018.02.22	3 years	1990.01.24	913,148	1.83%	913,148	1.66%	1,335,812	2.43%	—	—	Dept. of Mechanical Engineering Xiehe Vocational High School Manager of Sales Dept. CSUN Industrial Co.Ltd.	General Manager of Group Up Industrial Co.Ltd. Supervisor of Yufeng Investment Co., Ltd.	—	—	—	—
	R.O.C.	Yufeng Investment Co., Ltd.	—	2018.02.22	3 years	2017.6.12	2,757,309	5.51%	2,757,309	5.01%	—	—	—	—	n/a	—	n/a	n/a	n/a	—
Board Director	R.O.C.	Lai, Wen-Chang	male	2018.02.22	3years	1990.01.24	976,853	1.95%	976,853	1.78%	878,521	1.6%	—	—	Bachelor of Mechanical Engineering Chien Hsin University of Science and Technology Manager of Quality Management CSUN Industrial Co.Ltd.	Vice general manager of Group Up Industrial Co.Ltd. Supervisor of Hongyi Investment Co., Ltd.	—	—	—	—
	R.O.C.	Hongyi Investment Co., Ltd.	—	2018.02.22	3 years	2017.6.12	2,758,119	5.52%	2,758,119	5.01%	—	—	—	—	n/a	—	n/a	n/a	n/a	—

Title	Country	name	gender	Inauguration date	term	Appointment date	Holding shares at the time of appointment		Number of shares currently held		Spouse, Children hold shares now		Holding shares in the name of another person		Experiences/academic background	Concurrently holding positions in the company and others	Other supervisors, directors or supervisors with spouse or second relative relationship			Note
							shares	%	shares	%	shares	%	shares	%			title	name	relationship	
Board Director	R.O.C.	Yu,Bill	male	2018.02.22	3 years	79.01.24	857,097	1.71%	857,097	1.56%	925,036	1.68%	—	—	Bachelor of Electrical Engineering National Taipei University of Technology Manager of Sales Dept. CSUN Industrial Co.Ltd.	Vice general manager of Group Up Industrial Co.Ltd. Board Director of Living Water Investment Co., Ltd. Representative of Wangqun Technology (Suzhou Industrial Park) Co., Ltd. Representative of Qunyi Trading (Shenzhen) Co., Ltd.	—	—	—	—
	R.O.C.	Living Water Investment Co., Ltd.	—	2018.02.22	3 years	2017.6.12	2,760,712	5.52%	2,760,712	5.02%	—	—	—	—	n/a	—	n/a	n/a	n/a	—
Board Director	R.O.C.	Dai , Shui-Chuan	male	2018.02.22	3 years	2015.10.30 (Note 2)	80,000	0.16%	80,000	0.15%	—	—	—	—	Fu-Hsin Trade and Arts School General Manager, Xiefeng Mingban Printing Co., Ltd.	Chairman of the Board Pizazzy International Co. Ltd.	—	—	—	—
Board Director	R.O.C.	Kao, Chuan Chih	male	2018.02.22	3 years	2018.02.22	30,000	0.06%	30,000	0.05%	—	—	—	—	Bachelor of Mechanical Engineering Taipei City University of Science & Technology,TPCU Board Director, Xie-He-Xing Precision Machinery (Kunshan) Co., Ltd.	no	—	—	—	—
Independent director	R.O.C.	Li, Robert	male	2018.02.22	3years	2018.02.22	—	—	—	—	—	—	—	—	Industrial Management Institute National Cheng-Kung University, NCKU Vice General Manager, Chi-Feng Plastic Co., Ltd.	no	—	—	—	—

Title	Country	name	gender	Inauguration date	term	Appointment date	Holding shares at the time of appointment		Number of shares currently held		Spouse, Children hold shares now		Holding shares in the name of another person		Experiences/academic background	Concurrently holding positions in the company and others	Other supervisors, directors or supervisors with spouse or second relative relationship			Note
							shares	%	shares	%	shares	%	shares	%			title	name	relationship	
Independent director	R.O.C.	Hung, Ching-Chang	male	2018.02.22	3years	2018.02.22	—	—	2,000	0.003%	—	—	—	—	Dept. of Welding Engineering Cranfield University General Manager, He-Zeng Technology Co., Ltd.	no	—	—	—	—
Independent director	R.O.C.	Chen, Ming Hsing	male	2018.02.22	3years	2018.02.22	—	—	—	—	—	—	—	—	MBA, National Singapore University Consultant, Taiwan Printed Circuit Association (TPCA)	TPCA Consultant	—	—	—	—

Note 1: Chairman of the company concurrently serves as the chief executive officer, mainly because he is the founding major shareholder of the company, leading the whole team to continue to grow and achieve good performance. for the interests of shareholders and the company, it is the best choice under his leadership.

Note 2: The independent director was elected for the first time on October 30, 2015, and in conjunction with the general re-election of directors at the interim shareholders' meeting on February 22, 2018. In accordance with the company's charter, an audit committee was then formed by all independent directors to replace the supervisors, so the original supervisors were in 2018 He was automatically dismissed on February 22, 2018 and was changed to the position of board director.

1.Main shareholders of Corporate shareholders

2021.4.27

Name	Main shareholders
Zhanhong Investment Co., Ltd.	Chen, A.S.(30.00%)、Yang,Yue Zhan(30.00%)、Chen, Hung Chan (13.34%)、Chen, Leyla (13.33%)、Chen, Yu Xuan(13.33%)
Yufeng Investment Co., Ltd.	Lee, Jung-Kung(30.00%)、Lin, Chin Jong (30.00%)、Lee, Wan-Ting(20.00%)、Lee, Hsin-Yun(20.00%)
Hongyi Investment Co., Ltd.	Lai, Wen-Chang(25.00%)、Lai, Ying zhi(25.00%)、Lai, Ying Yun(25.00%)、Wang, Yumei (25.00%)
Living Water Investment Co., Ltd.	Yu, Bill(30.00%)、Feng, Yixin (30.00%)、Yu, Vivienn(20.00%)、Yu, Zhekuan (20.00%)

2.Professional knowledge and independence of directors or supervisors

Name	More than 5 years of work experiences And the following professional qualifications			Independence Circumstances（note）												Number of independent directors concurrently serving as other public offering companies
	Lecturers in public /private universities in relevant areas required for business, legal affairs, finance, accounting or business	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examination required for business with the company and have certificates	Working experience required for business, legal affairs, finance, accounting or business	1	2	3	4	5	6	7	8	9	10	11	12	
Chen, An Shun	—	—	✓	—	—	—	✓	—	✓		✓	✓	—	✓	✓	—
Lee, Jung-Kung	—	—	✓	—	—	—	✓	—	✓		✓	✓	—	✓	✓	—
Lai, Wen-Chang	—	—	✓	—	—	—	✓	—	✓	✓	✓	✓	—	✓	✓	—
Yu, Bill	—	—	✓	—	—	—	✓	—	✓	✓	✓	✓	—	✓	✓	—
Dai , Shui-Chuan	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Kao, Chuan Chih	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Li, Robert	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Hung, Ching-Chang	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
Chen, Ming-Hsing	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—

Note: All directors and supervisors who meet the following conditions two years before the election and during their tenure, please type in the box above with each condition type in "✓"

(1) Non-employees of the company or its affiliates.

(2) Directors and supervisors of companies other than the company or its affiliates (except if the company and its parent company, subsidiary, or subsidiary of the same parent company are independent directors set up in accordance with this law or local laws and regulations to concurrently serve each other, this is not the case).

(3) Non-self, spouse, minor children or other natural person shareholders who hold more than 1% of the total issued shares of the company or hold the top 10 shares in the name of others.

(4) The spouse, relatives within the second or third relatives of the managers listed in (1) or the persons listed in (2) and (3) or the direct blood relatives within the third.

(5) Directors of corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, hold the top five shares, or appoint a representative as the company's director or supervisor in accordance with Article 27, Item 1 or Item 2 of the Company Law, Supervisors or employees (except for independent directors established by the company and its parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local laws and regulations).

(6) More than half of the non-company directors or voting shares are directors, supervisors or employees of other companies controlled by the same person (but if the company or its parent company, subsidiary or child of the same parent company Independent directors established by the company in accordance with this law or local laws and regulations concurrently serve each other, except for this limitation).

(7) Directors (directors), supervisors (supervisors) or employees of other companies or institutions who are not the same person or spouse as the chairman, general manager or equivalent positions of the company (but if the company and its parent company , Subsidiaries or subsidiaries of the same parent company in accordance with this law or local laws and regulations set up independent directors to concurrently serve each other, not subject to this

limitation).

(8) Directors, supervisors, managers, or shareholders holding more than 5% of shares of a specific company or organization that are not in financial or business dealings with the company (but if a specific company or organization holds the company's issued shares The total number is more than 20%, but not more than 50%, and independent directors established by the company and its parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local laws and regulations concurrently serve each other, not limited to this).

(9) Professionals, sole proprietorships, partnerships, companies or organizations that are not professionals, sole proprietors, partnerships, companies, or organizations that provide audits for companies or affiliated companies, or whose accumulated remuneration in the last two years does not exceed NT$500,000. Business owners, partners, directors, supervisors, managers and their spouses. However, this does not apply to members of the Compensation Committee, Public Acquisition Review Committee, or M&A Special Committee who perform their duties in accordance with the Securities Exchange Act or the relevant laws and regulations of Corporate Mergers and Acquisitions Act.

(10) There is no relative relationship with other directors within a spouse or second relative.

(11) There is no one of the conditions in Article 30 of the Company Law.

(12) No government, legal person or representative was elected as required by Article 27 of the Company Law.

(2) General Manager, Vice General Manager, Associate and Supervisors of Various Departments and Branches

2021.4.27；Unit：share；%

Title	Nationality	Name	Gender	Date of appointment	Shares held		Spouse and children holding shares		Holding shares in name of others		Main experiences and academic background	Currently concurrently holding positions in other companie	Managers with spouse or second relative relationship			Note
					Shares	%	Shares	%	shares	%			Title	Name	Relationship	
CEO	R.O.C.	Chen, An Shun	Male	1990.01.24	879,408	1.60%	892,211	1.62%	—	—	Bachelor of Mechanical Engineering Taipei City University of Science & Technology,TPCU Manager of Design Dept. CSUN Industrial Co.Ltd.	Supervisor of Zhanhong Investment Co., Ltd. Chairman and CEO of Group Up Industrial Co.Ltd.	Sales Vice GM	Chen, Asui	Brother	Chairman and CEO are the same person(note 1)
General Manager	R.O.C.	Lee, Jung-Kung	Male	1990.01.24	913,148	1.66%	1,335,812	2.42%	—	—	Dept. of Mechanical Engineering Xiehe Vocational High School Manager of Sales Dept. CSUN Industrial Co.Ltd.	Supervisor of Yufeng Investment Co., Ltd. General Manager of Group Up Industrial Co.Ltd.	—	—	—	
Manufacturing Vice GM	R.O.C.	Lai, Wen-Chang	Male	1990.01.24	976,853	1.78%	878,521	1.60%	—	—	Bachelor of Mechanical Engineering Chien Hsin University of Science and Technology Manager of Quality Management CSUN Industrial Co.Ltd.	Supervisor of Hongyi Investment Co.Ltd. Vice GM of Group Up Industrial Co.Ltd.	—	—	—	
Management Vice GM	R.O.C.	Yu, Bill	Male	1990.01.24	857,097	1.56%	925,036	1.68%	—	—	Bachelor of Electrical Engineering National Taipei University of Technology Manager of Sales Dept. CSUN Industrial Co.Ltd.	Board Director of Living Water Investment Co., Ltd. Vice General Manager of Group Up Industrial Co., Ltd.	—	—	—	
Sales Vice GM	R.O.C.	Chen, Asui	Male	2000.11.20	210,836	0.38%	—	—	—	—	Master of Materials Science Engineering Institute, National Tsinghua University Deputy Manager of Taiwan Mitsubishi Corporation	No	CEO	Chen, A.S.	Brother	
Sales Associate Manager	R.O.C.	Lee, Brent	Male	2006.07.01	33,461	0.06%	—	—	—	—	Ph.D., Institute of Electronic Engineering, Zhongyuan University Assistant Professor, Lingdong University of Science and Technology	No	—	—	—	
R&D Associate Manager	R.O.C.	Chen, Xiurong	Male	2000.04.10	109,460	0.20%	136,977	0.25%	—	—	Bachelor of Mechanical Engineering, National United University Engineer, Whirlho Company	No	—	—	—	
Accounting & Finance, Corporate Governance Manager	R.O.C.	Shen, Wendy	Female	2000.12.21	70,000	0.13%	—	—	—	—	Bachelor of Accounting, Fu Jen Catholic University Team Manager of Deloitte Accounting Firm	No	—	—	—	

Note 1: The chairman of the company concurrently serves as CEO, mainly because he is founding major shareholder of the company, leading the company to continue to grow and achieve good results. It is the best choice for the interests of shareholders and the company.

3. Remuneration of Directors, Supervisors, General Managers and Vice General Managers

(1) Remuneration paid to directors in the most recent year (2020)

Unit：NT$1,000；Share

Title	Name	Remuneration of Directors								The proportion of items A, B, C and D to net profit after tax (Note10)		Receiving employee-related remuneration								A, B, C, D, E, F, and G as a percentage of total net profit after tax (Note 10)		Whether to receive remuneration from non-subsidiary investment (Note 11)
		Remuneration (A)(Note2)		Pension(B)		Reward(C) (Note3)		Execution Cost(D) (Note4)				Salaries, bonuses and special expenses, etc. (E) (Note 5)		Pension(F)		Reward((G) (Note6)						
		GP	All companies in the report (Note7)	GP	All companies in the report (Note7)	GP	All companies in the report (Note7)	GP	All companies in the report (Note7)	GP	All companies in the report (Note7)	GP	All companies in the report (Note7)	GP	All companies in the report (Note7)	GP		All companies in the report (Note7)		GP	All companies in the report (Note7)	
																By cash	By share	By cash	By share			
Chairman	Chen, An-Shun	1,452	1,452	-	-	2,910	2,910	108	108	1.44%	1.44%	12,551	12,551	-	-	3,700	-	3,700	-	6.66%	6.66%	-
Board Director	Lee, Jung-Kung																					
Board Director	Lai,Wen-Chang																					
Board Director	Yu, Bill																					
Board Director	Dai , Shui-Chuan																					
Board Director	Kao, Chuan Chih																					
Independent Director	Li, Robert	726	726	-	-	1,090	1,090	54	54	0.60%	0.60%	-	-	-	-	-	-	-	-	0.60%	0.60%	-
Independent Director	Hung, Ching-Chang																					
Independent Director	Chen, Ming-Hsing																					

1. Please state the policy, system, standards and structure of the remuneration payment for independent directors, and state the relevance to the amount of remuneration based on the responsibilities, risks, and time invested: it is based on the company's "directors, supervisors and managers" Salary payment method.
2. Except as disclosed in the above table, the remuneration received by the directors of the company for providing services to all companies in the financial report (such as serving as a consultant for non-employees, etc.) in the most recent year: None.

Table of Remuneration scale (2020)

Remuneration to each director of the Company	Name of Board Directors			
	The total amount of the first four remunerations (A+B+C+D)		The total amount of the first seven remunerations (A+B+C+D+E+F+G)	
	The Company (note8)	All companies in this financial report H (note9)	The Company (note8)	All companies in this financial report I (note9)
< NT$ 1,000,000	Chen An Shun, Zhanhong Investment Company, Lee Rung Kun, Yufeng Investment Company, Lai Wen Chang, Hongyi Investment Company, Yu Bill, Living Water Investment Company, Dai Shui Chuan, Kao Chuanchih, Li Robert, Hung Chingchang, Chen Ming Hsing	Chen An Shun, Zhanhong Investment Company, Lee Rung Kun, Yufeng Investment Company, Lai Wen Chang, Hongyi Investment Company, Yu Bill, Living Water Investment Company, Dai Shui Chuan, Kao Chuanchih, Li Robert, Hung Chingchang, Chen Ming Hsing	Zhanhong Investment Company,Yufeng Investment Company, Hongyi Investment Company, Living Water Investment Company, Dai Shuiquan, Gao Quanzhi, Li Jinde, Hong Qingchang, Chen Mingxing	Zhanhong Investment Company,Yufeng Investment Company, Hongyi Investment Company, Living Water Investment Company, Dai Shuiquan, Gao Quanzhi, Li Jinde, Hong Qingchang, Chen Mingxing
NT$ 1,000,000～NT$ 1,999,999				—
NT$ 2,000,000～NT$ 3,499,999	—	—	—	—
NT$ 3,500,000～NT$ 4,999,999	—	—	Lai, Wen Chang Yu, Bill	Lai, Wen Chang Yu, Bill
NT$ 5,000,000～NT$ 9,999,999	—	—	Chen, An Shun Lee, Jung Kung	Chen, An Shun Lee, Jung Kung
NT$ 10,000,000～NT$ 14,999,999	—	—	—	—
NT$ 15,000,000～NT$ 29,999,999	—	—	—	—
NT$ 30,000,000～NT$ 49,999,999	—	—	—	—
NT$ 50,000,000～NT$ 99,999,999	—	—	—	—
NT$ 100,000,000 and more	—	—	—	—
Total number of directors	13	13	13	13

Note 1: The names of directors should be listed separately (corporate shareholders should separately list the names of legal person shareholders and their representatives), and general directors and independent directors should be listed separately, and the payment amounts should be disclosed in a summary manner.

Note 2: Refers to the remuneration of directors in the most recent year (including directors' salary, post bonus, severance payment, various bonuses, incentives, etc.).

Note 3: This is the amount of directors' remuneration approved by the board of directors in the most recent year.

Note 4: Refers to the director's relevant business execution expenses in the most recent year (including carriage fees, special expenses, various allowances, dormitories, car allocation, etc.). When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration.

Note 5: Refers to the salary received by concurrent directors (including concurrent general manager, deputy general manager, other managers and employees) in the most recent year, including salary, post bonus, severance payment, various bonuses, incentives, carriage fees, special expenses, various Allowances, dormitories, car distribution and other in-kind provision, etc. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share Basic Benefits", including obtaining employee stock options, restricting employee rights, new shares, and participating in cash capital increase subscription for shares, should also be included in remuneration.

Note 6: Refers to those who have received employee remuneration (including stocks and cash) for concurrent directors (including concurrently serving as general manager, deputy general manager, other managers and employees) in the most recent year, and the amount of employee remuneration approved by the board of directors in the most recent year shall be disclosed. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached table 1-3 shall be filled in.

Note 7: The total amount of remuneration paid to the directors of the company by all companies (including the company) in the consolidated report should be disclosed.

Note 8: The company pays the total amount of remuneration to each director, and reveals the name of the director in the attribution level.

Note 9: The total amount of remuneration paid to each director of the company by all companies (including the company) in the consolidated report should be disclosed, and the names of the directors should be disclosed in the attribution level.

Note 10: Net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.

Note 11: a. This column should clearly indicate the amount of relevant remuneration received by the directors of the company from the subsidiary company or the parent company (if none, please fill in "none").

b. If the directors of the company receive relevant remuneration from the out-of-subsidiary investment business or the parent company, the remuneration received by the company directors from the out-of-subsidiary investment business or the parent company shall be included in column I of the remuneration scale table. And change the field name to "parent company and all reinvested businesses".

c. Remuneration refers to the remuneration, remuneration (including remuneration of employees, directors and supervisors) and business execution expenses received by the directors of the company as directors, supervisors or managers of non-subsidiary investment enterprises or parent companies remuneration.

* The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

(二) Supervisor's remuneration: The company has changed to an audit committee, therefore not applicable.

(三) Remuneration paid to general manager and deputy general managers in 2020

Unit：NT$1,000

Title	Name	Remuneration(A) (Note2)		Pension(B)		Bonuses and special expenses, etc. (C) (Note3)		Employee Remuneration(D) (Note4)				The proportion of the four items A, B, C and D to net profit after tax（%）(Note8)		Whether to receive remuneration from non-subsidiary investment business (Note9)
		GP	All companies in the report(note5)	GP	All companies in the report(note5)	GP	All companies in the report(note5)	GP		All companies in the report(note5)		GP	All companies in the report(note5)	
								cash	share	cash	share			
CEO	Chen, An Shun	11,263	11,263	-	-	3,510	3,510	4,350	-	4,350	-	6.15%	6.15%	—
General Manager	Lee, Jung Kung													
Manufacturing Vice GM	Lai,Wen Chang													
Management Vice GM	Yu, Bill													
Sales Vice GM	Chen, Asui													

Table of Remuneration scale (2020)

Remuneration levels paid to each general manager and deputy general manager of the company	Names	
	The Company(note6)	All companies in this reoport(E)(note7)
< NT$1,000,000	—	—
NT$ 1,000,000～NT$ 1,999,999	—	—
NT$ 2,000,000～NT$ 3,499,999	Chen, Asui	Chen, Asui
NT$ 3,500,000～NT$ 4,999,999	Chen, An Shun / Lee, Jung Kung / Lai, Wen Chang / Yu, Bill	Chen, An Shun / Lee, Jung Kung / Lai, Wen Chang / Yu, Bill
NT$ 5,000,000～NT$ 9,999,999	—	—
NT$ 10,000,000～NT$ 14,999,999	—	—
NT$ 15,000,000～NT$ 29,999,999	—	—
NT$ 30,000,000～NT$ 49,999,999	—	—
NT$ 50,000,000～NT$ 99,999,999	-	-
NT$ 100,000,000 and more	-	-
Total number of directors	5	5

Note 1: The names of the general manager and deputy general managers should be listed separately, and the payment amounts should be disclosed in a summary manner.

Note 2: It is to fill in the most recent annual general manager and deputy general manager salaries, job bonuses, and severance pay.

Note 3: The amount of bonuses, incentives, carriage fees, special expenses, allowances, dormitories, car distribution, etc., provided by the general manager and deputy general managers in the most recent year, and other remunerations are listed. When providing housing, cars and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, the actual or fair market price rent, fuel and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver, but it will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share Basic

Benefits", including obtaining employee stock options, restricting employee rights, new shares, and participating in cash capital increase subscription for shares, should also be included in remuneration.

Note 4: Fill in the amount of employee compensation (including stocks and cash) approved by the board of directors to distribute the general manager and deputy general managers in the most recent year. If it cannot be estimated, the proposed distribution amount for this year will be calculated based on the actual distribution amount last year. Fill out Attachment One ter.

Note 5: The total amount of remuneration paid by all companies (including the company) to the general manager and deputy general managers of the company in the consolidated report should be disclosed.

Note 6: The company pays the total amount of remuneration to each general manager and deputy general manager, and reveals the names of the general manager and deputy general managers in the attribution level.

Note 7: The total amount of remuneration paid to each general manager and deputy general manager of the company by all companies (including the company) in the consolidated report should be disclosed, and the names of the general manager and deputy general managers should be disclosed in the attribution level.

Note 8: Net profit after tax refers to the net profit after tax of the individual or individual financial report in the most recent year.

Note 9:

a. This column should clearly state the amount of remuneration received by the general manager and deputy general manager of the company from the subsidiary company or the parent company (if none, please fill in "none").

b. If the general manager and deputy general managers of the company receive relevant remuneration from the subsidiary company or the parent company, the general manager and deputy general managers of the company shall transfer the remuneration received from the subsidiary company or the parent company. Incorporate it into column E of the remuneration grading table, and change the name of the column to "parent company and all reinvested businesses".

c. Remuneration refers to the remuneration, remuneration (including remuneration for employees, directors and supervisors) received by the general manager and deputy general managers of the company as directors, supervisors or managers of subsidiaries outside the investment business or parent company. Remuneration related to business execution expenses.

* The content of the remuneration disclosed in this table is different from the income concept of the income tax law, so the purpose of this table is for information disclosure and not for taxation.

(四) Name of the managers and distribution of compensation

2020.12.31；Unit：NT$1,000

Title	Name	Shares	Cash	Total Amount	Total amount of Proportion of net profit after tax（%）
CEO	Chen, An Shun	—	5,200	5,200	1.67%
General Manager	Lee, Jung Kung				
Manufacturing Vice GM	Lai, Wen Chang				
Management Vice GM	Yu, Bill				
Sales Vice GM	Chen, Asui				
Sales Associate Manager	Lee, Brent				
Research & Development Associate Manager	Chen, Xiurong				
Accounting & Finance, Corporate Governance Manager	Shen, Wendy				

(五) Analysis of the proportion of the total remuneration paid by the company and all companies in the consolidated report to the directors, supervisors, general managers and deputy general managers of the company in the net profit after tax of the individual or individual financial reports in the last 2 years and explain the policies, standards and combinations of remuneration,procedures for setting remuneration and its relevance to business performance and future risks.

1. Total remuneration paid by the company to the directors, supervisors, general managers and deputy general managers of the company in the most recent 2 years accounted for the percentage of after-tax profits and losses

Unit：NT$1,000

Title	2019		2020	
	Renumeration	Proportion of net profit after tax (%)	Renumeration	Proportion of net profit after tax (%)
Board of Directors	8,209	2.25%	6,340	2.04%
Supervisors	80	0.03%	N/A	N/A
General Manager and Vice General Managers	18,706	6.30%	19,123	6.15%

2. Remuneration policies, standards and combinations, procedures for determining remuneration, and their relevance to operating performance and future risks: Article 19 of the company’s charter shall deduct the current year’s pre-tax benefits from the distribution of employee’s remuneration and the benefits of director’s remuneration. After retaining the amount of accumulated losses, if there is a balance, no less than 2% should be allocated for employee compensation and no more than 5% for directors' compensation. The remuneration evaluation of directors and managers is based on salary level of the position in inter-industry market, the scope of rights and responsibilities of the position in the company, the degree of contribution to the company’s operational goals, and the degree of operational participation, as well as company’s "directors, supervisors" "Remuneration Measures for Managers" for overall consideration, including financial performance indicators, talent cultivation, compliance with laws and regulations, and other special contributions.

4. Overview of Corporate Governance

(1) Meetings of Board of Directors

In the year of 2020, the 11th Board of Directors held a total of 6 board meetings with the details below:

Title	Name	Number of Attandance	Number of Delegate to attend	Attandance Rate(%)	Note
Chairman	Chen, An Shun	6	0	100%	2018.02.22 Re-elected
Board Director	Lee, Jung Kung	6	0	100%	2018.02.22 Re-elected
Board Director	Lai, Wen Chang	6	0	100%	2018.02.22 Re-elected
Board Director	Yu, Bill	6	0	100%	2018.02.22 Re-elected
Board Director	Kao, Chuan Chih	6	0	100%	2018.02.22 New elected
Board Director	Dai , Shui-Chuan	6	0	100%	2018.02.22 New elected
Independent Director	Li, Robert	6	0	100%	2018.02.22 New elected
Independent Director	Hung, Ching Chang	6	0	100%	2018.02.22 New elected
Independent Director	Chen, Ming Hsing	6	0	100%	2018.02.22 New elected

Other matters to be recorded:

1.The operation of the board of directors, if one of the following situations occurs, shall state the date of the board of directors, the period, the content of the proposal, the opinions of all independent directors and the company's handling of the opinions of independent directors :

(1) Matters listed in Article 14-3 of the Securities and Exchange Act: Please refer to "Important Resolutions of the Board of Directors" see Page45~47.

(2) In addition to the previous matters, other board meeting decisions that have been opposed or reserved by independent directors and have records or written statements: no such matter 。

2.The implementation of the director's avoidance of the interested proposal shall state the name of the director, the content of the proposal, the reason for the avoidance of interest and the circumstances of participation in voting :

Name	Proposal and agenda	Reasons for avoiding interests	Participation in voting
Chen,An Shun Lee,Jung Kung Lai,WenChang Yu,Bill Kao,Chuan Chih Dai,Shui Chuan Li, Robert Hung,Ching Chang Chen, Ming Hsing	2020.08.07 The 17th of the 11th session The company's 2019 directors' remuneration distribution details	All of 9 members are the Board Directors of the Company	The above-mentioned personnel did not participate in the discussion and voting except for retreating and leaving the meeting in accordance with the law, and all other directors present did not object and agreed
Chen,An Shun Lee,Jung Kung Lai,WenChang Yu,Bill	2020.12.25 The 19th of the 11th session The company's 2019 manager's employee compensation distribution and 2020 manager's year-end bonus distribution plan	4 members are the Board Directors of the Company	The above-mentioned personnel did not participate in the discussion and voting except for retreating and leaving the meeting in accordance with the law, and all other directors present did not object and agreed

3. Evaluation cycle and period, evaluation scope, method and evaluation content of self (or peer) evaluation by the board of directors :

Note: The assessment content includes at least the following items according to the assessment scope:

(1) The performance evaluation of the board of directors: including at least the degree of participation in the company's operations, the quality of board decisions, the composition and structure of the board, the selection and continuous

Type	Period	Evaluation scope	Evaluation method	Evaluation content
Annual Review	2020/1/1~ 2020/12/31	Board of directors, individual directors and functional committees	Self-evaluation by the board of directors, self-evaluation by directors	(note)

education of directors, and internal control.

(2) Performance evaluation of individual director members: at least including the mastery of company goals and tasks,

awareness of directors' responsibilities, participation in company operations, internal relationship management and communication, directors' professional and continuous education, internal control, etc. (3) Functional committee performance evaluation: the degree of participation in the company's operations, the recognition of the responsibilities of the functional committee, the decision-making quality of the functional committee, the composition of the functional committee and the selection of members, internal control, etc. 4. Evaluation of the objectives and implementation of strengthening the functions of the board of directors in the current and recent years: (1)In order to enhance information transparency, the company's major operations related news are announced in the form of major messages. (2)To enhance operational efficiency, strengthen shareholder rights management and cooperate with the competent authority to promote corporate governance policies, the interim shareholders meeting was fully re-elected on February 22, 2018, and an audit committee consisting of all independent directors was replaced by the supervisor in accordance with the company's charter. Therefore, the original supervisor was automatically dismissed on February 22, 2018.

(2) Overview of Audit Committee

In 2020, the first Audit Committee held a total of 6 meetings with details below:

Title	Name	Number of Attandance	Number of Delegate to attend	Attandance Rate (%)	Note
Independent Director	Li, Robert	6	0	100%	2018.02.22 New elected
Independent Director	Hung, Ching Chang	6	0	100%	2018.02.22 New elected
Independent Director	Chen, Ming Hsing	6	0	100%	2018.02.22 New elected

Other matters to be recorded:

1. If the operation of the audit committee is in any of the following circumstances, the date, period, resolution of the board of directors, the resolution of the audit committee, and the company's handling of the audit committee's opinions should be stated:

(1) Matters listed in Article 14-5 of the Securities and Exchange Act: Please refer to "Important Resolutions of the Board of Directors" P45~P47. The audit committee has no objection to the matters listed in Article 14-5 of the Securities and Exchange Act.

(2) Except for the previous matters, other matters that have not been approved by the Audit Committee and approved by more than two-thirds of all directors: please refer to "Important Resolutions of the Board of Directors" P45~P47.

2. The implementation status of independent directors' avoidance of interested proposals shall state the names of independent directors, the content of the proposals, the reasons for the avoidance of interests, and the circumstances in which they participated in voting：

Name	Agenda	Reasons for avoiding interests	Participation in voting
Li, Robert Hung, Ching Chang Chen, Ming Hsing	2020.08.07 The 17th of the Eleventh Session The company's 2019 directors' remuneration distribution details	3 of them are independent directors of the Company	Regarding the cause of this case and its own interests, except for refusing to leave the meeting in accordance with the law, the chairman consulted all the directors present and agreed to pass without objection.

3. Communication between independent directors and internal audit supervisors and accountants:

(1) The company's internal audit supervisor regularly conducts audit business reports and discussions with the audit committee; the company's audit committee and the internal audit supervisor communicate with each other in good condition.

(2) The audit committee of the company and the certified accountant communicate with each other very well.

(3) The situation of corporate governance operation and its differences with the code of practice of listed companies and the reasons

Items of evaluation	Practice and Progress(note)			Differences between the code and practice for corporate governance of listed companies
	yes	no	summary	
1. Does the company formulate and disclose the code of practice of corporate governance in accordance with the code of practice of corporate governance of listed companies?	V		The company formulated the "Code of Practice on Corporate Governance" in accordance with the "Code of Practice on Corporate Governance for Listed Companies" and disclosed it on the company's website and public information observatory.	Comply with the Code, with no difference.
2. The company's share structure and shareholders' rights				
(1) Does the company establish internal operating procedures to handle shareholder suggestions, doubts, disputes and litigation matters, and implement them in accordance with the procedures?	V		(1) The company has set up spokespersons and acting spokespersons to deal with shareholder suggestions or disputes, and disclose e-mail, telephone and fax contact information in the annual report, the shareholder area of the company website, and the public information observatory, and have separately formulated The "Internal Major Information Processing Procedures" implement the spokesperson system.	Comply with the Code, with no difference.
(2) Does the company have a list of major shareholders who actually control the company and the final controllers of major shareholders?	V		(2) The company maintains close contact with major shareholders, and assigns a stock agency to grasp the changes in the list of major shareholders and their ultimate controllers based on the register of shareholders and shareholding declaration materials.	Comply with the Code, with no difference.
(3) Does the company establish and implement risk control and firewall mechanisms between affiliated companies?	V		(3) The risk control and transactions between the company and its affiliated companies should follow matters. A cross-departmental risk management team has been established to be responsible for the formulation and supervision of the implementation of risk control policies. In addition, the company has formulated "Subsidiary Supervision" and "Relationship Regulations such as "Management Standards for Financial Business Between Persons and Related Enterprises", "Procedures for Acquiring or Disposing of Assets", "Operating Procedures for Endorsement and Guarantee", etc. shall be regulated.	Comply with the Code, with no difference.
(4) Does the company set internal regulations to prohibit the company's insiders from using undisclosed information on the market to buy and sell securities?	V		(4) The company has formulated the "procedures for handling internal material information", "management procedures for preventing insider trading", "stakeholder trading guidelines" and "management measures for internal personnel entrusted trading of securities or futures trading" to prevent Insider trading and it is forbidden for insiders of the company to engage in securities or futures trading	Comply with the Code, with no difference.

Items of evaluation	Practice and Progress(note)			Differences between the code and practice for corporate governance of listed companies
	yes	no	summary	
			activities by using information known to their positions.	
3. Composition and responsibilities of board of directors (1) Does the board of directors formulate and implement a diversified policy on the composition of members?	V		(1) In the "Code of Practice on Corporate Governance", the company stipulates that the composition of the board of directors should have diversified principles and guidelines, and formulates the "Director Election Method" to implement the legality of executive director membership and selection procedures. In addition to considering different professional backgrounds and fields of work, the composition of the board of directors of the company has leadership, operational judgment, operation management, crisis management, industry knowledge and international market outlook, financial and financial expertise and experience. (Note 1)	Comply with the Code, with no difference.
(2) In addition to salary and remuneration committee and the audit committee established in accordance with the law, does the company voluntarily set up various other functional committees?		V	(2) No other functional committees have been set up voluntarily at present.	Although the company currently only has a salary and compensation committee and an audit committee, the board of directors exercises its functions and powers in accordance with laws and regulations, the company's Charter, resolutions of the shareholders meeting, and the spirit of corporate governance.
(3) Does the company formulate board performance evaluation methods and evaluation methods, conduct annual and regular performance evaluations, and report the results of performance evaluations to the board of directors, and use them as a reference for individual directors' remuneration and nomination for renewal?	V		(3) The board of directors of the company adopted the "Board Self-evaluation or Peer Evaluation Management Measures", which stipulates that the internal performance evaluation of the board of directors shall be implemented in accordance with the regulations every year, and may be implemented by an external professional independent institution or an external expert and scholar team as needed every three years Evaluate once. And before the end of the first quarter of the following year, the evaluation results will be reported to the board of directors, and will be used as a reference when selecting or nominating	Comply with the Code, with no difference.

Items of evaluation	Practice and Progress(note)			Differences between the code and practice for corporate governance of listed companies
	yes	no	summary	
(4) Does the company regularly assess the independence of certified public accountants?	V		directors. (4) The board of directors of the company regularly obtains an "Independence Statement" from accountants every year to assess the independence of certified accountants. The 2020 Board of Directors discussed and passed the assessment of the independence of the certified accountant. The assessment items include whether there is a financial relationship with the accountant, employment relationship, business relationship, non-audit services and public funds, etc. After the assessment, the company's certified accountant meets the independence assessment standard. (Note 2)	Comply with the Code, with no difference.
4. Whether the listed company allocates competent and appropriate number of corporate governance personnel, and appoints a director of corporate governance to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to perform business, assisting directors and supervisors to follow Laws, handling matters related to the board of directors and shareholders meeting in accordance with the law, making minutes of the board of directors and shareholders meeting, etc.)	V		At 19th meeting of 11th session of board of directors, the company decided to appoint accounting & financial manager Ms.Shen Wendy as head of corporate governance since December 2020. She is top director of corporate governance-related matters and is responsible for promotion of corporate governance. The company's corporate governance-related affairs are divided according to the organization's power and capabilities, and are completed with the assistance of personnel from all relevant departments. (1) Terms of reference: matters related to the meetings of the board of directors and the shareholders meeting, assisting directors in their appointments and continuing education, providing directors with information needed to perform their business, assisting directors in complying with laws and regulations, etc. (2) Annual corporate governance business execution status: 1. Provide company information required by directors, and maintain smooth communication between directors and business executives. 2. Cooperate with the latest laws and regulations related to corporate governance, revise internal regulations related to corporate governance, and report to the board of directors for resolutions. 3. Cooperate with the policy of the competent authority and consider the industry trend, plan and arrange further courses for directors.	Comply with the Code, with no difference.

Items of evaluation	Practice and Progress(note)			Differences between the code and practice for corporate governance of listed companies
	yes	no	summary	
			4. Draft the agenda of the board of directors, notify the directors and provide meeting materials seven days in advance. If the agenda requires avoidance of interests, be reminded in advance, and complete the minutes of the board of directors within the time limit 5. Handle the pre-registration of the date of the shareholders meeting in accordance with the law, prepare meeting notices, meeting handbooks, and minutes of proceedings within the statutory time limit, and handle change registration matters in the amendment of the articles of association or director re-election.	
5.Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), set up a special channel for stakeholders on the company's website, and appropriately respond to important CSR issues that stakeholders are concerned about?	V		(1)GP sets up the position of spokesman and deputy spokesman to deal with questions from shareholders, and disclose relevant information in Annual Report and Official Website. (2) The company has a customer service mailbox and telephone for immediate handling of customer problems, suggestions, or dispute appeals, and reveals the customer service phone number, e-mail and other contact information in the "Contact Us" section of the company website. (3) The company provides interaction with stakeholders in the "Investor Relations" section of the company website, and maintains a smooth communication channel with banks and other creditors, employees, customers, suppliers, society or company stakeholders . (4) The company appoints a person to collect and disclose company information, and also publish financial information and shareholder information on public information observatories and company websites to ensure that information that may affect the decisions of investors and stakeholders can be timely, fair and transparent.	Comply with the Code, with no difference.
6. Does the company appoint a professional stock affairs agency to handle the affairs of the shareholders meeting?	V		GP appointed the stock affairs agency department of Fubon Securities Co., Ltd., a professional stock affairs agency, as the company's stock affairs agency and handles the affairs of the shareholders meeting.	Comply with the Code, with no difference.
7. Information disclosure (1) Does the company set up a website to expose financial business and corporate governance information?	V		(1) The company's financial, business, investor services, and corporate governance information have been disclosed on the company's website, which is http://www.gpline.com.tw. Investors can inquire about the	Comply with the Code, with no difference.

Items of evaluation	Practice and Progress(note)			Differences between the code and practice for corporate governance of listed companies
	yes	no	summary	
			company's related information on the website.	
(2) Does the company adopt other information disclosure methods (such as setting up an English website, appointing a special person to be responsible for the collection and disclosure of company information, implementing the spokesperson system, placing the company website in the process of legal person briefings, etc.)?	V		(2) The company's finance department is responsible for the collection and disclosure of company information. In addition to the spokesperson and proxy spokesperson system, the information is disclosed in the "public information observatory" in accordance with regulations. In addition, the company’s website has an investor service and corporate governance area, which fully exposes financial information, shareholder information, major information announcements, legal person briefings, and corporate governance related information for the reference of shareholders and the general public.	Comply with the Code, with no difference.
(3) Has the company announced and filed its annual financial report within two months after the end of the fiscal year, and announced and filed the financial report for the first, second and third quarters and the operating conditions of each month before the prescribed deadline?		V	(3) Although the company has not announced and filed its annual financial report within two months after the end of the fiscal year, in 2020, the announcement will be completed on the day the board of directors approves the financial report. The 2019 financial report and the financial report for the first to third quarters of 2020 were completed on the day of approval by the board of directors on March 20, May 08, August 07, and November 06, 2020 respectively; and The monthly revenue situation shall be completed before the 10th of the following month as required.	Comply with the Code, with no difference.
8. Does the company have other important information that helps to understand the corporate governance and operation conditions (including but not limited to employee rights, employee care, investor relations, supplier relations, the rights of interested parties, directors and supervisors' training, Implementation status of risk management policies and risk measurement standards, implementation status of customer policies, status of companies purchasing liability insurance for directors and supervisors, etc.)?	V		(1) Employee rights and interests: In addition to insuring employee group insurance for each employee, the company also regularly implements employee health checks to take care of employee safety and physical health, and has established employee retirement fund management committees, labor retirement reserve supervision committees, and employee benefits The committee etc. guard the rights and interests of employees. (2) Investor relations: In order to implement information transparency and facilitate investors to understand the company’s operations, the company has a spokesperson mailbox, and relevant information is disclosed on the public information observatory and the corporate governance area of the company’s website. The company’s website also Provide the company's	Comply with the Code, with no difference.

Items of evaluation	Practice and Progress(note)			Differences between the code and practice for corporate governance of listed companies
	yes	no	summary	
			basic information, important information, financial statement information, monthly revenue and other information, and update it regularly to maintain its effectiveness. And provide investors' opinions to the company's management for reference. The company will continue to strengthen investor relations. (3) Supplier relationship: The company handles various procurements in accordance with the "Integrity Management Code" and "Procurement Management Measures" formulated by the company to implement the principles of fairness and transparency and prevent dishonest behavior. In addition, the company promotes environmental protection policies and concepts to suppliers. All suppliers must meet the company's environmental protection requirements before they can be listed as qualified suppliers. (4) Stakeholders: The company's business dealings with stakeholders are handled in accordance with the company's "Administrative Measures for Group Enterprises and Related Person Transactions" to avoid the occurrence of unconventional transactions and improper transfer of benefits. The company has established a completed internal control system and implemented it during business execution. Internal auditors regularly perform inspections and report the results to the major committee and management for review The company provides diversified channels and information disclosure, maintains good interaction and communication with stakeholders, and continues to respond to and implement issues that stakeholders care about. (5) Directors' training status: please refer to the "2020 Directors Have Participated in Corporate Governance-related Courses" in this annual report. (Note 3) (6) Circumstances in which the company purchases liability insurance for directors and supervisors: In order to increase protection for directors, supervisors and managers and strengthen corporate governance, the company has insured directors, supervisors and managers' liability insurance in 2020,	

Items of evaluation	Practice and Progress(note)			Differences between the code and practice for corporate governance of listed companies
	yes	no	summary	
			and the amount and coverage of relevant liability insurance And related information such as insurance rates have been reported to the board of directors. (7) Implementation of risk management policies and risk measurement standards: The company's risk management policies are based on the principle of "conservatism and prudentness", based on the current capital scale, and the risks determined by the board of directors to create the greatest rewards for shareholders. Please refer to "Analysis and Evaluation of Risk Matters"	

9. Please explain the improved situation regarding the corporate governance evaluation results issued by Corporate Governance Center of Taiwan Stock Exchange in the most recent year, and propose priority strengthening matters and measures for those that have not yet improved.

The company will improve the following items for corporate governance evaluation in 2020:

(1) Continue to increase the disclosure of information on the company's website, including Diversity's policy and implementation of board members.

Note 1: Diversity of Board of Directors

Name of Board Director	Title	Gender	Experience	Leadership	Management	Accounting & Finance	Risk management	Note
Chen, An-Shun	Chairman	Male	V	V	V			-
Lee, Jung Kung	Board Director	Male	V	V	V			-
Lai, Wen Chang	Board Director	Male	V	V	V			-
Yu, Bill	Board Director	Male	V	V	V			-
Dai, Shui Chuan	Board Director	Male	V	V	V			-
Kao, Chuan Chih	Board Director	Male	V	V	V		V	-
Li, Robert	Independent Director	Male	V	V	V	V	V	-
Hung, Ching Chang	Independent Director	Male	V	V	V		V	-
Chen, Ming Hsing	Independent Director	Male	V	V	V		V	-

Note 2：Criteria for Accountant Independence Evaluation

No.	Items for Accountant Independence Evaluation	yes	no
1	Not an employee of the company or its affiliates	V	
2	Directors and supervisors of non-company or its affiliates	V	
3	Non-self and their spouse, minor children or other natural person shareholders who hold more than 1% of the total issued shares of the company or hold the top ten shares	V	
4	The spouse, relatives within the second class or the immediate blood relatives within the third class of the persons not listed in the preceding three paragraphs	V	
5	Directors, supervisors or employees of corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, or directors, supervisors or employees of corporate shareholders who hold shares of Top5	V	
6	Directors, supervisors, managers, or shareholders holding more than 5% of the company's specific companies or organizations that are not in financial or business dealings with the company	V	
7	Does not have a spouse or second relative relationship with other directors	V	
8	There is no one of the items in Article 30 of the Company Law	V	
9	Other valid reference information: Statement of Independence of Accountants	V	

Note 3：2020 Board Directors and Corporate Governance Manager’s participation in the training of corporate governance-related courses

Title	Name	Date	Training Unit	Module	Hours
Board Director	Chen, An Shun	2020.08.07	Taiwan Board Director Association	CSR and Sustainability Governance	3
		2020.08.04	R.O.C. Company Management & Development Association	Aspects of Shareholders' Rights and Interests-Talking from the Dispute of Management Rights	3
Board Director	Lee, Jung Kung	2020.08.07	Taiwan Board Director Association	CSR and Sustainability Governance	3
		2020.08.04	R.O.C. Company Management & Development Association	Aspects of Shareholders' Rights and Interests-Talking from the Dispute of Management Rights	3
Board Director	Lai, Wen Chang	2020.08.07	Taiwan Board Director Association	CSR and Sustainability Governance	3
		2020.08.04	R.O.C. Company Management & Development Association	Aspects of Shareholders' Rights and Interests-Talking from the Dispute of Management Rights	3
Board Director	Yu, Bill	2020.09.22	Taiwan Board Director Association	Responding to drastic changes and risks, improving corporate governance	3
		2020.08.07	Taiwan Board Director Association	CSR and Sustainability Governance	3
		2020.08.04	R.O.C. Company Management & Development Association	Aspects of Shareholders' Rights and Interests-Talking from the Dispute of Management Rights	3
Board Director	Kao, Chuan Chih	2020.09.22	Taiwan Board Director Association	Responding to drastic changes and risks, improving corporate governance	3
		2020.08.07	Taiwan Board Director Association	CSR and Sustainability Governance	3
Board Director	Dai, Shui Chuan	2020.08.07	Taiwan Board Director Association	CSR and Sustainability Governance	3
		2020.08.07	R.O.C. Securities and Futures Market Development Foundation	Analysis and Response to International Tax Trends Issues under the New Version of Corporate Governance Blueprint	3
Independent Director	Li, Robert	2020.12.16	Accounting Research and Development Foundation	Analysis of the latest securities and financial tax laws and professional standards	1
		2020.12.16	Accounting Research and Development Foundation	IFRS16 "Leasing" Frequently Asked Questions and Practical Analysis	3
		2020.11.11	Accounting Research and Development Foundation	Analysis of the latest securities and financial tax laws and professional standards	1
		2020.11.11	Accounting Research and Development Foundation	Interpretation of IFRS No. 9 "Financial Instruments" Explanatory Examples	3
		2020.10.14	Accounting Research and Development Foundation	Analysis of the latest securities and financial tax laws and professional standards	1
		2020.10.14	Accounting Research and Development Foundation	Analysis of Legal Responsibilities of Enterprises Signing "Business Contracts"	3
		2020.09.22	Taiwan Board Director Association	Responding to drastic changes and risks, improving corporate governance	3
		2020.09.16	Accounting Research and Development Foundation	Analysis of the latest securities and financial tax laws and professional standards	1
		2020.09.16	Accounting Research and Development Foundation	Practical analysis of enterprise reading analysis "evaluation report"	3
		2020.08.12	Accounting Research and Development Foundation	Analysis of the latest securities and financial tax laws and professional standards	1
		2020.08.12	Accounting Research and Development Foundation	The impact of the latest major income tax and business tax reforms on corporate operations	3
		2020.08.07	Taiwan Board Director Association	CSR and Sustainability Governance	3
		2020.07.15	Accounting Research and Development Foundation	Analysis of the latest securities and financial tax laws and professional standards	1
		2020.07.15	Accounting Research and	Interpretation of IFRS No. 16 "Lease"	3

Title	Name	Date	Training Unit	Module	Hours
			Development Foundation	Explanatory Examples	
		2020.06.17	Accounting Research and Development Foundation	Analysis of the latest securities and financial tax laws and professional standards	1
		2020.06.17	Accounting Research and Development Foundation	Set up "Independent Director" and "Audit Committee" in accordance with the law	3
		2020.05.13	Accounting Research and Development Foundation	Analysis of the latest securities and financial tax laws and professional standards	1
		2020.05.13	Accounting Research and Development Foundation	The latest annual practical seminar on income tax declaration for profitable businesses	3
		2020.04.15	Accounting Research and Development Foundation	Analysis of the latest securities and financial tax laws and professional standards	1
		2020.04.15	Accounting Research and Development Foundation	Analysis of the practical work of enterprises' cooperation with accountants	3
		2020.02.19	Accounting Research and Development Foundation	Analysis of the latest securities and financial tax laws and professional standards	1
		2020.02.19	Accounting Research and Development Foundation	The Employee Remuneration System in the Latest Company Law Amendment corresponds to the practice	3
		2020.01.15	Accounting Research and Development Foundation	Analysis of the latest securities and financial tax laws and professional standards	1
		2020.01.15	Accounting Research and Development Foundation	The latest developments of my country's fiscal and taxation laws and enterprises' response strategies	3
Independent Director	Hung, Ching Chang	2020.09.22	Taiwan Board DirectorAssociation	Responding to drastic changes and risks, improving corporate governance	3
		2020.08.07	Taiwan Board DirectorAssociation	CSR and Sustainability Governance	3
		2020.07.21	Chinese Independent DirectorAssociation	How to master the analysis of financial report risk cases	3
Independent Director	Chen, Ming Hsing	2020.09.22	Taiwan Board Director Association	Responding to drastic changes and risks, improving corporate governance	3
		2020.08.07	Taiwan Board Director Association	CSR and Sustainability Governance	3
Corporate Governance Manager	Shen, Wendy	At the 19th meeting of 11th session of the board of directors of the company on 2020/12/25, Ms. Shen Wendy, the head of finance and accounting, was appointed as head of corporate governance. Therefore, there is no relevant course for the year of 2020 yet.			-

(4) conditions:

To strengthen the salary and remuneration system of the company’s Board Directors, supervisors and managers, in accordance with "The establishment and exercise of powers of the company’s salary and remuneration committees when stocks are listed or traded in the business premises of securities firms", the salary and remuneration committees are set up and their organizational rules .

The function of the committee is to evaluate the compensation policies and systems of the Board Director, supervisors and managers with a professional and objective status, and to make recommendations to the Board Director for its decision-making reference.

1. Term of the Second Salary and Compensation Committee: March 2, 2018 to March 1, 2021

Title	items / Name	Have more than five years of work experience And the following professional qualifications			Independence（Note）										Number of Independent Directors of other companies	note
		Lecturers or above in public and private colleges and universities in relevant disciplines required for business, legal affairs, finance, accounting or corporate business	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examination required for business with the company and have certificates	Have work experience necessary for business, legal affairs, finance, accounting or corporate business	1	2	3	4	5	6	7	8	9	10		
Independent Director	Li, Robert	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	no
Independent Director	Hung, Ching Chang	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	no
Independent Director	Chen, Ming Hsing	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	no

Note: If each member meets the following conditions two years before the election and during his tenure, please mark "✓" in the space below each condition code.
(1) Those who are not employees of the company or its affiliates.
(2) Directors and supervisors of companies other than the company or its affiliates (but if the company and its parent company, subsidiary, or subsidiary of the same parent company are independent directors set up in accordance with this law or local laws and regulations, this is not the case.).
(3) Non-self, their spouse, minor children or other natural person shareholders who hold more than 1% of the total issued shares of the company or hold the top ten shares in the name of others.
(4) The spouse, relatives within the second class or the direct blood relatives within the third class of the manager not listed in (1) or the personnel listed in (2) and (3).
(5) Directors of corporate shareholders who do not directly hold more than 5% of the total issued shares of the company, hold the top five shares, or designate representatives as the company's directors or supervisors in accordance with Article 27, Item 1 or Item 2 of the Company Law, Supervisors or employees (except for independent directors established by the company and its parent company, subsidiary or subsidiary of the same parent company in accordance with this law or local laws and regulations).
(6) More than half of the non-company directors or voting shares are directors, supervisors or employees of other companies controlled by the same person (but if the company or its parent company, subsidiary or child of the same parent company Independent directors established by the company in accordance with this law or local laws and regulations concurrently serve each other, except for this limitation).
(7) Directors, supervisors or employees of other companies or institutions that are not the same person or spouse as the chairman, general manager or equivalent positions of the company (but if the company and its parent company , Subsidiaries or subsidiaries of the same parent company in accordance with this law or local laws and regulations set up independent directors to concurrently serve each other, not subject to this limitation).
(8) Directors, supervisors, managers, or shareholders holding more than 5% of shares of a specific company or organization that are not in financial or business dealings with the company (but if the specific company or organization holds the company's issued shares The total number is more than 20%, but not more than 50%, and the independent directors established by the company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with this law or local national laws concurrently serve each other, not limited to this).
(9) Professionals, sole proprietorships, partnerships, companies or institutions who are not professionals, sole proprietors, partnerships, companies or institutions who provide audits for companies or affiliated companies or who have received a cumulative amount of remuneration not exceeding NT$500,000 in the past two years. Business owners, partners, directors, supervisors, managers and their spouses. However, this does not apply to members of the Salary and Compensation Committee, Public Acquisition Review Committee, or M&A Special Committee who perform their duties in accordance with the Securities Exchange Act or the relevant laws and regulations of the Corporate Mergers and Acquisitions Act. .
(10) There is no one of the items listed in Article 30 of the Company Law.

2. Overview of Remuneration and Compensation Committee

(1)There's a total of 3 board members in this committee.

(2)The second term: from 2018.3.02 to 2021.3.01, and Remuneration and Compensation Committee held a total of 3 meetings as follows:

Title	Name	Actual Attendance	Delegate to attend	Attandance Rate(%)	Note
Convener	Li, Robert	3	0	100%	2018.03.02 Re-elected
Board member	Hung, Ching Chang	3	0	100%	2018.03.02 Re-elected
Board member	Chen, Ming Hsing	3	0	100%	2018.03.02 Re-elected
Other matters to be recorded: If the Board Director does not adopt or amend the recommendations of the Remuneration and Compensation Committee, the Board Director's meeting date, period, content of the proposals, Board Director's resolution results, and the company's handling of the opinions of the Remuneration and Compensation Committee (e.g. Board Director The salary remuneration that will be passed is better than the recommendation of the Remuneration and Compensation Committee, and the difference and reasons should be stated): None. The resolutions of the Remuneration and Compensation Committee. If members have objections or reservations and have records or written declarations, the Remuneration and Compensation Committee date, period, content of the proposal, all members' opinions and the handling of members' opinions shall be stated: no.					

(3) Remuneration and Compensation Committee authority

According to Article 6 of the "Remuneration and Compensation Committee Organizational Rules" of the company, the Remuneration and Compensation Committee has the following powers:

The committee should faithfully perform the following functions and powers with the attention of kind managers, and submit the suggestions made to the Board Director for discussion. However, the board director's remuneration proposal is submitted to the board director meeting for discussion, and the board director's remuneration is specified in the company's articles of association or the board director is authorized by the resolution of the shareholders meeting to handle the board director meeting:

- Depending on the implementation status, it is necessary to review this regulation and propose amendments.
- Establish and regularly review Board Director and manager performance evaluation standards, annual and long-term performance goals, and compensation policies, systems, standards and structures.
- Regularly evaluate the achievement of the performance goals of the Board Director and managers, and determine the content and amount of their individual remuneration based on the evaluation results obtained from the performance evaluation standards. .

When performing the functions and powers mentioned in the preceding paragraph, the committee shall act in accordance with the following principles:

- Ensure that the company's salary and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents.
- The performance evaluation and remuneration of Board Directors and managers should refer to the usual level of payment in the industry, and consider the results of individual performance evaluation, the time invested, the responsibilities undertaken, the situation of achieving personal goals, the performance of other positions, the company's recent years The salary and remuneration given to employees of the same position, including the company's short-term and long-term business goals, the company's financial status, etc., evaluate the rationality of the relationship between personal performance and company's operating performance and future risks.
- Should not guide Board Directors and managers to engage in behaviors that exceed the company's risk appetite in pursuit of salary compensation.
- The proportion of remuneration for high-level Board Directors and managers' short-term performance and the payment time of part of the variable salary remuneration should be determined by considering the characteristics of the industry and the nature of the company's business.
- The content and amount of board director and manager compensation should be considered reasonable. The decision of board director and manager compensation should not be materially deviated from financial performance. If there is a major decline in profits or long-term losses, it should be Salary remuneration should not be higher than the previous year.
- Members of this committee shall not participate in discussion and voting on their personal salary and remuneration decisions

The salary and remuneration referred to in the preceding 2 paragraphs include cash remuneration, stock options, dividends, retirement benefits or severance payments, various allowances and other measures with substantial incentives; the scope of which shall be in accordance with the criteria for items to be recorded in the annual report of the public issuing company The board director and manager's remuneration are the same.

If board director and manager salary and remuneration matters of the company's subsidiary are responsible for the decision according to the subsidiary's hierarchy, the matter must be approved by the board director of the company, and the board director shall make a recommendation before submitting it to the board director for discussion.

If committee's recommendations are inconsistent with Board Director's resolutions, they shall be handled in accordance with the "Measures for the Establishment and Exercising of the Remuneration and Compensation Committee of the Company's Remuneration and Compensation Committee when the stock is listed or traded in the business premises of a securities firm".

(4) Important resolutions of Remuneration and Compensation Committee

Meeting Date	Proposal content and follow-up processing	Resolution result	The company's handling of the opinions of the Remuneration and Compensation Committee
2020.03.20	The company's 2019 employee compensation and Board Director compensation distribution case	After the chairman consulted all the members present, they all agreed to pass without objection.	The proposal is approved by all the board directors.
2020.08.07	The company's 2019 Board Director compensation distribution case	After the chairman consulted all the members present, they all agreed to pass without objection.	The proposal is approved by all the board directors.
2020.12.25	1. 2019 Manager Remuneration Distribution and 2020 Manager Year-end Bonus Distribution Proposal 2. The case of corporate governance personnel change. 3. Discussion for 2021 annual work plan of the Remuneration Committee	After the chairman consulted all the members present, they all agreed to pass without objection.	These three proposals are approved by all the board directors.
2021.03.26	The company's 2020 employee compensation and Board Director compensation distribution case	After the chairman consulted all the members present, they all agreed to pass without objection.	The proposal is approved by all the board directors.
2021.05.07	The company's 2021 managers' compensation distribution case	After the chairman consulted all the members present, they all agreed to pass without objection.	The proposal is approved by all the board directors.

(5) Corporate Social Responsibility: The company's systems and measures and implementation status for environmental protection, community participation, social contribution, social services, social welfare, consumer rights, human rights, safety and health, and other social responsibility activities

Item of evaluation	Operation and Progress			Differences and reasons for the code of practice for CSR of listed companies
	yes	no	Summary	
1. Does the company conduct risk assessments on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (Note3)	V		The company has decided by the Board Director to formulate a code of practice for CSR. CSR team is under Chair of Board Director office every year in accordance with the principle of materiality to address the social or corporate governance-related events that occur in the company's operations, such as compliance with laws and regulations, labor safety, and community feedback. Each unit operates in accordance with its powers and implements related events. Evaluation and formulation of risk management policies.	Comply with the Code, with no difference.
2. Does the company set up a dedicated (part-time) unit to promote corporate social responsibility, and the Board Director will authorize the senior management to handle it, and report the handling situation to the Board Director?	V		The company designated the Board Director Office as the coordinating and promoting CSR team. Each department actively promotes the evaluation and planning of CSR practice according to their powers and responsibilities. Various issues are communicated, coordinated and integrated by Board Director Office, and will report to the Board Directors every year.	Comply with the Code, with no difference.
3. Environmental issues (1) Does the company establish an appropriate environmental management system based on its industrial characteristics?	V		(1) The company attaches great importance to environmental protection, cherishes resources, and purchases materials with green building materials, water saving, and energy saving labels to ensure that air, noise, water, and waste pollution can be effectively controlled. In the spirit of "cherishing natural resources", combining environmental protection with the trust of customers, jointly creating the concept of "sustainable management" and "returning to the society", and continuing to implement waste reduction work.	Comply with the Code, with no difference.
(2) Is the company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on the environment?	V		(2) The company has assessed the potential risks of climate change to the company now and in the future, is committed to promoting energy conservation and carbon reduction, and plans to install solar power generation equipment.	Comply with the Code, with no difference.

<table>
<tr><th rowspan="2">Item of evaluation</th><th colspan="3">Operation and Progress</th><th rowspan="2">Differences and reasons for the code of practice for CSR of listed companies</th></tr>
<tr><th>yes</th><th>no</th><th>Summary</th></tr>
<tr><td>(3) Does the company assess the potential risks and opportunities of climate change to the company now and in the future, and take measures to respond to climate-related issues?</td><td>V</td><td></td><td>(3) In view of the impact of climate change on operating activities, the company now measures energy conservation and carbon reduction and greenhouse gas reduction measures: Management department is responsible for maintaining environment protection. The manufacturing department and the factory affairs department fully comply with environmental protection regulations in the preceding management environment system; the management department strictly implements electricity saving plans such as turning off lights and controlling the temperature of air-conditioning to reduce energy waste. The current energy saving and carbon reduction and greenhouse gas reduction strategies are as follows:
(1) Cooperate with and respond to the measures of participating government departments and related strategies for energy saving and carbon reduction and greenhouse gas reduction. (2) Strengthen communication among the company's colleagues regarding environmental protection and greenhouse gas reduction actions. (3) Developing GP as a green enterprise and do business with green cooperative suppliers.</td><td>Comply with the Code, with no difference.</td></tr>
<tr><td>(4) Does the company make statistics on greenhouse gas emissions, water consumption, and total waste weight in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or other waste management?</td><td>V</td><td></td><td>The company implements energy-saving and carbon-reduction measures, in addition to replacing it with high-efficiency lamps, enhancing air-conditioning efficiency, shortening the air-conditioning supply time and controlling temperature; and promoting paperless e-operations.
<table><tr><td>Item/unit</td><td>2019</td><td>2020</td></tr><tr><td>GHG/CO^2e</td><td>355</td><td>332</td></tr><tr><td>Water/m^3</td><td>4,397</td><td>4,262</td></tr><tr><td>Waste/Ton</td><td>-</td><td>-</td></tr></table></td><td>Comply with the Code, with no difference.</td></tr>
<tr><td>4. Social issues
(1) Does the company formulate relevant management policies and procedures in</td><td>V</td><td></td><td>(1) The company formulates relevant measures and urges</td><td>Comply with the Code, with no difference.</td></tr>
</table>

Item of evaluation	Operation and Progress			Differences and reasons for the code of practice for CSR of listed companies
	yes	no	Summary	
accordance with relevant regulations and international human rights conventions?			timely compliance in accordance with the Labor Standards Law and relevant regulations to protect the legitimate rights and interests of employees. In terms of employment policies, there will be no discrimination based on race, class, language, ideology, religion, party affiliation, birthplace, gender, marriage, appearance, facial features, physical and mental disabilities, birthplace, sexual orientation, age, etc. In terms of gender equality, it has formulated “appeals and punishment measures for sexual harassment prevention measures in the workplace” and provided channels for appeals to protect the rights and interests of colleagues, and provide maternity leave, paternity leave, and parental leave in accordance with the law.	。
(2) Does the company formulate and implement reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and appropriately reflect operating performance or results in employee compensation?	V		(2) The company has working rules and related personnel management regulations, which cover the basic wages, working hours, vacations, pension payments, labor and health insurance payments, occupational accident compensation, etc. of the employees hired by the company, all in compliance with the relevant provisions of the Labor Standards Law . The establishment of an employee welfare committee operates through the welfare committee elected by employees to handle various welfare matters; coincides with the company's 30th anniversary factory celebration, a two-day and one-night tour to the West Lake Resort. The company's remuneration policy is based on personal ability, contribution to the company, performance, and the correlation between business performance and business performance.	Comply with the Code, with no difference.
(3) Does the company provide employees with a safe and healthy working environment, and provide employees with regular safety and health education?	V		(3) The company has been equipped with guards, access control, automatic external cardiac defibrillators (AED), dry powder fire extinguishers, fire hydrants, foam fire extinguishing equipment, automatic fire alarm equipment, emergency broadcast equipment, exit direction indicator	Comply with the Code, with no difference.

Item of evaluation	Operation and Progress			Differences and reasons for the code of practice for CSR of listed companies
	yes	no	Summary	
			lights, refuge appliances, Emergency lighting equipment, maintenance of elevators every month, in addition to regular fire inspections, and assign employees to obtain a fire manager license, and regularly hold fire drills. The company provides employees with health inspections, performs environmental sanitation and disinfection operations from time to time, and handles related publicity matters in cooperation with the government's major outbreaks. The company regularly organizes employee travel to promote the physical and mental health of employees, and provides fitness equipment for employees to use, and establishes internal aerobic exercise and core muscle training courses to encourage employees to develop exercise habits. The supervisor led the team to participate in the 2020 Sun Moon Lake swimming activity. The company's employee training has included safety and disaster prevention knowledge, equipment operation, and use of AED equipment	
(4) Does the company establish an effective career development training program for employees?	V		(4) In order to promote the implementation of the company's quality goals, long-term training of employees to give full play to their functions in the organizational system, improve personal quality, and then achieve mutual coordination, improve work efficiency and quality, and establish employee education and training methods. The objects of education and training are divided into: training for new recruits, training for in-service personnel, and training for professionals.	Comply with the Code, with no difference.
(5) With regard to customer health and safety, customer privacy, marketing and labeling of products and services, does the company follow relevant laws and regulations and international standards, and formulate relevant consumer protection policies and appeal procedures?	V		(5) The company's marketing and labeling of products and services are in compliance with relevant laws and regulations and ISO9001: 2015 international standards. The privacy of customers is in compliance with confidentiality agreements and personal data protection laws, and there is a complaint channel for stakeholders.	Comply with the Code, with no difference.
(6) Does the company formulate supplier	V		(6) When the company signs a	

<table>
<tr><th rowspan="2">Item of evaluation</th><th colspan="3">Operation and Progress</th><th rowspan="2">Differences and reasons for the code of practice for CSR of listed companies</th></tr>
<tr><th>yes</th><th>no</th><th>Summary</th></tr>
<tr><td>management policies that require suppliers to comply with relevant regulations on topics such as environmental protection, occupational safety and health, or labor human rights, and their implementation?</td><td></td><td></td><td>contract with its main supplier, the content includes compliance with CSR policies of both parties, and if the supplier violates the policy and has a significant impact on the environment and society of the community, contract may be terminated or cancelled at any time.</td><td>Comply with the Code, with no difference.</td></tr>
<tr><td>5. Does the company refer to the internationally accepted standards or guidelines for the preparation of reports and prepare CSR reports and other reports that disclose the company's non-financial information? Has the pre-disclosure report obtained the assurance or assurance opinion of a third party to verify Unit?</td><td></td><td>V</td><td>The company currently does not fall within the scope of the law that requires the preparation of a CSR report, so the report has not yet been prepared.</td><td>Comply with the Code, with no difference.</td></tr>
<tr><td colspan="5">6.If a company has its own CSR code based on the "Code of Practice for CSR for Listed Companies", please state the difference between its operation and the established code:
In order to practice CSR, the company has formulated the "Code of Practice for CSR" and will continue to follow The norms and spirit of the "CSR Code of Practice", to promote RBA (Responsible Business Alliance) regulations with all colleagues in the company, and plan to publish the first CSR report in the near future.</td></tr>
<tr><td colspan="5">7. Other important information that helps to understand the operation of CSR:
The company will disclose relevant information on the public information observatory or the company’s website in the future based on operation. (http://www.gpline.com.tw)</td></tr>
</table>

(6) The company's performance of integrity management and the measures adopted

Item of evaluation	Operation and Progress			Differences and reasons for the integrity management code of listed companies
	yes	no	Summary	
1. Formulate honest management policies and plans (1) Does the company formulate an honest operation policy approved by the Board Director, and clearly indicate the honest operation policy and practice in the regulations and external documents, and the Board Director and senior management will actively implement the promise of the operation policy?	V		(1) The company is approved by the Board Director to implement the "Code of Integrity Management", and the Board Director and senior management should be required to issue a statement of compliance with the integrity management policy, and it should be disclosed in internal regulations, annual reports, company websites, or other publications Its integrity management policy is announced at product launches, legal person briefings and other external events in a timely manner, so that its suppliers, customers, or other business-related institutions and personnel can clearly understand its integrity management philosophy and norms.	Comply with the Code, with no difference.
(2) Whether the company has established a risk assessment mechanism for dishonest conduct, regularly analyzes and evaluates business activities with a higher risk of dishonest conduct in the business scope, and formulates a plan to prevent dishonest conduct, and at least covers "listing on the OTC". What are the precautionary measures for each of the actions in paragraph 2 of Article 7 of the Code of Corporate Integrity Management?	V		(2) The board director of the company assists the board director and the management to check and evaluate whether the preventive measures established in the implementation of integrity management are operating effectively, and regularly evaluate and follow the relevant business processes and prepare reports; the company reports on " The Code of Integrity Management stipulates: 1. Prohibition of providing or receiving improper benefits and receiving improper benefits 2. Prohibition of bribery and bribery of facilitation payments, 3. Processing of political donations, charitable donations or sponsorships, 4. Avoidance of benefits, 5. Organization and responsibility of confidentiality mechanism (intellectual property rights), 6. Prohibit engaging in unfair competition, 7. Prevent product or service damage to stakeholders, 8. Prohibit insider trading and confidentiality agreements.	Comply with the Code, with no difference.
(3) Does the company clearly define operating procedures, behavior guidelines, punishment and appeal systems for violations in the plan for preventing dishonest behavior, and implement them, and regularly review the pre-revision plan?	V		(3) The company engages in business activities based on the principles of fairness, honesty, trustworthiness, and transparency. In order to implement the integrity management policy and actively prevent dishonest behaviors, the “Code of Integrity Management” was formulated in accordance with the “Code of Integrity Management of Listed Companies”. Matters that personnel should pay attention to when performing their business and regularly review and revise	Comply with the Code, with no difference.

Item of evaluation	Operation and Progress			Differences and reasons for the integrity management code of listed companies
	yes	no	Summary	
			them. The company has set up employee mailboxes to provide employees and related personnel to report any improper practices, and the company assigns management to handle it in person.	
2. Implementing integrity management (1) Does the company evaluate the integrity records of its counterparties and specify the integrity behavior clauses in the contracts it signs with its counterparties?	V		(1) Before the company establishes a business relationship with others, it should first evaluate the legality of its agents, suppliers, customers or other business partners, the integrity management policy, and whether there have been any records of dishonest behavior to ensure its business operations The method is fair, transparent and will not ask for, offer or accept bribes. When the company signs a contract with others, it should fully understand the other party's integrity management status and incorporate compliance with the company's integrity management policy into the contract terms.	Comply with the Code, with no difference.
(2) Does the company set up a dedicated unit for the promotion of corporate integrity management under the Board Director, and regularly (at least once a year) report to the Board Director its integrity management policies, plans for preventing dishonest behavior, and supervision and implementation?	V		(2) The board director office of the company is dedicated to the promotion of corporate integrity management. It is responsible for the inspection and supervision of the relevant matters mentioned in this method, and submits reports to the board director as necessary, and assists the board director and the management in the inspection and evaluation Implement the effective operation of the preventive measures established by integrity management, and regularly evaluate the compliance with the relevant business processes, and prepare reports.	Comply with the Code, with no difference.
(3) Does the company formulate policies to prevent conflicts of interest, provide appropriate channels for presentation, and implement them?	V		(3) The company has provisions for avoiding conflicts of interest in the "Code of Integrity Management" and "Code of Ethical Conduct", and announcing the report mailbox on the company's website for use by internal and external personnel of the company.	Comply with the Code, with no difference.
(4) Whether the company has established an effective accounting system and internal control system for the implementation of honest operation, and the internal audit unit draws up relevant audit plans based on the assessment results of dishonest behavior risks, and verifies the plan for preventing dishonest behaviors based on this Follow the situation, or entrust an accountant to perform the check?	V		(4) The company has established an effective accounting system and internal control system. In addition, where the “Code of Integrity Management” refers to dishonest behavior or internal control audit findings, illegal or improper conduct violates the company’s regulations (including but not limited to all Regulations, service agreements, integrity commitments, etc.), the Board Director will form a special case for investigation and processing. If an illegal	Comply with the Code, with no difference.

Item of evaluation	Operation and Progress			Differences and reasons for the integrity management code of listed companies
	yes	no	Summary	
(5) Does the company regularly organize internal and external education and training on integrity management?	V		situation is involved in an internal investigation, it will be transferred to the Legal Unit for legal procedures. (5) The company attaches great importance to business integrity and regularly promotes the "Code of Integrity Management" formulated by the company for all colleagues to follow the guidelines.	Comply with the Code, with no difference.
3. The operation of the company's whistleblowing system (1) Does the company formulate a specific reporting and reward system, and establish a convenient reporting channel, and assign appropriate acceptance personnel to the reported object?	V		(1) The company establishes and announces reporting mailboxes and special lines on the company website for use by internal and external personnel of the company; and encourages internal and external personnel to report dishonest acts or improper behaviors, and bonuses will be given according to the severity of the report; The Auditing Office is the person responsible for the acceptance. If necessary, the relevant departments shall cooperate and provide necessary assistance.	Comply with the Code, with no difference.
(2) Has the company established standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the investigation is completed, and related confidentiality mechanisms?	V		(2) The company has established standard operating procedures for the investigation and acceptance of reported matters. The investigation process shall be handled impartially and strictly confidential, and the identity of the informant shall never be revealed.	Comply with the Code, with no difference.
(3) Does the company take measures to protect the informant from being improperly handled as a result of the report?	V		(3) The company promises to protect the informant from being improperly handled due to the report.	Comply with the Code, with no difference.
4. Strengthen information disclosure Does the company disclose on its website and public information observatory the content and promotion effect of its code of integrity management?	V		The company has formulated the "Code of Integrity Management" and reviews the effectiveness of its implementation from time to time. In addition, the company has disclosed relevant and reliable integrity management information in the annual report, and the annual report and corporate governance information have also been disclosed on the company's website http://www.gpline.com.tw.	Comply with the Code, with no difference.
5. If the company has its own code of integrity management in accordance with the "Code of Integrity Management of Listed OTC Companies", please state the difference between its operation and the established code: The company formulated the "Code of Integrity Management of Listed Companies" There is no major difference between the operation of the Code of Integrity Management and the established code.				
6. Other important information that helps to understand the company's integrity management operations: (such as the company's review and revision of the integrity management code, etc.) of the company's "Integrity Management Code", please refer to the public information observatory or the company's website http ://www.gpline.com.tw for related information.				

(7) If the company has formulated a corporate governance code and related regulations, it should disclose its inquiry

methods: the company has formulated the "Code of Ethical Conduct", "Code of Integrity Management", "Independent Director's Responsibility Scope Rules", "Company Governance Code of Practice, “CSR Code of Practice”, “Rules of Procedure for Shareholders’ Meetings”, “Rules of Procedures for Board Directors”, and a complete internal control system and internal audit system to implement the operation and promotion of corporate governance. The relevant regulations have been It is placed in the company's internal query system and can be queried on the public information observatory.

(8) Other important information that is sufficient to enhance the understanding of the company's governance and operation conditions must be disclosed together: none.

(9) The implementation status of the internal control system shall reveal the following matters

1. Statement of Internal Control：

Group Up Industrial Co. Ltd.
Declaration of Internal Control System

2021.03.26

Based on the results of self-assessment, the company's internal control system in 2020, hereby declares as follows:

1. The company is sure that the establishment, implementation and maintenance of the internal control system is the responsibility of the board directors and managers of the company, and the company has established this system. Its purpose is to achieve the objectives of operation effectiveness and efficiency (including profit, performance and asset safety, etc.), reporting reliability, timeliness, transparency, compliance with relevant regulations and compliance with relevant laws and regulations, and provide reasonable To ensure.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee for the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system May change accordingly. However, the company's internal control system has a self-monitoring mechanism. Once the defect is identified, the company will take corrective action.
3. The company judges whether the design and implementation of the internal control system are effective in accordance with the judgment items of the effectiveness of the internal control system stipulated in the "Handling Guidelines for the Establishment of an Internal Control System by Public Offering Companies" (hereinafter referred to as the "Handling Guidelines"). The internal control system judgment items adopted in the "processing criteria" are based on the process of management control, which divides the internal control system into five components: 1. control environment, 2. risk assessment, 3. control operations, 4. Information and communication, and 5. Supervise operations. Each component includes several items. For the aforementioned items, please refer to the "Handling Guidelines".
4. The company has adopted the above-mentioned internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results of the preceding paragraph, the company believes that the company’s internal control system (including supervision and management of subsidiaries) as of December 31, 1991, includes understanding the effectiveness of operations and the extent to which the efficiency objectives are achieved, and the reporting system The design and implementation of the internal control system that is reliable, timely, transparent and in compliance with relevant regulations and relevant laws and regulations are effective, which can reasonably ensure the achievement of the above objectives.
6. This statement will become the main content of the company's annual report and public prospectus, and will be made public. If the content of the above disclosure is false, concealed, etc., it will involve legal liabilities under Article 20, Article 32, Article 171, and Article 174 of the Securities Exchange Act.
7. This statement was approved by the Board Director of the company on March 26, 2021. Among the 9 people who attended the Board Director, 0 people had objections. All others agreed with the content of this statement and declared here.

Group Up Industrial Co.Ltd.

Chairman： Mr. Chen, An Shun

General Manager： Mr. Lee, Jung Kung

2. Those who entrust an accountant to review the internal control system should disclose the accountant’s review report：none.

(10) The company and its internal personnel have been punished in accordance with the law in the most recent year and as of the publication date of the annual report, and the company's penalties for its internal personnel for violating the provisions of the internal control system, major defects and improvements: none

(11) Important resolutions of the shareholders meeting and board director meeting in the most recent year and as of the printing date of the annual report:

1. Important resolutions of the shareholders meeting

Date	Important Resolution	Resolution	Operation Result
2020.06.19	【Acknowledgement items】 1. 2019 business report and financial statement.	Passed according to the original bill after voting	Has been announced on the company's website
	2. The 2019 surplus distribution proposal.	Passed according to the original bill after voting	Set July 22, 2020 as the ex-dividend base date, and the full payment has been completed on August 20, 2020 in accordance with the resolution of the shareholders meeting. (Cash dividend of NT$4.2 per share)
	【Discussion items】 1. Revise some of the provisions of the "Rules of Procedures for Shareholders' Meetings" of the company	Passed according to the original bill after voting	Has been announced on the company's website and processed in accordance with the revised procedures
	2. Abolish the company's "Board Director meeting management operation procedures"	Passed according to the original bill after voting	Has been announced on the company's website and processed in accordance with the revised procedures

2.Important Resolution from the Board Directors

Date	Meeting	Important Resolution Items	Matters listed in Article 14-3 of the Securities and Exchange Act	Matters listed in Article 14-5 of the Securities and Exchange Act	Not been approved by Audit Committee, but agreed by more than 2/3 of all Board Directors	Independent directors hold objections or reservations
2020.03.20	The 11th of 14th Board Director Meeting	1. Approved the company's 2019 employee remuneration and the total board director remuneration distribution.	V			no
		2. Approved the company's 2020 internal control system declaration.	V	V	no	no
		3. Approved the company's 2019 consolidated and individual financial reports.	V	V	no	no
		4. Approved the 2019 surplus distribution proposal.	V	V	no	no
		5. Approved the company's 2019 business report.	V	V	no	no
		6. Approved amendments to some provisions of the "corporate governance code of practice" of the company.	V	V	no	no
		7. Approved the amendment to some provisions of the "Organizational Rules of Audit Committee" of the company.	V	V	no	no
		8. Through the company's regular assessment of the independence of the certified public accountant.	V	V	no	no
		9. Apply for credit to E-Sun Bank through our company.	V	V	no	no
		10. To approve matters concerning the convening of the 2020 regular shareholders meeting.				

Date	Meeting	Important Resolution Items	Matters listed in Article 14-3 of the Securities and Exchange Act	Matters listed in Article 14-5 of the Securities and Exchange Act	Not been approved by Audit Committee, but agreed by more than 2/3 of all Board Directors	Independent directors hold objections or reservations
2020.05.08	The 11th of 15th Board Director Meeting	1. Approved the company's consolidated financial report for the first quarter of 2020. 2. Approved the draft amendments to some provisions of the "Rules of Procedure of Shareholders' Meetings" of the company. 3. Approved the draft amendments to some provisions of the company's "Code of Integrity Management". 4. Approved the annulment of the "Board Director Meeting Operation Management Procedures" of our company. 5. Approved the amendment to "Matters Related to Holding the 2020 Regular Shareholders' Meeting".	V V V V V	V V V V V	no no no no no	no no no no no
2020.06.19	Proceedings of the 16th Board Director meeting of the 11th session	Draft amendments to some provisions of the company's "CSR Code of Practice". Update the draft of the company's "Intellectual Property Management and Use Measures".	V V	V V	no no	no no
2020.08.07	Minutes of the 17th Board Director meeting of the 11th session	1. 2019 Board Director remuneration distribution details. 2. Review report on consolidated financial statements for the second quarter of 2020. 3. The company plans to renew the "Board Director Liability Insurance". 4. The company "Board Director Meeting Rules of Procedure Article 6, Article 9 and Article 17 Amendments Draft". 5. The company intends to apply to Beijing Bank for a credit line, from the credit period to the expiration of the board director's term of office, and authorize the board director to sign the credit contract and other related documents and handle credit-related matters on behalf of the company. 6. The company's accounts receivable have not been recovered for 3 months beyond the normal credit period and the amount is significant.	V V V V V V	V V V V V V	 no no no no no	no no no no no no
2020.11.06	Minutes of the 18th Board Director meeting of the 11th session	1. The review report of the company's consolidated financial statements for the third quarter of 1988. 2. The company's accounts receivable have not been recovered for 3 months beyond the normal credit period and the amount is significant. 3. Appoint the head of corporate governance in accordance with one of Article 3 of the company's corporate governance code of practice. 4. The company's Deputy Spokesperson personnel change case.	V V V V	V V V V	no no no no	no no no no
2020.12.25	Minutes of the 19th Board Director meeting of the 11th session	1. The company's 2021 company operating plan and financial budget. 2. The company's 2021 audit plan. 3. The company's 2019 manager employee remuneration distribution and 2020 manager year-end bonus distribution plan. 4. The company's corporate governance is responsible for personnel changes.	V V V V	V V V V	no no no	no no no no
2021.03.26	Proceedings of the 11th and 20th	1. The company's 2020 employee compensation and Board Director compensation distribution case. 2. The company's 2020 "Internal Control System	V V	V V	 no	no no

Date	Meeting	Important Resolution Items	Matters listed in Article 14-3 of the Securities and Exchange Act	Matters listed in Article 14-5 of the Securities and Exchange Act	Not been approved by Audit Committee, but agreed by more than 2/3 of all Board Directors	Independent directors hold objections or reservations
	Board Director meeting	Effectiveness Assessment" and "Internal Control Statement" case. 3. The company's 2020 merger and individual financial report. 4. The company's 2020 surplus distribution proposal. 5. The company's 2020 business report. 6. The company's accounts receivable have not been recovered for 3 months beyond the normal credit period and the amount is significant. 7. Amend some of the provisions of the "Rules of Procedure of Shareholders' Meeting" of the company. 8. The company regularly evaluates the independence of the certified public accountant. 9. Fully re-elected the Board Director case. 10. Formulate matters related to the holding of the 2021 regular shareholders meeting.	V V V V V V V V	V V V V V V V V	no no no no no no	no no no no no no no no
2021.05.07	Minutes of the 21st Board Director Meeting of the 11th Session	1. The company's consolidated financial report for the first quarter of 2021.	V	V	no	no
		2. Formulate the draft of the company's "Risk Management Policies and Procedures".	V	V	no	no
		3. The company's accounts receivable have not been recovered for 3 months beyond the normal credit extension period and the amount is significant.	V	V	no	no
		4. For business development needs, the company intends to apply for NTD forward foreign exchange risk limit from the First Bank.	V	V	no	no
		5. The company's 2021 manager annual salary adjustment proposal.	V	V		no
		6. Nominate and decide on the list of candidates for Board Director (including Independent Director).	V	V		no
		7. Lifting the new Board Director and its representatives' non-competition restriction case.	V	V		no

(12) In the most recent year and as of the date of publication of the annual report, if the Board Director or supervisor has different opinions on the important resolutions that the Board Director will pass and has a record or written statement, its main content: None.

(13) A summary of the resignation and dismissal of the company's Board Director, General Manager, Accounting Supervisor, Financial Supervisor, Internal Audit Supervisor, and R&D Supervisor in the most recent year and as of the printing date of the annual report: None.

5. Public Accountant Information

The company's payment of public accountants in 2020:

Name of Accounting Firm	Name		Period	Note
KPMG	Ms.Chen, Pei Chi	Mr.Lin, Heng Seng	2020/1/1~12/31	no

Unit：NT$1,000

Range	item	Public audit	Non-Public audit	Total
1	<2,000	-	-	-
2	2,000 ～4,000	✓	-	✓
3	4,000 ～6,000	-	-	-
4	6,000 ～8,000	-	-	-
5	8,000 ～10,000	-	-	-
6	More than 10,000	-	-	-

Unit：NT$1,000

Name	Accountant	Payment for Public Audit	Non-Public audit					Review Period	note
			System Design	Business Registration	Human Resource	Others （note 2）	Total		
KPMG	Chen,Pei Chi	2,250					2,250	2020	
	Lin,Heng Shen							2020	
Note									

Note 1: If the company changes accountants or accounting firms this year, please list the inspection period separately, explain the reason for the replacement in the remarks column, and disclose the audit and non-audit public fees paid in order.

Note 2: Please list the non-audit public expenses separately according to the service items. If the "other" of the non-audit public expenses reaches 25% of the total amount of the non-audit public expenses, the service content should be listed in the remarks column.

(1) If the non-audit public expenses paid to the certified public accountant, the certified public accountant's firm and its affiliated companies account for more than one-fourth of the audit public expenditure, the amount of the audited and non-audited public expenditure and the content of the non-audit service shall be disclosed: Not applicable.

(2) If the accounting firm is replaced and the public audit fees paid during the replacement year are less than the public audit fees of the previous year, the amount, proportion and reason for the reduction in public audit fees shall be disclosed: none.

(3) If the public audit expenses are reduced by more than 15% compared with the previous year, the amount, proportion and reason for the reduction of public audit expenses shall be disclosed: None.

6. Change accountant information: none.
7. The company’ s board director, general manager, manager in charge of financial or accounting affairs, and those who have worked in the firm or affiliated company of the certified public accountant within the most recent year, shall disclose their name, title and work in the certified public accountant Period of the affiliated firm or its affiliated company: none.

8. In the most recent year and as of the publication date of annual report, the board directors, supervisors, managers, and shareholders who hold more than 10% of the shareholding ratios of equity transfers and equity pledge changes:

(1) Changes in the equity of Board Directors, supervisors, managers and major shareholders

Title	Name	2020		2021.4.27	
		Number of shares held Increase (decrease) number	Number of pledged shares Increase (decrease) number	Number of shares held Increase (decrease) number	Number of pledged shares Increase (decrease) number
Chairman	Chen, An Shun	—	—	—	—
	Legal person represented: Zhanhong Investment Company	—	—	—	—
Board Director	Lee, Jung Kung	—	—	—	—
	Legal person represented: Yufeng Investment Co., Ltd.	—	—	—	—
Board Director	Lai, Wen Chang	—	—	—	—
	Legal person represented: Hongyi Investment Co., Ltd.	—	—	—	—
Board Director	Yu, Bill	—	—	—	—
	Legal person represented: Living Water Investment Company	—	—	—	—
Board Director	Dai, Shui Chuan	—	—	—	—
Board Director	Kao, Chuan Chih	—	—	—	—
Independent Director	Li, Robert	—	—	—	—
Independent Director	Hung, Ching Chang	(3,000)	—	—	—
Independent Director	Chen, Ming Hsing	—	—	—	—
Sales Vice GM	Chen, Asui	—	—	—	—
Sales Associate Manager	Lee, Brent	—	—	—	—
R&D Associate Manager	Chen Xiurong	—	—	—	—
Accounting & Finance, Corporate Governance Manager	Shen, Wendy	—	—	—	—

(2) Equity transfer information: no situation where the counterparty of the equity transfer is a related party.

(3) Equity pledge information: no situation where the counterparty of the equity pledge is a related party.

9. The shareholding ratio accounts for the top 10 shareholders, who are related persons, spouses, second parents, etc.

2021.4. 27; Unit: shares;%

Name of Shareholders	Shares held		Spouse and children hold shares		Total holding of shares in the name of others		The name and relationship of the top ten shareholders who have a relationship with each other or are a spouse, etc.		note
	Shares	%	Shares	%	Shares	%	Name	Relations	
Tongde Investment (Stock) Company	3,632,928	6.61%	—	—	—	—	—	—	—
Representative: Wang Yumei	878,521	1.60%	976,853	1.78%	—	—	Lai, Yingzhi	Mother and daughter	—
Living Water Investment (Stock) Company	2,760,712	5.02%	—	—	—	—	—	—	—
Representative: Yu Zhe Wei	1,139,544	2.07%	—	—	—	—	Yu, Zhe Kuan	Sister and brother	—
Hongyi Investment Co., Ltd.	2,758,119	5.02%	—	—	—	—	—	—	—
Representative: Lai Yingzhi	940,000	1.71%	—	—	—	—	Wang, Yumei	Mother and daughter	—
Yufeng Investment Co., Ltd.	2,757,309	5.01%	—	—	—	—	—	—	—
Representative: Lee, Hsin-Yun	813,333	1.48%	—	—	—	—	Lin,Chin-Jung	Mother and daughter	—
Zhanhong Investment (Stock) Company	2,755,104	5.01%	—	—	—	—	—	—	—
Representative: Chen Yu Xuan	1,227,502	2.23%					Chen, Hong Chan	Brother and sister	—
Lin, Chin-Jung	1,335,812	2.43%	913,148	1.66%	—	—	Lee,Hsin-Yun	Mother and daughter	—
Chen, Yu Xuan	1,227,502	2.23%	—	—	—	—	Chen, Hong Chan	Brother and sister	—
Yu, Zhe Wei	1,139,544	2.07%	—	—	—	—	Yu, Zhe Kuan	Sister and brother	—
Yu, Zhe Kuan	1,112,255	2.02%					Yu, Zhe Wei	Sister and brother	
Chen, Hong Chan	1,106,333	2.01%	733,000	1.33%	—	—	Chen, Yu Xuan	Brother and sister	—

10. The number of shares held by the company's Board Director, supervisors, managers, and businesses directly or indirectly controlled by the company in the same reinvested enterprise, and combined calculation of the comprehensive shareholding ratio.

2021.3. 31, Unit: shares;%

Reinvestment business	The Company's investment		Board Director, Supervisors, managers and companies directly or indirectly control business investment		Total investment	
	Shares	%	Shares	%	Shares	%
GROUP UP (SAMOA) Ltd.	12,500,000 shares	100.00%	-	-	12,500,000 shares	100.00%
Group Up Technology (Suzhou Industrial Park) Co.Ltd.	USD 10,000,000 (note)	100.00%	-	-	USD10,000,000 (note)	100.00%
Group Up Trading (ShenZhen) Co. Ltd.	USD500,000 (note)	100.00%	-	-	USD500,000 (note)	100.00%

Note：Mainland equity is not divided into shares.

III. Market and Shares

1. Capital and Shares

Share formation process

(1) Changes in shares in the last 5 years and up to the date of publication of the prospectus

Unit: NT$；Share

Year/ Month	Issue Price	Approved share capital		Paid-in capital		Note (New Taiwan Dollar)		
		Shares	NT$	Shares	NT$	Source of equity	Property other than cash to offset the share price	Note
2014.11	10	60,000,000	600,000,000	40,000,000	400,000,000	Surplus to capital increase 100,000,000	None	2014.12.24 Jingshui Zhongzi No. 10334004820
2014.12	10	60,000,000	600,000,000	50,000,000	500,000,000	Cash increase 100,000,000	None	2014.12.24 Jingshui Zhongzi No. 10334004820
2018.09	10	60,000,000	600,000,000	55,000,000	550,000,000	Cash increase 50,000,000	None	2014.12.24 Jingshui Zhongzi No. 10334004820
2019.07	10	80,000,000	800,000,000	55,000,000	550,000,000	-	None	2014.12.24 Jingshui Zhongzi No. 10334004820

2. In the last 3 years as of publication date of prospectus, the status of private common shares: none

3. Information about the general declaration system: n/a

(2)Type of shares

Unit：share

Type of share	Approved share capital			Note
	Shares in the market	Unissued shares	Total	
Common shares	55,000,000	25,000,000	80,000,000	Over-the-counter (OTC) stock.

(3)Shareholder structure

2021.4.27；Unit：share / %

Type / Number	Government	Financial institution	Other legal persons	Foreign institutions And foreigners	Investing in individuals	Total
Number of shareholder	0	0	24	15	4,067	4,106
Number of Shares	0	0	15,290,172	1,050,000	38,659,828	55,000,000
Percentage of shares	0 %	0 %	27.80%	1.91%	70.29%	100%

(4)Diversification of shareholding

2021.04.27；Unit：Share / %

Level of shares	Number of shareholders	Shares	Pencentage of shares
1 to 999	1,489	18,325	0.03%
1,000 to 5,000	2,057	4,044,008	7.35%
5,001 to 10,000	245	1,987,610	3.61%
10,001 to 15,000	78	1,011,224	1.84%
15,001 to 20,000	52	990,600	1.80%
20,001 to 30,000	45	1,162,116	2.11%
30,001 to 40,000	27	961,234	1.75%
40,001 to 50,000	12	574,705	1.05%
50,001 to 100,000	43	3,249,171	5.91%
100,001 to 200,000	19	2,606,437	4.74%
200,001 to 400,000	9	2,453,795	4.46%
400,001 to 600,000	6	2,600,489	4.73%
600,001 to 800,000	1	733,000	1.33%
800,001 to 1,000,000	11	9,909,082	18.02%
More than 1,000,001	12	22,698,204	41.27%
Total shares	4,106	55,000,000	100.00%

(5)List of main shareholders

2021.04.27；Unit：share / %

Share / Main shareholders	Shares	Percentage of Shares
Tung Der Investment Co., Ltd.	3,632,928	6.61%
Living Water Investment Co., Ltd.	2,760,712	5.02%
Hong Yi Investment Co., Ltd.	2,758,119	5.02%
Yufeng Investment Co., Ltd.	2,757,309	5.01%
Zhanhong Investment Co., Ltd.	2,755,104	5.01%
Lin, Chin Jong	1,335,812	2.43%
Chen, Yu Xuan	1,227,502	2.23%
Yu, Zhe Wei	1,139,544	2.07%
Yu, Zhe Kuan	1,112,255	2.02%
Chen, Hong Zhan	1,106,333	2.01%

(6)Each stock market price, net worth, surplus and dividend information

year item			2019	2020	2021.3.31 （Note8）
Stock price（Note1）	Highest		80.90	71.10	75.20
	Lowest		47.80	45.35	61.70
	Average		68.75	62.74	68.48
Net value per share（Note2）	Before distribution		33.05	34.62	36.37
	After distribution		28.85	30.32	32.07
Earnings per share	Weighted average number of shares		55,000	55,000	55,000
	Earnings per share（Note3）		5.40	5.65	1.80
Dividend per share	Cash dividend（Note2）		4.20	4.3	n/a
	Free allotment	Surplus allotment	－	－	n/a
		Capital reserve allotment	－	－	n/a
	Accumulated unpaid dividends（Note4）		－	－	n/a
Return on investment analysis	Price to Earning ratio（Note5）		12.73	11.10	n/a
	Price to cash dividend ratio（Note6）		16.37	14.59	n/a
	Dividend yield（Note7）		6.11	6.85	n/a

＊In the event that surplus or capital reserve is used to increase capital, the market price and cash dividend information that is retrospectively adjusted according to the number of shares issued should be disclosed.
Note 1: List the highest and lowest market prices of common stocks in each year, and calculate the average market prices for each year based on the transaction value and volume of each year.
Note 2: 2020 cash dividend was approved by the board director meeting of the company on March 26, 2021.
Note 3: If retrospective adjustment is required due to circumstances such as gratuitous allotment, the earnings per share before and after adjustment should be shown.
Note 4: If the equity securities issuance conditions stipulate that the dividends that have not been paid in the current year are accumulated to the year of surplus, the accumulated and unpaid dividends as of the current year shall be disclosed separately.
Note 5: P/E ratio = average closing price per share for the year/earnings per share.
Note 6: P/E ratio = average closing price per share for the year/cash dividend per share.
Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the year.
Note 8: The net value per share and the earnings per share should be filled in with the information verified (reviewed) by an accountant as of printing date of annual report; the remaining fields should be filled in as of printing date of annual report.

(7) Company dividend policy and implementation status

1. Dividend policy stipulated in the company's articles of association

(1) If the company’s total annual final accounts have net profit after tax for the current period, it should first make up for the previous losses, and 10% of the second increase will be the statutory surplus reserve, but this is not the case when the statutory surplus reserve has reached the company’s paid-in capital ;Subject to the provisions of the law or transfer the special surplus reserve. If there is surplus and the undistributed surplus at the beginning of the same period, the Board Director will draft a surplus distribution plan and submit it to the shareholders meeting for distribution.

For the distribution of the surplus in the preceding paragraph, the Board Director will present dividends and bonuses or all or part of the statutory surplus reserve and capital reserve in the form of more than two-thirds of the board director’s attendance and the attendance of more than half of the board director’s special resolutions. Distributed in cash and reported to the shareholders meeting.

(2) GP's dividend policy is still in the growth stage due to considerations, and will be coordinated with business development and expansion in the future. The distribution of surplus should take into account the company's future capital expenditure budget and capital needs. The board of directors shall draw up an allocation plan and distribute it after the resolution of the shareholders meeting. Among them, the annual distribution of dividends to shareholders should not be less than 10% of the surplus available for distribution for the year. However, if the cumulative surplus for distribution is less than 10% of the paid-in share capital, it may not be distributed; when dividends to shareholders are distributed , It can be done in cash or stocks, but distribution of dividends shall be not less than 10% of the dividends distributed in the current year in cash dividends.

2. The situation of the dividend distribution that has been negotiated this year

The company decided to distribute the 2020 cash dividend of NT$236,500,000, and the allotment of NT$4.3 per share. The cash dividend distribution proposal was passed by the board director meeting of the company on March 26, 2021. In addition, the Board Director is authorized to set the ex-dividend base date, issuance date and other related matters.

(8) The impact of the free allotment proposed by the shareholders' meeting on the company's operating performance and earnings per share:

The company's 2020 earnings distribution plan passed by the Board Director on March 26, 2021 did not distribute stock dividends, so it is not applicable.

(9) Remuneration for employees, Board Directors and supervisors

1. The number or scope of compensation for employees, Board Directors and supervisors as stated in the company's articles of incorporation

Article 19 of the Company Charter shall deduct the current year’s pre-tax benefits from the distribution of employee remuneration and director’s remuneration. After retaining the amount of accumulated losses, if there is any remaining balance, it shall allocate no less than 2% as employee remuneration and no more than 5%. Board Director remuneration. The distribution of employee remuneration and Board Director remuneration shall be made by the Board Director on the basis of two-thirds or more of the Board Director's attendance and a resolution approved by more than half of the Board Director's attendance, and report to the shareholders meeting.

2. The estimated basis for the estimated amount of compensation for employees, Board Directors and supervisors in the current period, the calculation basis for the number of shares of employee compensation distributed by stocks, and the accounting treatment when the actual distribution amount is different from the estimated amount: employee compensation and The remuneration of directors and supervisors is recognized as expenses and liabilities when there are legal or constructive obligations and the amount can be reasonably estimated. If there is a difference between the actual allotment amount and the estimated amount in subsequent resolutions, it shall be treated as a change in accounting estimates. In addition, for the payment of employee compensation in stocks, the basis for calculating the number of shares is to assess the fair value by means of evaluation techniques in accordance with the provisions of the International Financial Reporting Standards No. 2 "Basic Share Benefits".

3. The Board Director will approve the distribution of remuneration:

(1) The amount of compensation for employees and board directors and supervisors distributed in cash or stocks. If there is a discrepancy with the annual estimated amount of recognized expenses, the number of discrepancies, reasons and handling circumstances should be disclosed:

The company has passed the resolution of the Board Director meeting on March 26, 2021 that in the year of 2020 plans to allocate NT$14,000,000 in employee compensation and NT$4,000,000 in Board Director compensation. The above remuneration will be paid in cash, and the Board Director has been authorized. The payment date and other related matters are set, and there is no difference between the aforesaid provision of employee remuneration and Board Director remuneration and 2020 annual cost estimate.

(2) The proportion of the amount of employee compensation distributed by stocks to the total after-tax net profit and total employee compensation for the current period: Not applicable.

(10) Circumstances when the company buys back the company's shares: no such circumstances.

2. Corporate debt handling situation: None.

3. Handling of special shares: None.

4. Circumstances for handling overseas depositary receipts: None.

5. Employee stock option certificate processing situation: None.

6. Circumstances for restricting employee rights to new shares: None.

7. M&A or transfer of shares of other companies to issue new shares: None.

8. Implementation status of fund utilization plan:

(1) The content of the fund utilization plan

As of the quarter before the publication date of the annual report, the previous issuance or private placement of securities has not been completed or the analysis has been completed within the last three years and the benefits of

the project have not yet appeared: No such incident.
(2) Implementation of the fund utilization plan: Not applicable

IV. Operation

1. Business overview

(1) Business scope:

1. The content of profit-making business approved by the Ministry of Economic Affairs:

(1) General box type drying, baking, preheating, curing equipment, automatic conveying hot air, IR ovens, baking equipment, professional dust-free explosion-proof, vacuum oven manufacturing business.

(2) Constant temperature and humidity box, thermal shock box, temperature life box, aging test box and environmental test equipment, high-precision, high-stability constant temperature test equipment manufacturing business for scientific physical and chemical tests.

(3) Automated UV instant drying, glazing equipment, UV treatment machines for sterilization, special drying equipment for PCB manufacturing, semiconductor IC and advanced packaging, and the processing, manufacturing, and trading of dust-free ovens for LCD manufacturing.

(4) Import and export and agency of the previous related products.

2. Operating proportion:

The company's business proportions based on customer industries from 2019 to 2020 are as follows:

Unit：NT$1,000

year / Product type	2019		2020	
	NT$	(%)	NT$	(%)
PCB equipment	1,307,492	78.37	1,137,982	70.50
Panel equipment	74,432	4.46	45,501	2.82
Others	286,362	17.17	430,760	26.68
total	1,668,286	100.00	1,614,244	100.00

3. The company's current product items:

The company's products are mainly used in industries such as displays, printed circuit boards, touch panels, semiconductors, LED lighting, solar energy, energy components, and passive components. The equipment is listed as follows:

(1) All kinds of automatic hot air conveyor furnaces, infrared hot air conveyor furnaces
(2) The robotic arm automatically loads and unloads hot-blast multi-layer furnaces, hot-plate multi-layer furnaces, and tunnel conveyor furnaces
(3) Vertical double-sided roller coating baking line
(4) Electrostatic spraying baking line
(5) All kinds of precision hot air ovens, dust-free precision hot air ovens, nitrogen hot air ovens, vacuum ovens
(6) CCD alignment exposure machine, ultraviolet dryer
(7) Roll-to-roll single-sided coating baking line, roll-to-roll laminating machine, roll-to-roll CCD alignment exposure machine,
Various rewinding and unwinding machines for wet process/screen printing/AOI VRS optical inspection/laser etching/laser cutting applications

4. New product application areas planned to be developed:

(1) All kinds of vehicle electronic products
(2) Smartphone related parts and components
(3) 5G infrastructure and application related electronic products and components
(4) Flexible display
(5) Semiconductor advanced packaging
(6) Key materials and components for the OLED panel manufacturing process
(7) Touch sensor film made of double-sided metal layer thin film materials processed at the same time on both sides
(8) Medical materials and biotechnology products
(9) Green energy

To ensure a high degree of competitive advantage, the company will flexibly adjust the content of its R&D plan at any time in line with its operating strategy and market demand.

(2) Industry overview

1.Equipment industry

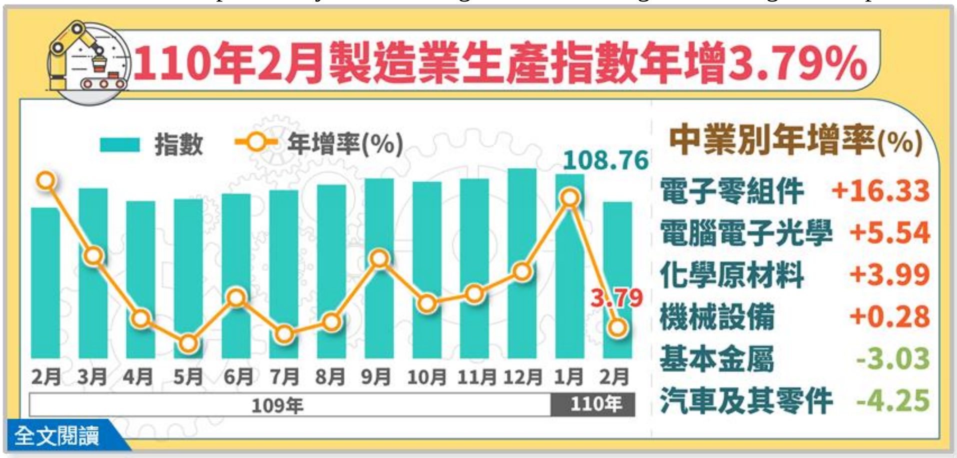
(1) industrial production index

(A). The new crown epidemic continues to spread, and the Lunar New Year is again in February. The reduction in working days affects output. However, the global economy is recovering steadily, consumption and investment momentum is gradually recovering, and the demand for 5G communications, high-performance computing and remote applications continues Strong, coupled with the low base of comparison due to the impact of the epidemic last year, the manufacturing production index increased by 3.29% and 3.79% year-on-year compared with the same month of the previous year, continuing the growth trend since February 2020; cumulative January to February increased from the same period of the previous year 11.70%.

(B). In the information and electronics industry, the production index of the electronic components industry increased by 15.58% annually, which is the main source of contribution to boosting the growth of manufacturing production, mainly due to the demand for chips related to 5G communications, automotive electronics, Internet of Things and high-performance computing. Strong, resulting in an annual increase of 15.72% in the integrated circuit industry; an annual increase of 51.62% in the LCD panel and its component industry, mainly due to the continued growth of the housing economy and long-distance business opportunities, driving the continued growth of IT and TV panel production. The annual growth of computer electronic products and optical products was 5.25%. Due to the continuous heating of the housing economy and long-distance application demand, the production of NB, solid-state hard disks, and Netcom equipment increased significantly.

(C). Overall, the manufacturing industry in 2020 will be dragged down by the epidemic, with an output value of 12.727.2 billion yuan, a year-on-year decrease of 3.72%. Among them, the petroleum and coal products industry, the chemical raw material industry and the basic metal industry are relatively low due to the prices of raw materials. The decrease was relatively large, with annual decrease of 36.19%, 18.46% and 10.70% respectively. Machinery and equipment industry, automobile and parts industry and metal products industry also decreased by 4.43%, 4.42% and 3.95% annually due to weak terminal demand; and electronics The component industry, computer electronic products and optical products industry performed well,

The annual increase was 10.70% and 5.56% respectively, offsetting part of the decrease. Since the output value will be affected by price fluctuations, if the price factor is excluded and observed by output, the manufacturing production index for the whole year of 109 was 117.15, a record high in the past year, a growth of 7.56% over the previous year, and the growth rate changed from negative to positive.



Source：Statistics Department of the Ministry of Economic Affairs

Source：Statistics Department of the Ministry of Economic Affairs

(D). In February 2021, the industrial production index was 106.37, which was affected by the different impacts of the Spring Festival, and decreased by 15.34% from the previous month, of which the manufacturing industry decreased by 15.38%; after seasonal adjustment, the industrial production increased by 3.94% and the manufacturing industry increased by 4.91% . Continued to benefit from the strong demand for 5G communications and high-performance computing, the output of high-end PCBs, foundries, and packaged ICs has increased significantly. From January to February, compared with the same period of the previous year, industrial production increased by 10.84%.

According to the observations of the Statistics Department of the Ministry of Economic Affairs, looking forward to the future, as the application of emerging technologies continues to expand, the demand for long-distance business opportunities continues, orders for high-end semiconductor processes continue to grow, and traditional industries such as plastics, steel, machinery, and automobiles will gradually recover. Given the momentum of manufacturing production, but the recent international epidemic is still severe and the uncertainty of the international economic situation is still high, it is still necessary to pay close attention and cautiously respond.

(2) Dedicated production machinery and equipment industry

The company is mainly engaged in the design, manufacturing and assembly, sales and after-sales service of special machinery for electronics and semiconductor production. The new crown pneumonia epidemic in 2020 will have an impact on the international economy. Due to the continuous demand for expansion in the semiconductor and electronics industries, domestic special machinery and equipment According to statistics from the Statistics Department of the Ministry of Economic Affairs, the total production value of the components was about NT$124.7 billion, a slight decrease of 0.45% from the previous year.

【Statistics of output value of special machinery equipment and components from 2016 to 2020】

Unit:NT$1,000

year	(A)	(B)	(C)	(D)	(A)+(B)+(C)+(D) Total
type	Semiconductor production equipment and components	Panel display production equipment and components	Other electronic production equipment and components	Maintenance and installation of electronic & semiconductor production equipment	
2016	27,806,279	17,990,497	24,477,504	23,533,039	93,807,319
2017	33,339,592	20,632,075	38,592,196	26,184,456	118,748,319
2018	37,270,189	25,895,271	49,272,414	28,171,785	140,609,659
2019	45,172,641	21,072,661	28,510,224	30,521,378	125,276,904
2020	51,416,137	14,039,239	30,064,422	29,190,011	124,709,809

2. Customer industry profile

(1) Printed circuit board industry

PCB (Printed Circuit Board) is often referred to as the "mother of electronic system products" or "the foundation of the 3C industry." PCBs play an indispensable role in the information, communications, and consumer electronics industries. Its products Types and technologies are diversified and changeable with the application requirements of various electronic products. PCB products can be classified into HDI (High Density Interconnect), Multilayer, Flexible PCB (Flex, FPC, Flex Printed Circuit), IC Substrate, etc., according to Prismark statistics. Although the new crown pneumonia in the PCB industry will have an impact on the industry in 2020, the rapid development of 5G has allowed the PCB industry to continue to expand. It is estimated that the global PCB output value in 2020 will be 62.5 billion U.S. dollars and reach 79.2 billion U.S. dollars by 2025.

According to TPCA 2020 survey, the output value of the PCB industry across Taiwan Straits reached 696.3 billion Taiwan dollars (approximately US$23.6 billion), an increase of 5.1% from the 662.4 billion Taiwan dollars in 2019. The Taiwanese dollar output value continued to hit a record high for four consecutive years. Positive growth, if the factor of the exchange rate volatility is added, the output value of the dollar will grow by as much as 10.2%. Looking forward to 2021, with the economic recovery in Europe and the United States after the epidemic and the rising demand for terminal applications driven by 5G, it is estimated that the total output value of Taiwanese businessmen at home and abroad will grow by 4%, which is expected to set a new record again.

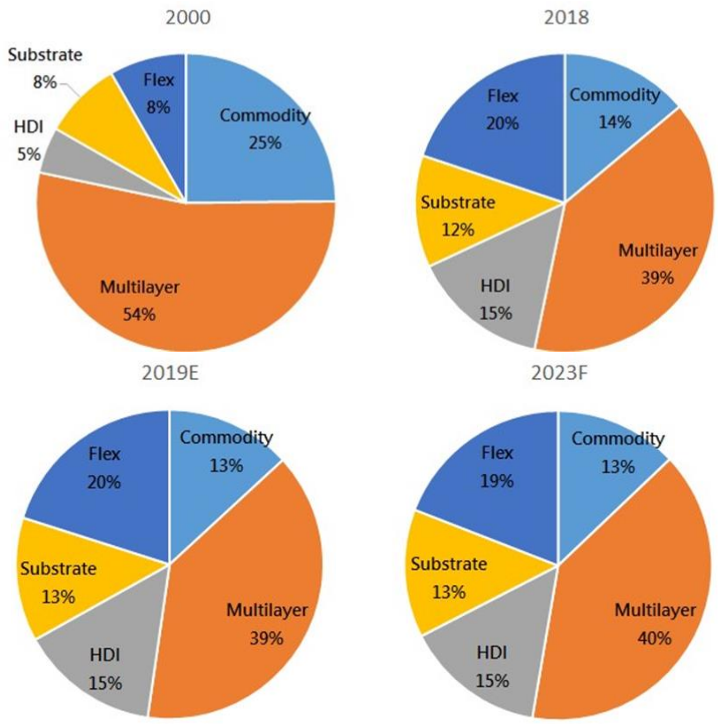
In 2020, the proportion of Taiwanese businessmen's output value produced by both sides of the strait will be affected by the development of the new crown pneumonia epidemic, from the lowest of 60.7% in Q1 to 64.0% in Q4 after the epidemic gradually slows down, and the annual average is 62.8%. Since the outbreak of the epidemic, major factories have begun to have different plans for new investment deployment across the strait. From the perspective of changes in the overall environment, the choice of PCB industry in production bases has actually been affected. However, by exploring the characteristics of the main global PCB production settlements, the mainland still has both market and manufacturing advantages.

From the observation of performance of various PCB products of Taiwanese companies, the star products in

2020 will be the most prominent in IC substrates and HDI. IC substrates will benefit from high-end computing chips and high-speed memory to drive demand for advanced manufacturing processes, with a growth rate of up to 16%; overall mobile phones Despite the market recession, the high standardization of smart phone motherboards has also brought the HDI growth rate to 9.6%; the soft board has a growth rate of as much as 6% due to the delayed listing and hot sales of US mobile phones. Multilayer boards benefited from long-distance business opportunities. The sales volume of laptops and global automobiles gradually recovered, and the temperature difference between the top and the cold and the hot and the bottom was also showing a 2% growth rate throughout the year. Based on the performance of various products, the Taiwan PCB industry as a whole will still create surprises in 2020 and once again deliver outstanding results.

Although COVID-19 epidemic has not stopped, the new crown pneumonia vaccine has just come out, the international situation is turbulent and other disturbing factors. According to the investigation of the Institute of Obstetrics of the Industrial Technology Research Institute, 2021 will be the generation of 4G to 5G communication technology. PCB applications such as smart phones, laptops, and wearable devices Major products such as, servers, autonomous driving, and network equipment will have the opportunity to embrace the prosperity of all-round growth. Among them, the overall electronic industry chain will be strongly driven by kinetic energy such as wearables, autonomous driving and Netcom equipment. However, Taiwan-funded PCB factories still have certain technical and quality advantages in high-end technology. In addition, Taiwan has the world's leading semiconductor and communications industry, leading the world in advanced foundry process technology. Taiwan PCB industry enjoys a geographical advantage and is also global largest production site for IC substrates, continues to make good use of its advantages and upgrades high-end manufacturing with evolution of semiconductors to meet great opportunities.

【Global PCB market overview】



($M USD)	2000	2018	2019E	2023F
Commodity	10,324	8,661	8,085	9,961
Multilayer	22,217	24,564	23,969	30,618
HDI	2,074	9,222	8,976	11,377
Substrate	3,505	7,554	7,949	10,322
Flex	3,450	12,395	12,330	14,731
Total	41,570	62,396	61,310	77,009

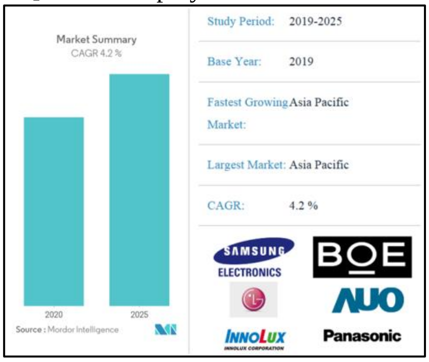
Source: Consolidated by Prismark, TPCA, and Industrial Technology Research Institute

(2) Display and touch industry

(A) Global Display Panels-The display and touch industries are booming and bringing forth new innovations along with end application demands and technological evolution. Mordor Intelligence mentioned 2019 in the Display Panel Market-Growth, Trends, and Forecast (2020-2025) report The global display panel market is valued at 134.14 billion U.S. dollars. It is estimated that the global display panel market will reach 171.93

billion U.S. dollars by 2024. During this forecast period (2020 to 2025), the compound annual growth rate of the global display panel market is 4.2%. Since display panels act as a bridge between consumers and information, in addition to traditional applications such as televisions, displays are also widely used in many important trends such as automobiles, virtual reality, and the Internet of Things. And due to the emergence of high-definition pixel quality displays, the global market for ultra-high-definition resolution displays (UHD) is booming, and the demand for high-resolution computer and TV displays continues to grow.

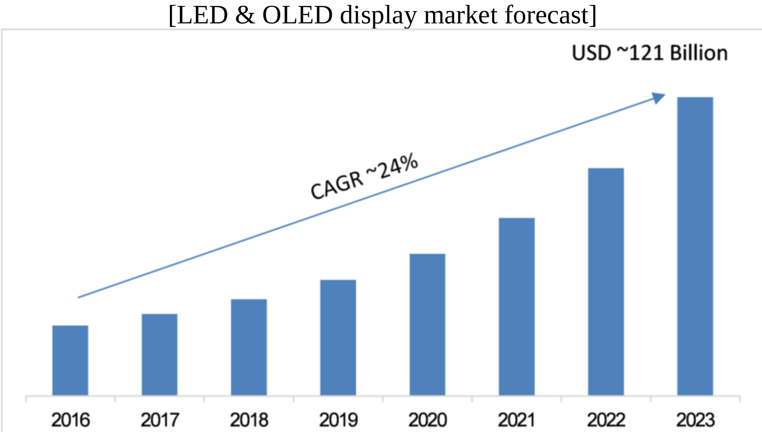
[Global Display Panel Market Forecast]



Source: Mordor Intelligence

(B) LED & OLED-The latest technologies (such as AMOLED, Micro LED displays) are expected to provide superior image quality and form factor advantages in high-end devices. MRFR Analysis predicts that the LED & OLED display market will grow at a compound annual growth rate of 24%, and is expected to reach US$121 billion by the end of 2023.

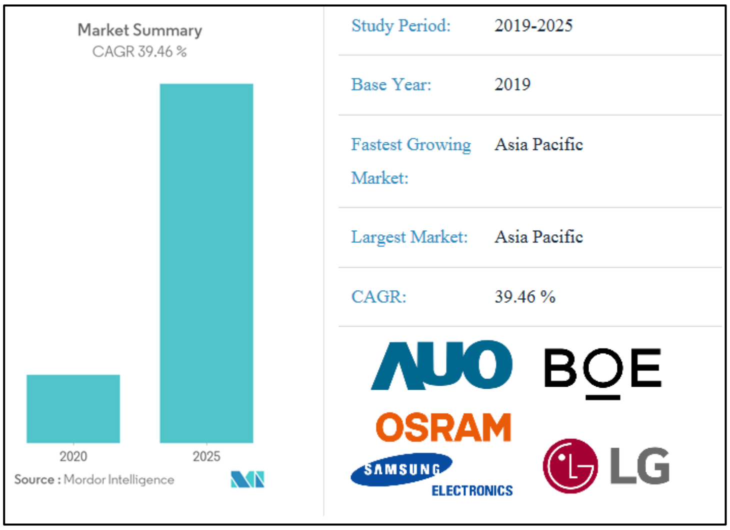
[LED & OLED display market forecast]



Source: MRFR Analysis

(C) Flexible OLED-About the flexible OLED market Mordor Intelligence mentioned in the Flexible OLED Market-Growth, Trends, and Forecast (2020-2025) report that the market value of flexible OLED in 2019 is 3.12 billion U.S. dollars and is expected to reach 633.5 by 2025 Billion US dollars, the compound annual growth rate in the forecast period 2020-2025 is 39.46%. OLED display technology provides beautiful and efficient lighting panels, and has been applied in many mobile devices and TVs. Flexible OLED is a next-generation technology that can fold and bend these displays in applications.

[Estimation of flexible OLED market]

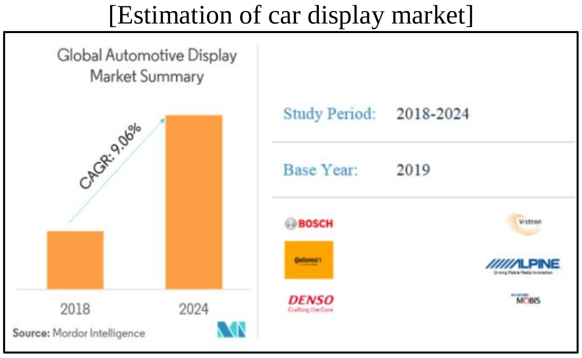


Source: Mordor Intelligence

(D) Multi-touch screen-The global multi-touch screen market was valued at USD 6 billion in 2016. Allied Market Research estimated in 2016 that the global multi-touch screen market will reach USD 16 billion by 2023, a composite from 2017 to 2023 The annual growth rate is 15.9%. The multi-touch screen is a display type that can detect and respond. Use the stylus or finger gestures in multiple locations on a single screen. This technology was first pioneered by Apple, Inc. through its introduction in the iPhone. At present, due to the extensive demand from various industries such as consumer electronics, retail, media, etc., this market has attracted attention. The surge in investment in multi-touch screen displays for emerging applications is expected to provide new opportunities for the market. The recent expansion of the touch screen market and product development needs are multi-touch screens for large-size electronic whiteboards and thin-film touch screens with flexible OLED displays.

(E) Automotive displays-Mordor Intelligence estimated in the Global Automotive Display Market-Growth, Trends, and Forecast (2020-2025) report that the entire global automotive display market has a compound annual growth rate of approximately 9% during the forecast period. The report pointed out that the global automotive display market is mainly driven by system technology advancement and innovation. In developed countries, the rising consumer preference for convenience and safety is driving market growth. With the advent of new, large and efficient displays, the early trends of small screens in the center console, plus music players, have completely changed. Navigation and infotainment systems have become standard features in most cars. With the growth of passenger car sales, the demand for connected cars, and the increase in disposable income (which is finding investment in additional comfort and safety features), the car display market has been growing rapidly, especially in Asian economies . Due to the existence of many luxury car manufacturers such as Audi, BMW, Mercedes-Benz, Porsche and Jaguar Land Rover, Europe is expected to become another prominent region in the market. Most of these luxury car brands provide display systems and rear-seat entertainment systems as standard for most flagship products. At present, most of the panels used in display systems are TFT LCDs, and OLED panels are expected to be more prominently used in automobiles. Thanks to the use of organic materials and thin plastic substrates, OLED panels provide design flexibility, including transparent displays. Samsung and LG are major companies focusing on OLED panels for automotive displays.

[Estimation of car display market]



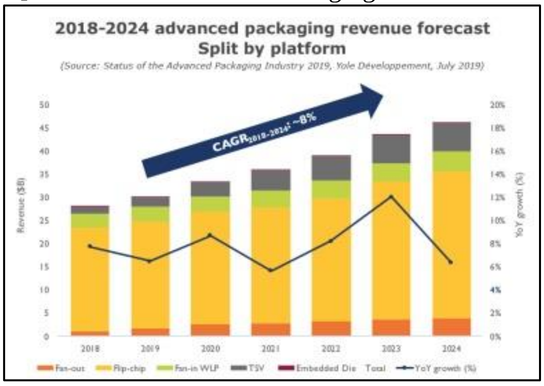
Source: Mordor Intelligence

(3) Advanced packaging industry

The Yole Développement (Yole) Status of the Advanced Packaging Industry 2019 report mentioned that the semiconductor industry is at a turning point. The slowdown in CMOS expansion, coupled with rising costs, has prompted the industry to rely on IC packaging to expand its benefits beyond the Moore's Law era. Therefore, driven by the slowdown of Moore's Law and the broad need for better integration in the fields of transportation, 5G, consumption, memory and computing, the Internet of Things (and IIoT), AI, and HPC, advanced packaging has entered the most advanced package. A period of success.

After experiencing double-digit growth and achieving record revenue, Yole Dveloement (Yole) predicts that the semiconductor industry will slow down in 2019 (a negative year-on-year growth). However, advanced packaging is expected to maintain its growth momentum, with a year-on-year increase of 6%. Overall, the advanced packaging market will grow at a compound annual growth rate of 8%, and will reach US$44 billion by 2024. On the contrary, the traditional packaging market will grow at a compound annual growth rate of 2.4% during the same period, and the total IC packaging business will show a compound annual growth rate of 5%.

[2018-2024 Advanced Packaging Revenue Forecast]



Source: Yole Développement

(4) Internet of Things

The Internet of Things is the most eye-catching new concept and new technology in recent years. The connection between people and people in the past has now turned to things as the main body of connection, and then it extends the interaction scenes between people and things, things and things; the Internet of things is not only It ends with the exchange of messages. In a broad sense, the Internet of Things is a series of value creation in which people perceive and collect these messages, use the data obtained to collect, analyze, and process, and finally feed back the results or guide the terminal to implement a series of value creation. The process, especially in recent years, has gradually spread to the manufacturing industry in various fields to improve standardized processes and allocate the best resources to achieve the purpose of smart manufacturing. In the future, it can be expected that the level of technology will continue to evolve and improve.

According to Gartner's forecast data, by 2020, the overall business income of the Internet of Things will reach 3 trillion US dollars, the overall compound growth rate will reach 21%, the consumer part will grow by 35%, and the corporate part (energy saving, etc.) will grow by 30%.

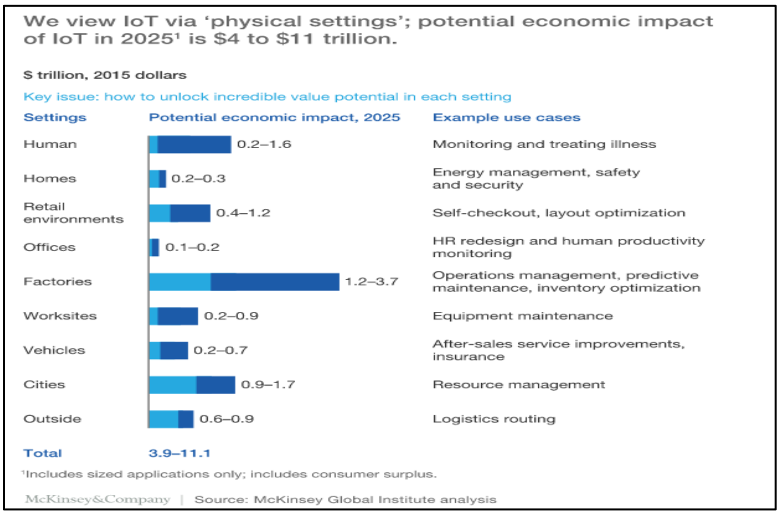
【Internet of Things Endpoint Spending by Category (Billions of US Dollars)】

Category	2014	2015	2016	2020
Consumer	257	416	546	1,534
Business:Cross-Industry	115	155	201	566
Business:Vertical-Specific	567	612	667	911
Grand Total	939	1,183	1,414	3,010

Source: Gartner (November 2015)

According to McKinsey estimates, the potential output value of the Internet of Things is expected to reach approximately US$11 trillion in 2025. Among them, the Internet of Things will benefit the most due to the influence of factories and hospitals, and it is expected to reach the level of US$3.7 trillion by 2025. The development of urban construction, medical care, etc., which is the engine of global economic growth, may become the second largest beneficiary. It is estimated that by 2025, the potential impact is expected to reach US$1.7 trillion.

【Estimated market size and application fields of the global Internet of Things in 2025】



Source：McKinsey Global Institute analysis

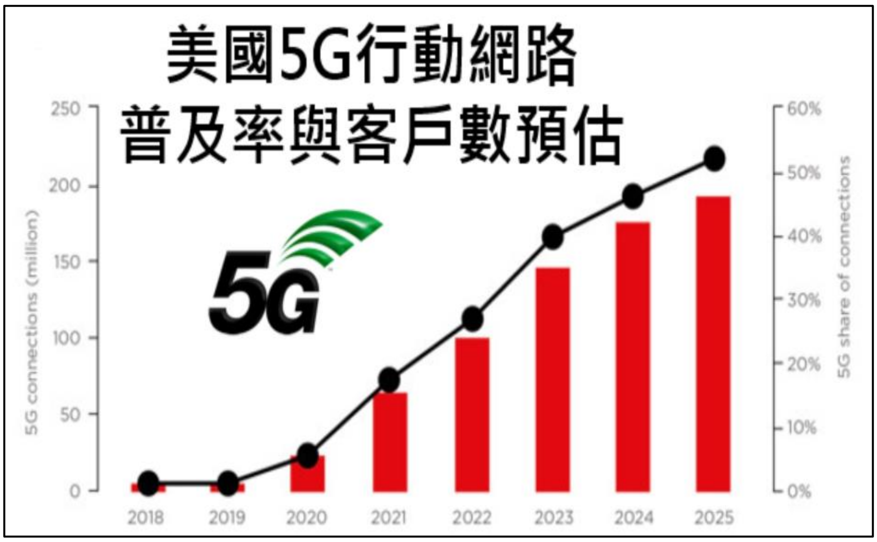
The emergence of the Internet of Things is driving changes in both traditional and emerging industries, and McKinsey pointed out nine areas where the Internet of Things can create value:

- Health: Wearable devices to monitor human health and disease tracking, etc.
- Home: remote control of home appliances, monitoring systems, etc.
- Consumption: self-checkout, product recommendation, etc.
- Office: improve work efficiency, mobile office, etc.
- Factory: Improve standardized processes, optimal resource allocation, etc.
- Construction site: equipment maintenance monitoring, process efficiency, etc.
- Vehicles: automatic driving, vehicle condition monitoring, etc.
- Cities: maintenance of public facilities, traffic management, environmental protection, etc.
- Outskirts: real-time traffic monitoring, logistics and transportation tracking, etc.
- On the whole, the wide range of applications of the Internet of Things will profoundly affect consumers' lifestyles.

(5) Communication technology upgrade specification upgrade niche

Industry 4.0 has initially developed the trend of smart manufacturing, which is to improve manufacturing efficiency through the concept of Internet of Things through various network connection technologies (the data transmission rate of the network is about 300 times that of 4G), and the application of 5G technology to future manufacturing plants Assisting the mobile devices in the factory to connect via wireless means that robots will have a good chance to be quickly used in smart factories. Now robots are mostly fixed devices, but they may be mobile devices in the future. In the future 5G era, the emphasis is High reliability, stability and extremely low latency characteristics to meet the wireless environment of future factories.

As far as factory equipment is concerned, the production line cannot be stopped. Its role is to predict maintenance and predict quality. However, each process judgment can make a decision within the shortest time of detection. It depends on the stable and extremely fast networking speed, and if it can be used in the equipment Before a problem may arise, it is possible to use big data to directly screen and notify the manufacturer to come to the factory for maintenance, etc., which may save huge maintenance expenses and time costs.



Source：GSMA(2018/03)

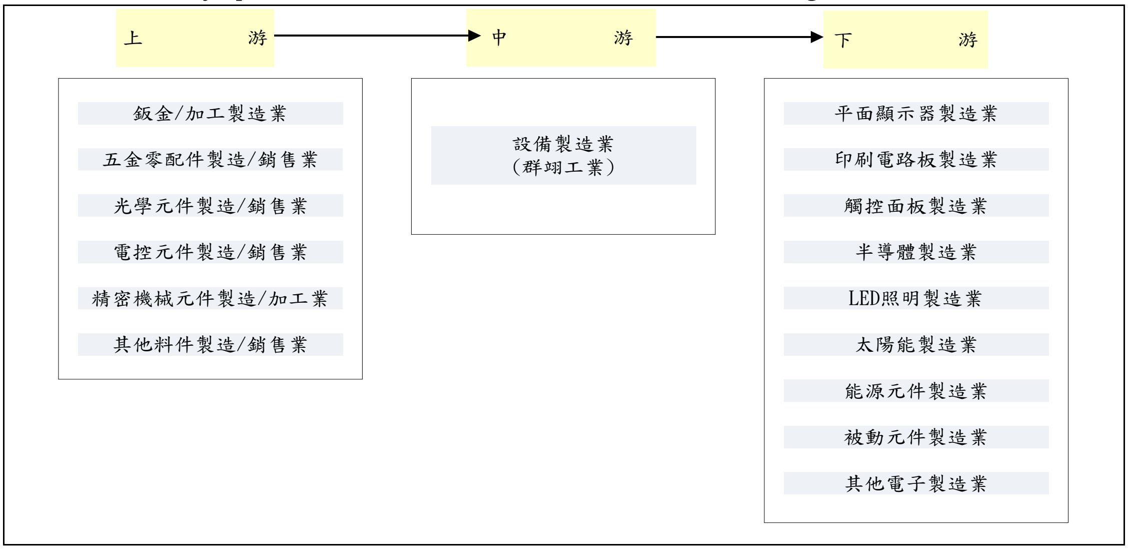
At the MWC conference held in Barcelona in February 2018, the discussion on the next generation of wireless communication technology 5G has reached a boiling point. Most major US operators have tested 5G networks through small-scale deployments in specific cities in the United States; international action The online trade organization GSMA predicts that the United States will become the leading market for 5G wireless technology, mainly due to the early practice of 5G commercialization in the United States and the steady growth of 5G customers by 2025. GSMA estimates that by 2022, the United States will have 100 million 5G connections, and by 2025 it will reach 190 million, leading the rest of the world.

Since the development of 2G, we can see that mobile networks have gradually integrated with data networks, and the 5G era, including VR, AR, Internet of Vehicles, smart manufacturing, Internet of Things, AI assistants, smart cities, etc., will become the most potential 5G Therefore, with the new application market and the changes in the Internet of Things, artificial intelligence, and visual communication modes, the human-machine interface tends to be diversified. This also forces the touch panel to think about the current use and control functions. Tactile and 3D sensing needs to provide different display panel feedback textures, or use different power to respond (such as Apple and other smart phone manufacturers' fingerprint sensing, frame press feedback). In the future, with the advent of 5G and the maturity of the Internet of Things technology, traditional home appliances will also set off a new wave of transformation, and the story will surely bring another wave of terminal smart product manufacturing step by step.

3. The relevance of the industry's upper, middle and lower reaches

The company has been deeply engaged in the design, manufacturing and assembly, sales and after-sales service of special machinery for electronic and semiconductor production for more than 30 years. After receiving the order, the upstream industry obtains relevant components and assembles in its own factory through mechanical design and motor design. After the assembly test is completed, it is then provided to customers in various application fields in the downstream industry. The company belongs to the midstream industry in the following figure. The flow chart of the relationship between the upstream and downstream industries is as follows:

【Industry upstream, mid-stream, and downstream correlation diagram】



4. Various development trends and competitive situations of products

The company has been in line with the market trend and developed the latest special equipment for the production of fine-line high-density PCB substrates, and has reached the process requirements of cleanliness and no scratches on the board surface during the production process. In addition, the company adopts MSAP according to customer needs In the manufacturing process, standardized and modular specifications and manufacturing processes are set for the automatic loading and unloading dust-free clean hot air conveyor furnace to greatly improve the quality of the equipment and shorten the delivery time.

In addition, the company also cooperates with the introduction of key materials for the latest flexible circuit board (FPC). In addition to greatly reducing the number of processes in the existing processing method, it can also improve the accuracy of flexible circuit board (FPC) products. The company will provide a series of products for this trend The complete equipment corresponds to the coating, filming, exposure, baking and other processes of this key material.

For many years, the company has been based on the four major technical spindles of coating, drying, exposure and automation, with displays, printed circuit boards, IC substrates, advanced packaging, touch panels, cover glass, semiconductors, LED lighting, solar energy, energy components, and passives. The production needs of customers in components and other industries develop various special equipment. Thanks to a strong design and service team, in addition to stably providing customers with high-quality standard products, the company develops various new products with competitive advantages in the market according to customer needs every year. , Establish long-term partnerships with customers, the customer base is stable and spans multiple industries, and is relatively unaffected by the ups and downs of a single industry.

(3) Overview of technology and R&D

1. The technical level of the business

Since its establishment, the company has accumulated many years of experience in the development and mass production of special process equipment such as automated coating, drying, lamination, and exposure. The R&D team has continued to cooperate with domestic and foreign research units, upstream related manufacturers, and customer groups. Exchange and cooperate to improve key technology levels and R&D capabilities. Looking forward to the future, the company will continue to integrate the four core technologies of coating, drying, exposure and automation to develop high-quality products with technical standards that are better than those of the industry's peers, and create a win-win situation with customers.

2. Research and development

To meet the needs of the client, we will continue to develop and deepen the development of various automatic coating, drying, laminating, exposure and other process-specific equipment. The research and development of each technical field are summarized as follows:

A. Coating: In line with the customer's product needs, continue to improve the function, accuracy and production speed of the roller coating line, electrostatic spraying line, roll-to-roll coating line... and other equipment.

B. Drying: In response to the low oxygen content, vacuum drying and high temperature requirements of the new manufacturing process of various industries, various non-oxidation baking, vacuum drying, infrared and ultraviolet drying equipment on the existing basis.

C. Laminating: Roll-to-roll vacuum laminating machine has established a benchmark performance in the market. In the future, it will continue to add functions and improve performance in response to the customized needs of different industries and customers.

D. Exposure: Develop LED light source exposure machines in line with market demand, and continue to improve the exposure accuracy and production speed of existing species.

E. Automation: With the trend of Industry 4.0 smart and intelligent manufacturing system, the company will use the existing system automation software and hardware technology as the basis for related technology development and actual performance experience accumulation, and provide robotic arms and EFEM applications in accordance with customer factory requirements , Automated organization development, CCD vision system construction, equipment-side production data collection and analysis, cooperation with CIM, EMS and other systems for data transfer and transmission and other functions and services, so that related products and systems can cooperate with eyes, hands, and brains And use it together to achieve customers' goals of intelligent, intelligent and automated system manufacturing.

3.Research and Development Team

Academic Background	2019		2020		March 2021	
	Number of staff	%	Number of staff	%	Number of staff	%
Master and above	7	14.58	9	18.00	9	17.31
Undergraduate	38	79.17	38	76.00	40	76.92
High school and below	3	6.25	3	6.00	3	5.77
total	48	100.00	50	100.00	52	100.00

4. R&D expenses invested each year in the last five years

Unit：NT$1,000

year	2016	2017	2018	2019	2020
R&D cost	38,345	36,072	55,485	75,306	112,775
Net Revenue	1,261,430	1,453,952	1,644,002	1,668,286	1,614,244
R&D expenses and costs as % of net revenue	3.04%	2.48%	3.37%	4.51%	7.00%

Note：The company expects to invest in R&D in 2021 for approximately 5% ~ 7% of revenue

5. Successfully developed technologies or products during the year of 2015~2020

Year	R&D performance	Explanation
2015	One-pass heating system	The clean and heated air in the furnace body will not be recycled after exhaust
	Exposure machine alignment system visible ITO target	CCD inspection TP process is difficult to identify the alignment target, special light source and software process the CCD antagonized image to obtain the best alignment screen
	Large open door clip-on oven	The new design of the furnace body opens the door on the side, which is double the width of the old design, and the convenience of cleaning and maintenance in the furnace is greatly increased.
	Curtain spraying machine	After the sprayer atomizes the paint with air, the air and paint particles are scattered, and the scattered paint particles are captured by the water curtain designed in the spraying room.
2016	Floating Platform	Flat air floating, after sending air into the flat air floating bed, the substrate can float on the platform
	Roll to Roll Nitrogen High Temperature Furnace	Newly designed horizontal coil conveyor furnace, and high temperature heating N2 to high temperature and then sent into the furnace to reduce the oxygen content in the furnace
2017	FPC soft board automatic line integration scheme	Single connection of yellow light FPC equipment CCD cutting, water-moisturizing film/vacuum filming, single/double-sided exposure, continuous CCD screen printing, continuous drying Totally composed of roll material and sheet material Full line planning
2018	Roll-to-roll vacuum infrared high temperature furnace	To meet the baking requirements of new materials, after the coiled film material is released in a vacuum environment, it is baked under high temperature and adiabatic with an IR hot plate, and the winding is completed after cooling.
	Roll-to-roll low-tension conveyor drying oven	Applied to COF products after printing and tin-plating baking process baking, with air floatation and lightweight rollers with tension control and EPC patrol control design to meet the high-precision production requirements of COF materials
2019	Nitrogen high temperature automatic baking system	Automatic baking system used in advanced semiconductor packaging with high temperature, high cleanliness, EFEM,

Year	R&D performance	Explanation
		GEM300 spec and high temperature uniformity process conditions
	5G-Special baking oven	Aiming at the trend of 5G infrastructure printed circuit boards with diversification of specifications and sizes, differences in board weight, etc., the development of patented models for the full range of pallet baking furnaces has been completed
	Intelligent networking of PCB baking equipment	Participate in the industrial upgrading and innovation platform counseling plan, and cooperate with the realization of the intelligent networking of PCB baking equipment
2020	Nitrogen plate warping machine	It is a part of the intelligent automation of the whole factory production, and the whole factory is connected in series to realize the intelligent automatic production process
	AI lens DIP automatic line	In response to the needs of AI/AR/MR, develop a full-automatic DIP coating and drying line for AR glasses
	Clean hot plate oven	In response to 5G, develop a large and heavy substrate platen oven
	EMIB automatic automatic door opening drying line	In response to the 5G BGA substrate circuit becoming more and more subtle, it is necessary to reduce the vibration during baking, GP developed EMIB cabinet baking, RGV automatic baking automatic line
	Auto open-door oven	In response to the 5G BGA substrate plant's AGV smart automation needs, develop an automatic door opening oven

(4) Long-term and short-term business development plans

1.short-term business development plan

- Based on the existing LCD industry CIM system architecture support, the semiconductor industry SECS/GEM300 agreement support equipment performance and experience accumulation, the equipment intelligent function enhancement, in response to the client's smart factory construction trend, enhance the market competitive advantage.
- Continue to make alliances with peers to jointly construct turnkey solutions, expand new customers and actively strive for orders.
- Continue to develop markets for semiconductors, OLEDs, 3D cover glass, flexible electronics, biotechnology and medical materials, 5G infrastructure and applications.

2.mid-term business development plan

- Based on Qunyi's research and development capabilities, we will continue to invest in patent applications and optimize the specific actions of serving customers.
- In response to the CSR and ESG sustainable investment and corporate governance 3.0 policies of the Financial Management Committee and the OTC Buying Center, collect relevant market information and learn from benchmark listed OTC companies.
- Cooperate with high-quality customers in Europe, America and Japan, participate in and make good use of various industrial exchange platforms and exhibitions, such as: SEMI International Semiconductor Association, TPCATaiwan Circuit Board Association, TEEIATaiwan Electronic Equipment Association... etc., access to market information and develop electronic equipment markets .

3.long-term business development plan

- Based on Qunyi’s equipment customization development capabilities, to meet the new process needs of existing customer groups, develop and introduce next-generation process-specific equipment.
- Cooperate with the development of new upstream materials on the client side, develop special process equipment synchronously in the form of cross-industry alliances, and use materials and equipment to sell or recommend each other to jointly create a win-win opportunity.
- Form alliances with major manufacturers in Europe, America and Japan, cooperate with OEM/ODM and carry out market development. On the whole, grasp the industry trend direction of "big man + 5G", that is, "big data, artificial intelligence, Internet of things + 5G" to deepen market niche products and services.

2. Market and Sales

1. Market analysis

(1) Sales (provided) area of main products (services)

The company's product sales areas include domestic, mainland China and others (such as: Japan, South Korea, the United States, Brazil, Germany, Israel, Austria, Singapore, Malaysia, Vietnam, Thailand, the Philippines, India, etc.) As shown in the following table:

Domestic and foreign sales amount and its ratio

Unit：NT$1,000；%

item \ year	2018		2019		2020	
	NT$	%	NT$	%	NT$	%
Inbound	575,248	34.99%	645,162	38.67%	497,787	30.84%
outbound	1,068,754	65.01%	1,023,124	61.33%	1,116,457	69.16%
total	1,644,002	100.00%	1,668,286	100.00%	1,614,244	100.00%

(2)Market share

The company is committed to the design and manufacture of special machinery for electronics and semiconductor production. Up to now, customers have installed machines in Asia, Europe and the Americas. The customer base includes major European, American, Japanese, Korean, mainland and domestic major factories, and has close relationships with customers. The partnership has successfully developed practical cases of special process equipment for many times, and has taken the lead in the drying equipment of the baking process in the IC substrate industry, the roller coating drying line for the inner circuit process of the printed circuit board industry, and the solder mask process. The electrostatic spraying baking line and the newly launched tunnel-type hot air conveyor furnace used in the carrier-like MSAP process in 2016 have achieved market opportunities and occupy a leading position in the world. Overall, the company's turnover from 2016 to 2020 accounts for approximately 1.46% to 1.80% of the annual output value of my country's electronics and semiconductor manufacturing machinery and equipment manufacturing industry.

Unit：NT$1000；%

Item/ year	The company's operating income (A)	Annual output value of my country's electronics and semiconductor manufacturing machinery and equipment manufacturing industry (B)	Ratio =(A)/(B)
2016	1,261,430	70,274,280	1.80%
2017	1,453,952	92,563,863	1.57%
2018	1,644,002	112,437,874	1.46%
2019	1,668,286	94,755,526	1.76%
2020	1,614,244	95,519,798	1.69%

Source：The Statistics Department of the Ministry of Economic Affairs and the company have verified the financial statements of the company after the accountant.

In addition, the company is not only one of the few high-quality companies that have won the honor of “BRIC Enterprise” as the hidden champion of the industry among the domestic TOP5000 companies published by the China Credit Information Research Institute more than twice in ten years. Commonwealth Magazine will publish in 2020 In the published top 2000 rankings of the manufacturing industry, the company ranked 1076, and the rankings in 2018 and 2019 were 1154 and 1090 respectively, and the ranking continued to improve for three consecutive years; the sixth corporate governance evaluation Selected as the top 51%~65% of the listed companies, the company echoes the spirit of the United Nations sustainable development goals, and the management team will continue to strive to present ESG results and competitive advantages.

(3) The future supply and demand situation and growth of the market

To welcome the arrival of the 5G era, the current situation is in the application fields of 5G infrastructure, VR, AR, Internet of Vehicles, smart manufacturing, Internet of Things, AI assistants, smart cities and other application fields. The order of electronic product-related process equipment is stable and continuous. The demand for special process equipment for coating, baking, laminating, and exposure required for manufacturing of boards, electronic whiteboards, advanced packaging, etc. is currently under continuous negotiation, and the subsequent business growth of the market layout can be expected. The company operates in a pragmatic and stable manner. In the face of future markets that may be affected by uncertainties such as the epidemic and Sino-US trade, we remain cautiously optimistic.

(4) Competitive niche

(A) Technology

The company's main business R&D team has more than 10 years of development experience in the roll-to-roll and flexible electronics fields. The company's product line will also continue to evolve in response to this theme. Ranked 50th in the number of patent applications nationwide in 2020.

(B) A pragmatic and forward-looking R&D team

The R&D team carefully examines and communicates with the market information returned by the business side, planning products and arranging R&D progress from a pragmatic and forward-looking perspective, and prioritizes the achievement of the company's operational goals and customer satisfaction.

(C) Resilience R&D and production management team

According to customer needs, the company's R&D and production management team reviews and optimizes process specifications with upstream and downstream suppliers from time to time to meet customer needs. It can also achieve cost control and continue to integrate R&D plans with suppliers' future development technologies. , Flexibility to create a win-win partnership in the future.

(D) Tax-sensitive and flexible business marketing team

The company's business marketing team, with years of first-line deep cultivation of the target market and sensitivity to market dynamics, has entered the PCB, flexible electronics, mobile phone peripherals and optoelectronics markets, fully demonstrating the flexibility of tax sensitivity and continuous development of customer groups. Ability. Because of the cooperation with brand customers for many years, the company has the opportunity to first sniff business opportunities in the market, and has repeatedly won the recognition of domestic and foreign index customers.

(5) Favorable and unfavorable factors and countermeasures for development prospects

(A) Favorable factors for future development

(a) Excellent technical ability

The company leads the industry in developing automatic roller coating lines, automatic electrostatic coating lines, roll-to-roll exposure machines, roll-to-roll vacuum laminators and high-end baking lines for special purposes. With an experienced and strong R&D team and a business team that keeps abreast of market trends, based on long-term partnerships with customers, we provide special equipment that meets customers' new products/new processes, grow hand in hand with customers and share win-win results.

(b) Brand effect

The company's customer base includes major manufacturers in Taiwan, mainland China, Japan, South Korea, Southeast Asia, Europe and the United States. With long-term market cultivation, the brand image in the industry has been quite well-known, and it is the first business partner of customers.

(c) Exert industrial synergy

This customer base spans multiple industries, and equipment investment needs are stable and growing continuously, and the market is relatively unaffected by the ups and downs of a single industry. The equipment and technologies of different industries can also be introduced and applied mutually, which is also the driving force to stimulate the growth of technological innovation.

(d) Customer satisfaction strategy

The company has a dedicated and strong customer service and technical department. In addition to providing customers with high-quality after-sales service, it also cooperates with the geographical distribution of the customer base to establish a regional service base to provide real-time comprehensive technical consultation and support services.

(e) Smart manufacturing

The company gradually accumulates intelligent software information integration capabilities that others cannot take away, has its own software department, and participates in the TPCA intelligent software committee, the SEMI standard committee... etc. For example, PCBECI standard specifications, SECS/GEM300 architecture, and output real-time information format requirements, ranging from induction, communication (machine networking), logical information, etc., are sufficient to help customers move towards smart manufacturing.

(B) Unfavorable factors for future development and corresponding measures

(a) The global increase in raw materials

The rise of fiberglass cloth and copper foil base materials, the main raw materials in the industry, has eroded the profits of the more mature PCB industry.

Response policy:

The company counsels supporting processing plants and sheet metal plants to reduce production costs and enhance overall competitiveness. In addition, continue to strengthen product R&D and design capabilities, and strategic alliances with high-end factories to jointly develop new-generation process technologies, and continue to accumulate research and development technical capabilities and highly customized strategies to obtain pricing leadership. .

(b) Competition among equipment manufacturers

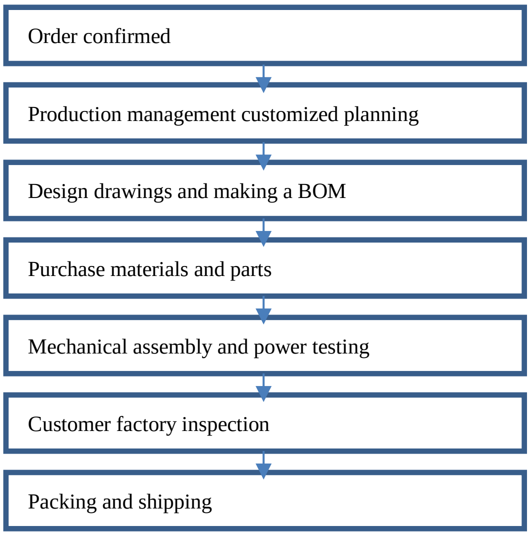
In the middle and low-end products, competition will become more and more fierce, facing an environment of price cut competition in the same industry.
Response policy:
The company continues to develop new technical products to enhance competition by developing diversified and high value-added products. The company's process models are diversified and high-end. The company will continue to strengthen its customized research and development capabilities, and focus on refined and high-level technology products as the main goal of the company's products in the market.

2. Important use and production process of main products

(1) Important uses of main products

No.	Equipment name	Explanation
1	Vertical roller coating drying line	Used in PCB inner layer circuit process double-sided coating photoresist and baking at the same time, IC carrier board soldering process double-sided coating solder mask ink and baking at the same time
2	Electrostatic spraying baking line	Used in PCB solder mask process to apply solder mask ink and bake
3	Various tunnel-type hot air/hot plate conveyor oven	Used in the baking process of PCBs, IC substrates, touch panels, automotive LCD modules and other products
4	Infrared hot air conveyor oven	Used in the baking process of touch panels, glass front covers, medical materials, LCDs, backlight modules, light guide plates, PCBs, FPCs, etc.
5	Hot-blast multi-layer furnace, hot-plate multi-layer furnace	Used in the baking process of touch panels, LCD panels, OLED panels, glass front covers, solar cells and other products
6	Roll-to-roll laminating machine and roll-to-roll vacuum laminating machine	Used in the photoresist dry film bonding process of various soft electronic products such as FPC, COF, Film capacitive touch, electronic paper, RFID, etc.
7	Roll-to-roll CCD automatic alignment exposure machine	Used in the circuit exposure process of various flexible electronic products such as FPC, COF, Film capacitive touch, RFID, etc.
8	Roll-to-roll coating baking line	Applied to the coating and baking process of optical films, flexible electronics and other products
9	Roll-to-roll air-floating conveyor furnace, roll-to-roll infrared hot-air conveyor furnace, roll-to-roll nitrogen infrared hot air air-floating conveyor oven	Used in the baking process of various soft electronic products such as FPC, COF, Film capacitive touch, etc.
10	All kinds of precision hot air ovens, precision hot air ovens, nitrogen hot air ovens, nitrogen hot air ovens, vacuum ovens, etc.	Used in the baking process of PCB, FPC, IC substrate, touch panel, glass front cover, LCD, OLED, semiconductor, passive components, battery, LED and other products
11	Various types of UV dryers, low-temperature UV dryers	Used in the baking process of PCB, IC substrate, touch panel, glass front cover, OLED and other products
12	Various roll-to-roll rewinding and unwinding machines	Used in various flexible electronics industries such as FPC, COF, Film capacitive touch, electronic paper, etc., with process equipment such as developing, etching, stripping, AOI, VRS, laser etching, laser cutting, etc.

(2) Product manufacturing process



3. Supply status of main raw materials

The main raw materials of the company's products include sheet metal/processed parts, precision mechanical components, hardware parts, optical components, electronic control components, etc. All kinds of materials have stable long-term cooperation with domestic and foreign high-quality suppliers.

4. The names of customers who have accounted for more than 10% of the total purchases (sales) in any of the most recent two years, as well as the purchases (sales) amount and proportion, and the reasons for the increase or decrease:

(1) Suppliers who have accounted for more than 10% of total purchases in any of the last 2 years:

Unit：NT$1,000；%

No.	2019				2020				2021.3.31			
Item	Name	Amount	% of net purchases in the whole year	Relationship with the issuer	Name	Amount	% of net purchases in the whole year	Relationship with the issuer	Name	Amount	% of net purchases in the whole year	Relationship with the issuer
1									Supplier A	41,298	14.45	-
2												
	Others	587,885	100.00		Others	816,579	100.00		Others	244,439	85.55	
	Net purchase	587,885	100.00		Net purchase	816,579	100.00		Net purchase	285,737	100.00	

Reasons for increase or decrease: Supplier A is a long-term cooperating manufacturer. Because the company is an electronic equipment factory, customers replace process equipment according to market changes, mainly customized products, and suppliers also change with product changes.

(2) Customers who have accounted for more than 10% of total sales in any of the last two years

Unit：NT$1,000；%

No.	2019				2020				2021.3.31			
item	Name	Amount	% of net purchases in the whole year	Relationship with the issuer	Name	Amount	% of net purchases in the whole year	Relationship with the issuer	Name	Amount	Percentage of net sales of the current year to the previous quarter (%)	Relationship with the issuer
1									Customer A	84,019	19.36	-
2												
	Others	1,668,286	100.00		Others	1,614,244	100.00		Others	350,030	80.64	
	Net purchase	1,668,286	100.00		Net purchase	1,614,244	100.00		Net purchase	434,049	100.00	

Reason for increase or decrease: The company is an electronic equipment factory, and customers replace process equipment according to market changes, mainly for customized products.

5. Production value in the last two years

The company is mainly engaged in the research and development, design, manufacturing, sales of process equipment such as PCB, display, semiconductor, LED and passive components, as well as parts sales and maintenance services. It is marketed worldwide under its own brand "GP". The equipment includes coating, Professional process equipment such as baking, laminating, UV curing, exposure and automation. Its main product line covers optoelectronics, semiconductor and panel industries, etc. At present, it uses flexible and hard printed circuit boards and printed circuit board process equipment and displays for IC substrates. And display process equipment for touch panels accounted for the bulk of the revenue.

Unit：NT$1,000

year / Quantity / Products	2019			2020		
	Capacity	Quantity	Value	Capacity	Quantity	Value
PCB equipment	Note1	Note2	794,030	Note1	Note2	629,816
Panel equipment	Note1	Note2	38,331	Note1	Note2	22,755
Others	Note1	Note2	221,195	Note1	Note2	243,232
Total	Note1	Note2	1,053,556	Note1	Note2	895,803

Note1: The process equipment produced by our company is customized according to customer specifications. The components required for assembly of each equipment are different. The production capacity data is not comparable, so n/a.

Note2: The process equipment produced by our company is customized production, including the entire production line, stand-alone equipment or parts, so the product difference is large, the measurement unit is inconsistent, so the quantity is not listed here.

Explanation of the reasons for the increase or decrease:

The company's output value in 2020 decreased compared with that in 2019, mainly due to the company's customized products and product mix differences.

6. Sales volume value table for the most recent two years

Unit：NT$1,000

Product \ Quantity \ year	2019				2020			
	Domestic sales		Sale abroad		Domestic sales		Sale abroad	
	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
PCB equipment	Note1	476,643	Note1	830,849	Note1	241,595	Note1	896,387
Panel equipment	Note1	44,395	Note1	30,037	Note1	45,501	Note1	-
Others	Note1	124,123	Note1	162,239	Note1	210,691	Note1	220,070
Total	Note1	645,161	Note1	1,023,125	Note1	497,787	Note1	1,116,457

Note1: The process equipment sold by our company is a customized production, including the entire production line, stand-alone equipment or parts, so the product difference is large, the measurement unit is inconsistent, so the quantity is not listed here.

Explanation of the reasons for the increase or decrease:

The company's sales in 2020 decreased by 3.24% compared to 2019, mainly due to the decrease in domestic printed circuit board process equipment.

3. Full-time Employee

Unit：number of staff

year		2019	2020	End of March 2021
Full time staff	Administration	48	49	49
	Sales & Marketing	29	29	29
	Technogy support	265	270	273
	Total	342	348	351
Age in average		33.37	34.55	34.96
Average years of service		5.76	6.23	6.35
Academic degree%	PhD	0.6%	0.3%	0.3%
	Master	4.6%	4.6%	4.6%
	Undergraduate	62.6%	61.9%	61.5%
	High School	32.2%	33.2%	33.6%

4. Environmental Protection Expenses

1. According to laws and regulations, those who should apply for a pollution facility installation permit or a pollution discharge permit, or should pay pollution prevention and control fees, or should set up a unit responsible for environmental protection, and their application, payment or establishment status:

   The company's factories mainly include Taiwan and Suzhou. Among them, the Taiwan factory mainly conducts assembly and testing for stand-alone machines and production lines, and there is no concern about pollution, so there is no need to obtain pollution-related setup, operation or emission permits. Besides, the Suzhou factory has obtained it in accordance with the law because the manufacturing process includes baking varnish. Permit for urban sewage to be discharged into the drainage network.
2. List the company's investment in major equipment for the prevention and control of environmental pollution and its use and possible benefits: none.
3. Explain the company's process of improving environmental pollution in the last 2 years and as of the publication date of the public brochure; if it has a pollution dispute, it should explain its handling process: none.
4. Explain the total amount of losses (including compensation) suffered by the company due to environmental pollution in the last two years and as of the publication date of the public brochure, and disclose its future countermeasures (including improvement measures) and possible expenditures (including failure to take countermeasures) The estimated amount of losses, dispositions and compensation that may occur in the countermeasures. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated): None.
5. Explain the impact of the current pollution situation and its improvement on the company's earnings, competitive position and capital expenditures and the expected major environmental capital expenditures in the next 2 years: None.

5. Labor Relations

1. The company's various employee welfare measures, further education, training, and retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights protection measures.

The company's labor-management relationship is harmonious and stable. The company maintains a positive and positive business development, and is committed to improving employee welfare, while maintaining a smooth labor-management communication channel. Through the joint efforts of all colleagues, they can use their personal expertise to enable colleagues and the company to grow simultaneously and share the good Results.

(1) Employee welfare measures and implementation status

In addition to the health insurance and labor insurance in accordance with the relevant provisions of the Labor Standards Law of the Republic of China, the company also provides group insurance for employees and a system to allocate labor individual retirement pension accounts to protect employees' related benefits. The measures and implementation are as follows:

A. Enjoy special vacations, allocate retirement funds in accordance with the law, set up an employee welfare committee, coordinate welfare activities, and protect labor rights.

B. In addition to participating in labor insurance and national health insurance in accordance with the law, all employees also provide employee group insurance and travel insurance, and the company will bear the premium.

C. Regularly handle employee health checks and organize employee activities and tourism activities from time to time to enrich colleagues' leisure activities and enhance friendship.

D. Subsidy the cost of car parking spaces for colleagues, and provide regular maintenance and inspection of official vehicles, so that colleagues have corresponding protection.

E. There are gifts or gifts for Dragon Boat Festival and Mid-Autumn Festival.

F. There are subsidies for marriages, funerals, and childbirth.

G. Encourage colleagues to set up associations and subsidize association funds.

(2) Further education and training

In order to enhance the professional and technical capabilities of employees, strengthen work efficiency and pay attention to product quality, education and training are carried out in accordance with the annual education and training schedule. Internal and external training are carried out at the same time to strengthen the professional capabilities of employees in various functions. The company’s various trainings are listed as follows:

A. Training for new recruits: On the day of employment, provide the company's corporate culture, organizational history, work rules, employee benefits, precautions, environmental introduction and other explanatory courses, so that new recruits have a basic understanding of the company.

B. On-the-job staff training: cultivate colleagues' professional skills, knowledge and management ability in work.

C. Professional function training: Send colleagues to relevant institutions for training as needed, so that colleagues can obtain professional inspection certification.

(3) Retirement system and implementation status

Since July 1, 2005, to cooperate with the implementation of the Labor Pension Regulations, employees who have been employed on June 30, 2005 will retain their retirement years calculated in accordance with the Labor Standards Law. After July 1, 2005, the seniority will be 6% of the pension is allocated monthly and stored in the individual labor pension account to protect the rights and interests of employees. Employees can also choose to transfer 0~6% of their monthly salary to their personal pension accounts.

(4) Agreements between labor and management and various employee rights protection measures

The company values the rights and interests of employees and has harmonious labor-management relations. Employees can exchange opinions through open communication or monthly meetings to maintain a good interaction between labor and management. Therefore, no labor disputes have occurred so far.

(5) Work environment and employee personal safety protection measures

A. According to the company’s "Occupational Safety and Health Management Regulations", the safety and health management measures are as follows:

- Should follow the automatic inspection plan and management procedures to check the current safety and health status. If there is a non-compliance with laws and regulations or a higher risk of harm, improvement or operation control should be adopted. After the improvement, a comprehensive analysis of the improvement results should be carried out to ensure its effectiveness.
- The use of machinery, appliances and equipment shall be in accordance with laws and regulations, and machinery and appliances that do not meet the protection standards set by the central competent authority shall be installed for labor to avoid possible harm in the workplace.
- In order to avoid safety and health hazards and risks caused by non-compliant machinery, equipment,

chemicals, etc., control should be carried out before procurement, taking safety and health requirements into consideration; before use, confirm machinery, equipment and chemicals The product has complied with safety and health regulations to avoid major hazards and risks caused by lack of safety and health during use.

- For the purchase of gases and chemicals, it should be confirmed whether the safety data sheet (SDS) is attached and updated regularly. The container shall be displayed with hazard icons according to laws and regulations and environmental safety and health control requirements.
- Rights and Responsibilities When the unit purchases professional equipment, protective equipment, monitoring equipment, and explosion-proof equipment, it shall provide the environmental safety and health advice of the purchase unit and clearly state it in the purchase specification.
- Rights and Responsibilities If the unit needs to purchase radioactive or ionizing radiation equipment, the vendor's qualifications shall be stated in the purchase specification, and the vendor shall be required to provide the necessary documents for the import permit and use registration.
- When labor procurement is involved, the insurance agreement and the required labor service personnel should be stated in the procurement contract, and they agree to abide by the provisions of the Occupational Safety and Health Law and the company's operating standards and other relevant regulations.
- If the procurement project involves leasing the supplier's machinery, equipment, or labor services, the relevant safety control regulations should be specified in the lease contract and manual of both parties.
- In order to protect the safety of the people, to avoid property or equipment loss, and adverse impact on the environment, all operation changes should be managed to prevent possible changes due to changes in manufacturing processes, equipment, experimental procedures, or chemicals used The resulting unacceptable environmental safety and health risks occur.
- Containers containing hazardous substances shall be clearly marked in accordance with the classification and hazard patterns stipulated in the labeling of hazardous substances and hazardous substances and the general rules. The language used shall be mainly Chinese, and foreign languages shall be supplemented when necessary.
- For hazardous substances, a safety data sheet containing safety and health precautions for labor should be provided, and the correctness of the content of the safety data sheet should be reviewed according to the actual situation and updated in a timely manner. The update record of its content, update date, version, etc. should be kept for three years .
- In order to prevent occupational disasters caused by workers not knowing the hazard information of hazardous substances, the following necessary measures should be taken:

■ Formulate a hazard communication plan based on the actual situation, review and update it in a timely manner, and implement it according to the plan. The execution record is kept for three years.

■ Make a list of hazardous substances, and its content should include the name of the article, other names, the index code of the safety data sheet, the name of the manufacturer or supplier, address and telephone number, usage information, and storage information.

■ Put the safety data sheets of hazardous substances in the workplace where they can be easily obtained.

■ To enable workers to receive education and training on the manufacture, disposal, or use of dangerous or hazardous materials, and the content and time of the courses shall be handled in accordance with the regulations of the labor safety and health education and training rules.

■ Other necessary measures to make workers surely aware of hazardous substance information.

- In accordance with Article 12 of the Occupational Safety and Health Law, the work environment designated by the central competent authority shall be monitored in accordance with the regulations. The inspection items and time limit shall be handled in accordance with Article 6 to Article 7 of the Labor Work Environment Monitoring Implementation Measures.
- Each applicable place should operate in accordance with applicable standard operating procedures and safety and health work rules to avoid disasters caused by improper operations.
- To ensure that chemicals can be used safely and avoid harm to the human body or the environment, each laboratory chemical should be automatically inspected in accordance with the automatic inspection plan.

B. Work Safety Implementation Status

Work Safety Check Status	
Occupational safety room inspection	Check at least once a month
Site supervisor walking around management	Level 1 supervisor checks at least once a week Level 2 supervisor checks at least twice a week

2. In the last two years and up to the publication date of the prospectus, the company has suffered losses due to labor disputes, and disclosed the estimated amount and corresponding measures that may occur at present and in the future. If there is no reasonable estimate, the facts that cannot be reasonably estimated shall be stated .

The company always attaches great importance to employee welfare, provides a good working environment, and emphasizes two-way communication between employees and harmonious labor-management relations. Therefore, there have been no major labor disputes in the last two years and as of the publication date of the public brochure.

6. Important contract

Contract type	Name of Bank	Contract start and end date	Main Content	Restrictions
Loan contract	Wangdao Bank (王道銀行)	2014/08/25 ~ 2022/01/15	Long-term financing contract	no

V. Financial Overview

1.Concise balance sheet and comprehensive income statement for the most recent five years

(1). Adopt International Financial Reporting Standards-Consolidated Condensed Balance Sheet

Unit：NT$1,000

item \ year		Financial information for the last five years（Note1）					Data by 2021.3.31
		2016	2017	2018	2019	2020	
Current assets		1,468,692	1,911,435	2,635,063	2,306,055	2,760,491	3,180,258
Real estate, plant and equipment		645,547	593,134	578,700	557,905	543,582	539,758
Intangible assets		—	—	—	—	—	—
Other assets		235,623	307,785	382,901	448,342	486,874	391,276
Total assets		2,349,862	2,812,354	3,596,664	3,312,302	3,790,947	4,111,292
Current liabilities	Before distribution	846,809	1,193,652	1,625,091	1,330,420	1,776,059	2,249,885
	After distribution	946,809	1,393,652	1,845,091	1,561,420	2,012,559	n/a
Non-current liabilitites		263,872	225,369	217,293	164,191	110,590	97,391
Total liabilities	Before distribution	1,110,681	1,419,021	1,842,384	1,494,611	1,886,649	2,347,276
	After distribution	1,210,681	1,619,021	2,062,384	1,725,611	2,123,149	n/a
Equity attributable to owners of the parent company		1,239,181	1,393,333	1,754,280	1,817,691	1,904,298	1,764,016
Capital stock		500,000	500,000	550,000	550,000	550,000	550,000
Capital reserve		23,950	29,391	287,021	287,021	287,021	287,021
Retained surplus	Before distribution	726,634	879,168	938,685	1,015,872	1,096,477	959,085
	After distribution	626,634	679,168	718,685	784,872	859,977	n/a
Other equity		(11,403)	(15,226)	(21,426)	(35,202)	(29,200)	(32,090)
Treasury stock		—	—	—	—	—	—
Non controlling equity		—	—	—	—	—	—
Total equities	Before distribution	1,239,181	1,393,333	1,754,280	1,817,691	1,904,298	1,764,016
	After distribution	1,139,181	1,193,333	1,534,280	1,586,691	1,667,798	n/a

Note1: The 2016~2020 financial information has been verified by an accountant.

Note2: The financial information for the first quarter of 2021 has been reviewed by an accountant.

(2).Adopting International Financial Reporting Standards-Consolidated Condensed Consolidated Income Statement

Unit：NT$1,000

year / item	Financial information for the last five years (Note1)					Data by 2021.3. 31
	2016	2017	2018	2019	2020	
Operating revenue	1,261,430	1,453,952	1,644,002	1,668,286	1,614,244	434,049
Operating gross profit	458,649	556,871	549,873	614,730	718,441	183,815
Operating loss & profit	234,215	358,162	284,407	342,243	432,106	127,719
Non-Operating income & expenses	985	(31,492)	44,187	30,912	(49,965)	1,021
Net profit before tax	235,200	326,670	328,594	373,155	382,141	128,740
Income before tax from continuing operations	161,317	254,508	262,640	297,149	310,937	99,108
Loss from dis-continuing operations	—	—	—			
Net income	161,317	254,508	262,640	297,149	310,937	99,108
Net income after tax	(32,785)	(5,797)	(9,323)	(13,738)	6,670	(2,890)
Total comprehensive profit & loss for the current period	128,532	248,711	253,317	283,411	317,607	96,218
Net profit attributable to owners of parent company	176,036	254,508	262,640	297,149	310,937	99,108
Net profit attributable to non-controlling equities	(14,719)	—	—	—	—	—
The total comprehensive profit and loss is attributable to owners of the parent company	165,635	248,711	253,317	283,411	317,607	96,218
Total comprehensive profit and loss attributable to non-controlling interests	(37,103)	—	—	—	—	—
Earning per share(NT$)	3.52	5.09	5.10	5.40	5.65	1.80

Note1: The 2016~2020 financial information has been verified by an accountant.

Note2: The financial information for the first quarter of 2021 has been reviewed by an accountant.

(3) Adopt International Financial Reporting Standards-Individual Concise Balance Sheet

Unit：NT$1,000

item \ year		Financial information for the last five years (Note1)				
		2016	2017	2018	2019	2020
Current assets		1,198,132	1,637,850	2,404,198	2,119,068	2,559,179
Real estate, plant and equipment		540,386	527,447	519,391	505,299	494,763
Intangible assets		—	—	—	—	—
Other assets		557,396	583,671	615,914	633,810	656,633
Total assets		2,295,914	2,748,968	3,539,503	3,258,177	3,710,575
Current liabilities	Before distribution	795,285	1,133,964	1,572,692	1,281,494	1,700,891
	After distribution	895,285	1,333,964	1,792,692	1,512,494	1,937,391
Non-current liabilitites			221,671	212,531	158,992	105,386
Total liabilities	Before distribution	1,056,733	1,355,635	1,785,223	1,440,486	1,806,277
	After distribution	1,156,733	1,555,635	2,005,223	1,671,486	2,042,777
Owner's Equities		1,239,181	1,393,333	1,754,280	1,817,691	1,904,298
Capital stock		500,000	500,000	550,000	550,000	550,000
Capital reserve		23,950	29,391	287,021	287,021	287,021
Retained surplus	Before distribution	726,634	879,168	938,685	1,015,872	1,096,477
	After distribution	626,634	679,168	718,685	784,872	859,977
Other equity		(11,403)	(15,226)	(21,426)	(35,202)	(29,200)
Treasury stock		—	—	—	—	—
Non controlling equity		—	—	—	—	—
Total equities	Before distribution	1,239,181	1,393,333	1,754,280	1,817,691	1,904,298
	After distribution	1,139,181	1,193,333	1,534,280	1,586,691	1,667,798

Note 1: The financial data of the above-mentioned years have been verified by an accountant.

(4) Adopting International Financial Reporting Standards-Individual Concise Comprehensive Income Statement

Unit：NT$1,000

year / item	Financial information for the last five years (Note 1)				
	2016	2017	2018	2019	2020
Operating revenue	1,148,387	1,301,271	1,502,878	1,532,366	1,515,803
Operating gross profit	410,611	468,668	477,254	551,472	651,633
Operating loss & profit	232,854	315,826	256,697	316,783	403,785
Non-Operating income & expenses	1,146	(5,593)	64,130	44,949	(25,711)
Net profit before tax	234,000	310,233	320,827	361,732	378,074
Income before tax from continuing operations	176,036	254,508	262,640	297,149	310,937
Loss from dis-continuing operations	—	—	—	—	—
Net income	176,036	254,508	262,640	297,149	310,937
Net income after tax	(10,401)	(5,797)	(9,323)	(13,738)	6,670
Total comprehensive profit & loss for the current period	165,635	248,711	253,317	283,411	317,607
Net profit attributable to owners of parent company	—	—	—	—	—
Net profit attributable to non-controlling equities	—	—	—	—	—
The total comprehensive profit and loss is attributable to owners of the parent company	—	—	—	—	—
Total comprehensive profit and loss attributable to non-controlling interests	—	—	—	—	—
Earning per share(NT$)	3.52	5.09	5.10	5.40	5.65

Note 1: The financial data of the above-mentioned years have been verified by an accountant.

(5) The name of the certified accountant for the most recent five years and their review opinions

(i) The name of the certified accountant for the most recent five years and their review opinions

year	Name of Accounting Firm	Name	Opinions
2016	KPMG Accounting Firm	Chen Pei Chi Lin, Heng Shen	No opinion
2017	KPMG Accounting Firm	Yu Jilong Lin, Heng Shen	No opinion
2018	KPMG Accounting Firm	Chen Pei Chi Lin, Heng Shen	No opinion
2019	KPMG Accounting Firm	Chen Pei Chi Lin, Heng Shen	No opinion
2020	KPMG Accounting Firm	Chen Pei Chi Lin, Heng Shen	No opinion

If there is a change of accountant in the last five years, the company, the previous and successor accountants should list the reasons for the change:

In cooperation with the internal job adjustment of KPMG Joint Accounting Firm,

In 2017, the certified public accountants were changed from CPA Chen, Pei Chi and CPA Lin, Heng Shen, to CPA Yu Jilong and CPA Lin, Heng Shen.

In 2018, the certified public accountants were changed to accountants Mr.Chen, Pei Chi and Mr.Lin, Heng Shen from accountants Mr. Yu, Ji Long and Mr. Lin Heng Shen.

2. Financial analysis in the last five years

(1) Adopting International Financial Reporting Standards-Consolidated Financial Analysis

year / item		Financial information for the last five years (Note1)					Data by 2021.3.31
		2016	2017	2018	2019	2020	
Financial structure (%)	Debt to assets ratio	47.27	50.46	51.22	45.12	49.77	57.09
	The ratio of long-term funds to real estate, plant and equipment	232.83	272.91	340.69	355.24	370.67	344.86
Debt-paying ability (%)	Current ratio	173.44	160.13	162.15	173.33	155.43	141.35
	Quick ratio	99.72	84.94	96.56	106.88	97.31	89.29
	Interest coverage ratio	192.69	178.63	169.94	233.79	324.30	351.79
Management capacity	Turnover rate of accounts receivable (times)	4.98	5.99	4.73	4.58	5.78	5.09
	Average cash collection days	74	61	77	80	64	72
	Inventory turnover rate (times)	1.26	1.21	1.13	1.10	0.95	0.92
	Payable turnover rate (times)	4.22	3.30	3.37	4.12	3.25	2.51
	Average sales days	290	302	322	331	383	397
	Turnover rate of real estate, plant and equipment (times)	1.91	2.35	2.81	2.94	2.93	3.21
	Turnover rate of total assets (times)	0.51	0.56	0.51	0.48	0.45	0.44
Profitability	Return on assets (%)	6.60	9.92	8.25	8.64	8.78	10.06
	Return on equity (%)	11.54	19.34	16.69	16.64	16.71	21.61
	Ratio of net profit before tax to paid-in capital (%)	47.04	65.33	59.74	67.85	69.48	93.63
	Net profit rate (%)	12.79	17.50	15.98	17.81	19.26	22.83
	Earnings per share (NT$)	3.52	5.09	5.10	5.40	5.65	7.20
Cash Flow	Cash flow ratio (%)	33.67	24.65	20.03	30.01	20.65	14.36
	Allowable cash flow ratio (%)	(Note2)	(Note2)	103.64	156.66	136.49	128.67
	Cash reinvestment ratio (%)	12.73	19.11	6.82	10.07	7.55	18.54
Leverage	Operating leverage	2.07	1.72	2.11	1.94	1.73	1.66
	Financial leverage	1.01	1.01	1.01	1.00	1.00	1.00

Reasons for changes in various financial ratios in the last two years: (Analysis is exempted if the increase or decrease does not reach 20%)

Interest protection multiple: due to the decrease in interest expenses due to continuous repayment of medium and long-term borrowings in accordance with the contract.

Turnover rate of accounts receivable (times): Mainly due to the effectiveness of strengthening accounts receivable management and collection.

Average cash collection days: Mainly due to the effectiveness of strengthening the management and collection of accounts receivable.

Turnover rate of accounts payable (times): Mainly due to the decrease in cost rate and the significant decrease in accounts payable at the end of 2019.

Cash flow ratio: Mainly due to the substantial increase in current liabilities due to the increase in short-term borrowings.

Cash reinvestment ratio: Mainly due to the decrease in cash inflow from operating activities and the increase in cash dividends.

Note 1: 2016~2020 financial information has been verified by accountants; financial information for first quarter of 2021 has been verified by accountants as well.

Note 2: The company has applied International Financial Reporting Standards for the first time since 2015.

(2) Adopting International Financial Reporting Standards-Individual Financial Analysis

item \ Year		2016	2017	2018	2019	2020
Financial structure (%)	Debt to assets ratio	46.03	49.31	50.44	44.21	48.68
	The ratio of long-term funds to real estate, plant and equipment	277.70	306.19	378.68	391.19	406.19
Debt-paying ability (%)	Current ratio	150.65	144.44	152.87	165.36	150.46
	Quick ratio	77.60	69.61	87.73	99.04	93.19
	Interest coverage ratio	194.71	169.70	166.46	235.13	327.49
Management Capacity	Turnover rate of accounts receivable (times)	5.48	7.07	5.36	4.97	6.68
	Average cash collection days	67	52	69	74	55
	Inventory turnover rate (times)	1.14	1.09	1.02	0.97	0.96
	Payable turnover rate (times)	3.97	3.12	3.15	3.77	3.12
	Average sales days	320	337	358	378	380
	Turnover rate of real estate, plant and equipment (times)	2.11	2.44	2.87	2.99	3.03
	Turnover rate of total assets (times)	0.51	0.52	0.48	0.45	0.44
Profitability	Return on assets (%)	7.94	10.15	8.40	8.78	8.95
	Return on equity (%)	14.53	19.34	16.69	16.64	16.71
	Ratio of net profit before tax to paid-in capital (%)	46.80	62.05	58.33	65.77	68.74
	Net profit rate (%)	15.33	19.56	17.48	19.39	20.51
	Earnings per share (NT$)	3.52	5.09	5.10	5.40	5.65
Cash Flow	Cash flow ratio (%)	33.45	24.92	17.99	28.22	18.46
	Allowable cash flow ratio (%)	(Note2)	(Note2)	92.96	124.60	125.12
	Cash reinvestment ratio (%)	14.62	14.81	5.25	8.88	3.99
Leverage	Operating leverage	1.85	1.65	1.94	1.75	1.59
	Financial leverage	1.01	1.01	1.01	1.00	1.00

Reasons for changes in various financial ratios in the last two years: (Analysis is exempted if the increase or decrease does not reach 20%)
Interest protection multiple: due to the decrease in interest expenses due to continuous repayment of medium and long-term borrowings in accordance with the contract.
Turnover rate of accounts receivable (times): Mainly due to the effectiveness of strengthening accounts receivable management and collection.
Average cash collection days: Mainly due to the effectiveness of strengthening the management and collection of accounts receivable.
Cash flow ratio: Mainly due to the substantial increase in current liabilities due to the increase in short-term borrowings.
Cash reinvestment ratio: Mainly due to the decrease in cash inflow from operating activities and the increase in cash dividends.

Note 1: The above-mentioned financial data for each year has been verified by an accountant.
Note 2: The company has applied the International Financial Reporting Standards for the first time since 2015, and the 2014 comparative figures are attached. As there is no financial analysis information for 2013, it is impossible to calculate the allowable cash flow ratio.
Note 3: At the end of this form in the annual report, the following calculation formula should be listed:
1. Financial structure
(1) Liabilities to assets ratio = total liabilities/total assets.
(2) The ratio of long-term funds to fixed assets = (net shareholders' equity + long-term liabilities)/net fixed assets.
2. Solvency
(1) Current ratio = current assets/current liabilities.
(2) Quick ratio = (current assets-inventory-prepaid expenses) / current liabilities.
(3) Interest protection multiple = net profit before income tax and interest expense/interest expense in the current period.

3. Operating ability
(1) Accounts receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales/average accounts receivable for each period (including accounts receivable and notes receivable due to business) Notes receivable) balance.
(2) Average number of days for cash collection = 365/ turnover rate of accounts receivable.
(3) Inventory turnover rate = cost of goods sold/average inventory value.
(4) Accounts payable (including accounts payable and bills payable due to business) turnover rate = cost of goods sold/average payables (including accounts payable and bills payable due to business) balance in each period.
(5) Average sales days=365/inventory turnover rate.
(6) Turnover rate of fixed assets = net sales/average net fixed assets.
(7) Turnover rate of total assets = net sales/total average assets.
4. Profitability
(1) Return on assets = [After-tax profit and loss + interest expense x (1-tax rate)] / average total assets.
(2) Return on shareholders' equity = after-tax profit and loss/average net shareholders' equity.
(3) Net profit rate = after-tax profit and loss/net sales.
(4) Earnings per share = (net profit after tax-special stock dividend)/weighted average number of issued shares. (Note 4)
5. Cash flow
(1) Cash flow ratio = net cash flow from operating activities/current liabilities.
(2) Net cash flow allowable ratio = net cash flow from operating activities in the most recent five years/the most recent five years (capital expenditure + inventory increase + cash dividends).
(3) Cash reinvestment ratio = (net cash flow from operating activities-cash dividends) / (gross fixed assets + long-term investment + other assets + working capital). (Note 5)
6. Leverage:
(1) Operating leverage = (net operating income-variable operating costs and expenses) / operating profit (Note 6).
(2) Financial leverage = operating profit / (operating profit-interest expense).
Note 4: The formula for calculating the earnings per share of the Shanghai Development Bank shall pay special attention to the following matters when measuring:
1. Based on the weighted average number of ordinary shares, rather than the number of issued shares at the end of the year.
2. For those who have cash capital increase or treasury stock trading, the weighted average number of shares should be calculated in consideration of the circulation period.
3. Where there is a capital increase from surplus or capital reserve to capital increase, when calculating the earnings per share of previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the period of the issuance of the capital increase.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (regardless of whether they are paid) should be deducted from the net profit after tax or increase the net loss after tax. If the special stock is non-cumulative, in the case of net profit after tax, the dividend of the special stock shall be deducted from the net profit after tax; if it is a loss, no adjustment is necessary.
Note 5: The following items should be paid special attention to when measuring cash flow analysis:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the amount of cash outflow from capital investment each year.
3. The increase in inventory is only included when the ending balance is greater than the beginning balance. If the inventory decreases at the end of the year, it will be calculated as zero.
4. Cash dividends include cash dividends for ordinary shares and special shares.
5. Gross fixed assets refers to the total fixed assets before deduction of accumulated depreciation.
Note 6: The issuer should classify various operating costs and operating expenses as fixed and variable according to their nature. If estimates or subjective judgments are involved, they should pay attention to their reasonableness and maintain consistency.

3. Audit Committee Audit Report of the most recent financial report

Group Up Industrial Co., Ltd.

Audit Committee's Review Report

The board of directors is hereby to prepare the company's 2020 business report, financial statements (including individual financial statements and consolidated financial statements) and the proposal for the distribution of surplus, which have been reviewed by the audit committee and believe that there are no discrepancies. Among them, the 2020 financial statements have been checked by accountants Ms.Chen Pei-Chi and Mr. Lin Heng-Shen from KPMG Accounting Firm, and a check report has been issued. The report is prepared in accordance with Article No.14-4 of the Securities Exchange Law and Article No.219 of the Company Law.

Sincerely yours,

Robert Li
Convener of Audit Committee

March 26th 2021

4. Consolidated financial report for the most recent year, verified by an accountant

Representation Letter

The entities that are required to be included in the combined financial statements of Group Up Industrial Co.Ltd as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No.10 endorsed by the Financial Supervisory Commission, “Consolidated Financial Statements.”In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Group Up Industrial Co.Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name：Group Up Industrial Co.Ltd.
Chairman：Chen, An-Shun

Date：March 26, 2021

Representation Letter

The entities that are required to be included in the combined financial statements of Group Up Industrial Co., Ltd. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Group Up Industrial Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Group Up Industrial Co., Ltd.
Chairman: An-Shun Chen
Date: March 26, 2021

安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of Group Up Industrial Co., Ltd.:

Opinion

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

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

Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

   Please refer to Note 4(n) "Revenue recognition" and Note 6(q) "Revenue from contracts with customers" to the consolidated financial statements.

Description of key audit matter:

The Group mainly engaged in the manufacturing and trading of general boxed-shaped equipment, automatic conveyor equipment and ovens. Revenue is recognized when the control of a product is transferred to a customer based on terms and conditions of the sales agreement. Revenue recognition is the main concern of the users of the financial statements. Therefore, we determined that revenue recognition is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included understanding the design and effectiveness of the Group’s internal controls on revenue recognition; assessing whether the revenue recognition was performed in accordance with the Group’s policy; performing sales cut-off test of a period before and after the reporting date by vouching relevant documents of sales transactions to determine whether revenue has been recognized in the proper period.

2. Valuation of trade receivables

Please refer to Note 4(g) “impairment of financial assets”, Note 5(a) “accounting assumptions and estimation uncertainty of the valuation of trade receivables”, and Note 6(c) “trade receivables” to the consolidated financial statements.

Description of key audit matter:

The Group’s impairment of trade receivables is assessed based on historical experience of evidence of impairment and forward-looking information, which rely on the subjective judgment of the management. Therefore, we determined that the valuation of trade receivables is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included understanding the design and effectiveness of the Group’s internal controls on valuation of trade receivables; obtaining the evaluation report on the impairment of trade receivables; examining the trade receivables aging report, reasons of overdue receivables, and the subsequent collection of the receivables to assess whether the impairment provisions for trade receivables are reasonable.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, 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 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 the 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 of the current period 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 Pei-Chi Chen and Heng-Shen Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 26, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GROUP UP INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
	Assets	Amount	%	Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes 6(a)(t))	$ 225,743	6	717,965	22
1110	Current financial assets at fair value through profit or loss (notes 6(b)(t))	328,058	9	267,645	8
1150	Notes receivable, net (notes 6(c)(q))	10,129	-	5,996	-
1170	Trade receivables, net (notes 6(c)(q))	278,670	8	279,945	8
130X	Inventories (note 6(e))	1,021,623	27	861,688	26
1410	Prepayments	10,668	-	22,354	1
1476	Other current financial assets (note 6(d) and 8)	871,303	23	138,701	4
1479	Other current assets, others	14,297	-	11,761	-
		2,760,491	73	2,306,055	69
	Non-current assets:				
1600	Property, plant and equipment (notes 6(f) and 8)	543,582	14	557,905	17
1755	Right-of-use assets (notes 6(g))	21,116	1	19,200	1
1760	Investment property, net (note 6(h))	51,714	1	56,343	2
1840	Deferred income tax assets (note 6(n))	61,515	2	62,128	2
1980	Other non-current financial assets (notes 6(d) and 8)	342,511	9	301,790	9
1995	Other non-current assets, others	10,018	-	8,881	-
		1,030,456	27	1,006,247	31
	Total assets	$ 3,790,947	100	3,312,302	100

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	Amount	%	Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(i)(t) and 8)	$ 273,340	7	-	-
2130	Current contract liabilities (note 6(q))	864,895	23	835,520	25
2170	Accounts payable (note 6(t))	356,436	9	195,630	6
2219	Other payables (notes 6(m)(t))	144,494	4	121,333	4
2230	Current tax liabilities	25,518	1	47,678	1
2250	Current provisions (note 6(l))	41,932	1	46,228	1
2280	Current lease liabilities (notes 3(k)(t) and 7)	4,785	-	4,722	-
2320	Long-term borrowings, current portion (notes 6(j)(t) and 8)	59,559	2	59,559	2
2399	Other current liabilities, others	5,100	-	19,750	1
		1,776,059	47	1,330,420	40
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(j)(t) and 8)	14,889	-	74,448	2
2570	Deferred tax liabilities (note 6(m))	23,698	1	17,608	1
2580	Non-current lease liabilities (notes 6(k)(t) and 7)	5,874	-	4,006	-
2640	Net defined benefit liability, non-current (note 6(m))	61,353	2	63,544	2
2645	Guarantee deposits received	4,776	-	4,585	-
		110,590	3	164,191	5
	Total liabilities	1,886,649	50	1,494,611	45
	Equity attributable to owners of parent (notes 6(o)(p)(v)):				
3110	Ordinary shares	550,000	14	550,000	17
3200	Capital surplus	287,021	8	287,021	9
	Retained earnings:				
3310	Legal reserve	313,283	8	283,564	8
3320	Special reserve	35,202	1	21,426	1
3350	Unappropriated retained earnings	747,992	20	710,882	21
		1,096,477	29	1,015,872	30
	Other equity:				
3410	Exchange differences on translation of foreign financial statements	(29,200)	(1)	(35,202)	(1)
	Total equity attributable to owners of parent:	1,904,298	50	1,817,691	55
	Total equity	1,904,298	50	1,817,691	55
	Total liabilities and equity	$ 3,790,947	100	3,312,302	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GROUP UP INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue, net (notes 6(q))	$ 1,614,244	100	1,668,286	100
5000	Operating costs (notes 6(e)(k)(l)(m)(r), 7 and 12)	895,803	55	1,053,556	63
	Gross profit from operations	718,441	45	614,730	37
	Operating expenses (notes 6(c)(k)(m)(r), 7 and 12):				
6100	Selling expenses	120,002	7	109,669	6
6200	Administrative expenses	75,578	5	81,262	5
6300	Research and development expenses	112,775	7	75,306	5
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	(22,020)	(1)	6,250	-
	Total operating expenses	286,335	18	272,487	16
6900	Net operating income	432,106	27	342,243	21
	Non-operating income and expenses (notes 6(k)(s) and 7):				
7100	Interest income	18,398	1	23,128	1
7010	Other income	10,281	1	16,438	1
7020	Other gains and losses, net	(77,462)	(5)	(7,051)	-
7050	Finance costs	(1,182)	-	(1,603)	-
	Total non-operating income and expenses	(49,965)	(3)	30,912	2
7900	Profit before income tax	382,141	24	373,155	23
7950	Less: income tax expenses (note 6(n))	71,204	5	76,006	5
	Profit	310,937	19	297,149	18
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Gains on remeasurements of defined benefit plans	835	-	47	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to loss (note 6(n))	(167)	-	(9)	-
	Total items that may not be reclassified subsequently to profit or loss	668	-	38	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	7,503	-	(17,219)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(n))	(1,501)	-	3,443	-
	Total items that may be reclassified subsequently to profit or loss	6,002	-	(13,776)	(1)
8300	Other comprehensive income	6,670	-	(13,738)	(1)
	Comprehensive income	$ 317,607	19	283,411	17
	Profit attributable to:				
	Owners of parent	$ 310,937	19	297,149	18
	Comprehensive income attributable to: Owners of parent	$ 317,607	19	283,411	17
	Earnings per share (note 6(p))				
9750	Basic earnings per share (NT dollars)	$	5.65		5.40
9850	Diluted earnings per share (NT dollars)	$	5.62		5.38

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GROUP UP INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
			Retained earnings				Other equity		
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Total equity
Balance on January 1, 2019	$ 550,000	287,021	257,300	15,226	666,159	938,685	(21,426)	1,754,280	1,754,280
Profit for the year ended December 31, 2019	-	-	-	-	297,149	297,149	-	297,149	297,149
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	38	38	(13,776)	(13,738)	(13,738)
Comprehensive income for the year ended December 31, 2019	-	-	-	-	297,187	297,187	(13,776)	283,411	283,411
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	26,264	-	(26,264)	-	-	-	-
Special reserve	-	-	-	6,200	(6,200)	-	-	-	-
Cash dividends on ordinary share	-	-	-	-	(220,000)	(220,000)	-	(220,000)	(220,000)
Balance on December 31, 2019	550,000	287,021	283,564	21,426	710,882	1,015,872	(35,202)	1,817,691	1,817,691
Profit for the year ended December 31, 2020	-	-	-	-	310,937	310,937	-	310,937	310,937
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	668	668	6,002	6,670	6,670
Comprehensive income for the year ended December 31, 2020	-	-	-	-	311,605	311,605	6,002	317,607	317,607
Appropriation and distribution of retained earnings:									
Legal reserve	-	-	29,719	-	(29,719)	-	-	-	-
Special reserve	-	-	-	13,776	(13,776)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(231,000)	(231,000)	-	(231,000)	(231,000)
Balance on December 31, 2020	$ 550,000	287,021	313,283	35,202	747,992	1,096,477	(29,200)	1,904,298	1,904,298

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

GROUP UP INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Consolidated Statement of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Profit before tax	$ 382,141	373,155
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	30,971	31,514
Amortization expense	775	1,009
Expected credit loss (gain)	(22,020)	6,250
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	587	(645)
Interest expense	1,182	1,603
Interest income	(18,398)	(23,128)
Loss on disposal of property, plant and equipment	791	4
Gain on disposal of investments	(1,206)	(1,024)
Total adjustments to reconcile profit (loss)	(7,318)	15,583
Changes in operating assets and liabilities:		
Notes receivable	(4,133)	27,291
Trade receivables	23,295	162,104
Inventories	(159,935)	188,288
Prepayments	11,686	(6,480)
Other current assets	(1,642)	1,333
Contract liabilities	29,375	(206,980)
Accounts payable	160,806	(120,049)
Other payables	23,129	6,523
Provisions	(4,316)	(3,911)
Other current liabilities	(14,650)	3,757
Net defined benefit liability	(1,356)	(1,078)
Total adjustments	54,941	66,381
Cash inflow generated from operations	437,082	439,536
Interest received	17,504	20,920
Interest paid	(1,062)	(1,488)
Income taxes paid	(86,828)	(59,758)
Net cash flows from operating activities	366,696	399,210
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through profit or loss	(751,000)	(1,072,000)
Proceeds from disposal of financial assets at fair value through profit or loss	691,206	806,024
Acquisition of property, plant and equipment	(5,012)	(1,588)
Proceeds from disposal of property, plant and equipment	-	35
Decrease (increase) in other financial assets	(773,323)	60,170
Decrease (increase) in other non-current assets	(2,619)	6,056
Net cash flows used in investing activities	(840,748)	(201,303)
Cash flows used in financing activities:		
Increase in short-term borrowings	273,340	-
Repayments of long-term borrowings	(59,559)	(59,559)
Increase (decrease) in guarantee deposits received	191	(178)
Payment of lease liabilities	(5,390)	(5,554)
Cash dividends paid	(231,000)	(220,000)
Net cash flows used in financing activities	(22,418)	(285,291)
Effect of exchange rate changes on cash and cash equivalents	4,248	(12,432)
Net decrease in cash and cash equivalents	(492,222)	(99,816)
Cash and cash equivalents at beginning of period	717,965	817,781
Cash and cash equivalents at end of period	$ 225,743	717,965

See accompanying notes to consolidated financial statements.

(1) Company history

Group Up Industrial Co., Ltd. (the Company) was incorporated in January 1990 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The address of the Company’s registered office is No.188, Heping Rd., Yangmei Dist., Taoyuan City. The Company and its subsidiaries (the Group) mainly engages in the manufacturing and trading of general boxed-shaped equipment for drying, preheating, and curing, automatic conveyor hot air ovens, IR drying ovens, as well as dust-free and explosion- proof vacuum oven.

On October 26, 2017, Taipei Exchange (TPEx) approved the Company’s stocks to be traded on Emerging Stock Board of TPEx. On May 25, 2018, the Taipei Exchange Securities Listing Review Committee approved the Company’s listing application. The company has been listed on the main Board of TPEx since September 12, 2017.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 26, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

● Amendments to IFRS 3 “Definition of a Business”

● Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”

● Amendments to IAS 1 and IAS 8 “Definition of Material”

● Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

● Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”

● Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform －Phase 2”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”	The amendments clarify that the ‘costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows: ● the incremental costs – e.g. direct labor and materials; and ● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.	January 1, 2022

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 16 “Property, Plant and Equipment－Proceeds before Intended Use”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers" (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

When the Group loses control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any interest retained in the former subsidiary is measured at fair value when control is lost, with the resulting gain or loss being recognized in profit or loss. The Group recognizes as gain or loss in profit or loss the difference between (i) the fair value of the consideration received as well as any investment retained in the former subsidiary at its fair value at the date when control is lost ;and (ii) the assets (including any goodwill), liabilities of the subsidiary as well as any related non-controlling interests at their carrying amounts at the date when control is lost, as gain or loss in profit or loss. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding	
Name of investor	Name of subsidiary	Principal activity	December 31, 2020	December 31, 2019
The Company	GROUP UP (SAMOA) Ltd.	Investment holding	100.00%	100.00%
GROUP UP (SAMOA) Ltd.	GROUP UP TECHNOLOGY (SIP) CO., LTD.	Manufacture and sales of equipment, maintain services	100.00%	100.00%
GROUP UP (SAMOA) Ltd.	Group Up Trading (Shenzhen) Limited	Sales of equipment and maintain services	100.00%	100.00%

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Nonmonetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current. The Group shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or Fair value through other comprehensive income (FVOCI) described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 365 days past due.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

4) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings	8-35 years
2)	Office	3-5 years
3)	Transportation and other equipment	2 years

Depreciation methods, useful lives and residual values are reviewed at each reporting year and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(k) Leases

(i) Identifying a lease

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

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

   - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

   - the relevant decisions about how and for what purpose the asset is used are predetermined and:

     — the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

     — the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including in-substance fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4) there is a change of its assessment on whether it will exercise an extension or termination option; or

5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of buildings and office equipment, that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group’s main types of revenue are explained below.

1) Sale of goods

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group’s obligation to provide a refund under the standard warranty terms is recognized as a provision for warranty.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Rendering service

The Group provides service of equipment maintenance. Revenue from providing services is recognized at a point in time when the Group satisfies its performance obligations and transfers control of service.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group’s net obligation in respect of defined benefit plans is calculated for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) The loss allowance of trade receivable

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(c).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(e) for further description of the valuation of inventories.

(c) Recognition and measurement of provisions and contingent liabilities

Provision for warranty is estimated when product revenue is recognized. The estimate has been made based on the quantities within sales contracts, the historical and others. The Group regularly reviews the basis of the estimate and, if necessary, amends it as appropriate, please refer to note 6(l).

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand, checking accounts and demand deposits	$ 191,357	189,688
Time deposits	34,386	528,277
	$ 225,743	717,965

Please refer to note 6(t) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(b) Financial assets and liabilities at fair value through profit or loss

	December 31, 2020	December 31, 2019
Financial assets designated at fair value through profit or loss		
Non-derivative financial assets－funds	$ 328,058	267,645

(c) Notes and trade receivables (including overdue receivables)

	December 31, 2020	December 31, 2019
Notes receivable from operating activities	$ 10,129	5,996
Trade receivables (including overdue receivables)	295,901	320,015
Less: Loss allowance	(17,231)	(40,070)
	$ 288,799	285,941

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes receivable and trade receivables (including overdue receivables) in 2020 and 2019. To measure the expected credit losses, notes receivable and trade receivables (including overdue receivables) have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions in 2020 and 2019 were determined as follows:

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 266,560	0.1%	267
1 to 90 days past due	11,717	10%	1,172
90 to 180 days past due	10,929	30%	3,279
More than 180 days past due	16,824	50%~100%	12,513
	$ 306,030		17,231

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 242,318	0.1%	242
1 to 90 days past due	12,428	10%	1,243
90 to 180 days past due	31,793	30%	9,538
More than 180 days past due	39,472	50%~100%	29,047
	$ 326,011		40,070

The movement in the allowance for notes and trade receivables (including overdue receivables) was as follows:

	2020	2019
Balance at January 1	$ 40,070	33,993
Impairment losses recognized	-	6,250
Impairment losses reversed	(22,020)	-
Amounts written off	(949)	-
Other	130	(173)
Balance at December 31	$ 17,231	40,070

(d) Other financial assets

		December 31, 2020	December 31, 2019
Time deposits with maturity of more than three months	$	804,244	310,901
Restricted time deposits		409,570	129,590
Total	$	1,213,814	440,491

Please refer to note 8 for other financial assets pledged as collateral for performance guarantee, short-term borrowings and long-term borrowings as of December 31, 2020 and 2019.

(e) Inventories

		December 31, 2020	December 31, 2019
Raw materials and semi-finished goods	$	62,743	48,485
Work in progress		954,057	802,169
Finished goods		4,823	11,034
	$	1,021,623	861,688

In 2020 and 2019, inventories recognized as cost of sales amounted to $783,806 thousand and $973,442 thousand, respectively.

In 2020, the reversal of write-downs amounted to $2,828 thousand due to the factor that caused the net realizable value of the inventory to be lower than the cost disappeared.

In 2019, the write-downs of inventories to the net realizable value amounted to $49,564 thousand. The write-downs and reversals are included in cost of sales.

As of December 31, 2020 and 2019, the Group did not provide any inventories as collateral for its loans.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2020 and 2019, was as follows:

		Land	Buildings	Transportation Equipment	Office and Other Equipment	Total
Cost or deemed cost:						
Balance on January 1, 2020	$	259,316	314,085	9,525	95,723	678,649
Additions		-	-	1,194	3,818	5,012
Disposal		-	-	-	(819)	(819)
Effect of movements in exchange rates		-	1,456	48	439	1,943
Balance on December 31, 2020	$	259,316	315,541	10,767	99,161	684,785
Balance on January 1, 2019	$	259,316	317,461	10,027	96,097	682,901
Additions		-	-	950	638	1,588
Disposal		-	-	(386)	-	(386)
Reclassifisation		-	-	(943)	-	(943)
Effect of movements in exchange rates		-	(3,376)	(123)	(1,012)	(4,511)
Balance on December 31, 2019	$	259,316	314,085	9,525	95,723	678,649

	Land	Buildings	Transportation Equipment	Office and Other Equipment	Total
Deprecation and impairments loss:					
Balance on January 1, 2020	$ -	67,775	4,197	48,772	120,744
Depreciation	-	10,950	1,877	6,496	19,323
Disposal	-	-	-	(28)	(28)
Effect of movements in exchange rates	-	746	34	384	1,164
Balance on December 31, 2020	$ -	79,471	6,108	55,624	141,203
Balance on January 1, 2019	$ -	58,163	3,034	43,004	104,201
Depreciation	-	11,131	1,580	6,648	19,359
Disposal	-	-	(347)	-	(347)
Effect of movements in exchange rates	-	(1,519)	(70)	(880)	(2,469)
Balance on December 31, 2019	$ -	67,775	4,197	48,772	120,744
Carrying amounts:					
Balance on December 31, 2020	$ 259,316	236,070	4,659	43,537	543,582
Balance on January 1, 2019	$ 259,316	259,298	6,993	53,093	578,700
Balance on December 31, 2019	$ 259,316	246,310	5,328	46,951	557,905

As of December 31, 2020 and 2019, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

(g) Right-of-use assets

The Group leases many assets including land, buildings and transportation equipment. Information about leases for which the Group as a lessee was presented below:

	Land	Buildings	Transportation Equipment	Total
Cost:				
Balance at January 1, 2020	$ 15,862	2,915	8,639	27,416
Additions	-	1,751	5,430	7,181
Disposal	-	(436)	(274)	(710)
Effect of movements in exchange rates	229	18	21	268
Balance at December 31, 2020	$ 16,091	4,248	13,816	34,155
Balance at January 1, 2019	$ 16,391	2,170	8,348	26,909
Additions	-	787	947	1,734
Disposal	-	-	(606)	(606)
Effect of movements in exchange rates	(529)	(42)	(50)	(621)
Balance at January 1, 2019	$ 15,862	2,915	8,639	27,416

	Land	Buildings	Transportation Equipment	Total
Accumulated depreciation and impairment losses:				
Balance at January 1, 2020	$ 4,379	750	3,087	8,216
Depreciation	1,102	852	3,490	5,444
Disposal	-	(436)	(274)	(710)
Effect of movements in exchange rates	65	9	15	89
Balance at December 31, 2020	$ 5,546	1,175	6,318	13,039
Balance at January 1, 2019	$ 3,403	-	-	3,403
Depreciation	1,114	758	3,708	5,580
Disposal	-	-	(606)	(606)
Effect of movements in exchange rates	(138)	(8)	(15)	(161)
Balance at December 31, 2019	$ 4,379	750	3,087	8,216
Carrying amount:				
Balance at December 31, 2020	$ 10,545	3,073	7,498	21,116
Balance at January 1, 2019	$ 12,988	2,170	8,348	23,506
Balance at December 31, 2019	$ 11,483	2,165	5,552	19,200

(h) Investment property

	Buildings
Cost or deemed cost:	
Balance on January 1, 2020	$ 116,625
Balance on December 31, 2020	$ 118,576
Balance on January 1, 2019	$ 121,149
Balance on December 31, 2019	$ 116,625
Accumulated depreciation and impairment losses:	
Balance on January 1, 2020	$ 60,282
Balance on December 31, 2020	$ 66,862
Balance on January 1, 2019	$ 56,928
Balance on December 31, 2019 (opening balance)	$ 60,282
Carrying amount:	
Balance on January 1, 2020	$ 56,343
Balance on December 31, 2020	$ 51,714
Balance on January 1, 2019	$ 64,221
Balance on December 31, 2019	$ 56,343

	Buildings
Fair value:	
Balance on December 31, 2020	$ 87,850
Balance on December 31, 2019	$ 86,405

There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the years ended December 31, 2020 and 2019.

The fair value of investment property was based on a valuation by a qualified independent appraiser who has recent valuation experience in the location and category of the investment property being valued.

As of December 31, 2020 and 2019, the investment property of the Group had not been pledged as collateral.

(i) Short-term borrowing

	December 31, 2020	December 31, 2019
Secured bank loans	$ 273,340	-
Unused short-term credit lines	$ 26,660	-
Interest rates	0.35%	-

For the collateral for short-term borrowings, please refer to noet 8.

(j) Long-term borrowings

The details was as follows:

	December 31, 2020			
	Currency	Rate	Maturity year	Amount
Secured bank loans	TWD	0.66%~0.92%	2022	$ 74,448
Less: current portion				(59,559)
Total				$ 14,889
Unused long-term credit lines				$ -

	December 31, 2019			
	Currency	Rate	Maturity year	Amount
Secured bank loans	TWD	0.92%	2022	$ 134,007
Less: current portion				(59,559)
Total				$ 74,448
Unused long-term credit lines				$ -

For the collateral for long-term borrowings, please refer to note 8.

(k) Lease liabilities

The Group's lease liabilities was as follows:

	December 31, 2020	December 31, 2019
Current	$ 4,785	4,722
Non-current	$ 5,874	4,006

For the maturity analysis, please refer to note 6(t).

The amounts recognized in profit or loss was as follows:

	2020	2019
Interest on lease liabilities	$ 88	141
Expenses relating to short term leases	$ 1,009	1,058
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 291	195

The amounts recognized in the statement of cash flows for the Group was as follows:

	2020	2019
Total cash outflow for leases	$ 6,690	6,807

(i) Real estate leases

The Group leases land and buildings for its office space, factory, and employees' dormitories. The leases of land typically run for five to fifty years, and of buildings for five to ten years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices.

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Group and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Group leases transportation equipment, with lease terms of three years. In some cases, the Group has options to purchase the assets at the end of the contract term.

(l) Provisions

The movement in warranty provisions was as follow:

		2020	2019
Balance at January 1, 2020	$	46,228	50,197
Provisions made (reversed) during the year		(4,296)	(3,969)
Balance at December 31, 2020	$	41,932	46,228

(i) The provision for warranties relates mainly to maintenance of product. The provision is based on estimates made from historical warranty data associated with similar products and services. The Group expects to settle the majority of the liability over the next year.

(ii) As of December 31, 2020 and 2019, the warranty provisions would have increased or decreased by $3,483 and $3,654 thousand, respectively, when the rate of warranty provisions increased or decreased by 0.25%.

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

		December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$	89,333	87,775
Fair value of plan assets		(27,980)	(24,231)
Net defined benefit liabilities	$	61,353	63,544

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group Bank of Taiwan labor pension reserve account amounted to $27,980 thousand as of the reporting date. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Group was as follows:

		2020	2019
Defined benefit obligations at January 1	$	87,775	89,387
Benefits paid		-	(4,267)
Current service costs and interest cost		1,550	1,892
Remeasurements loss (gain):			
－Actuarial loss (gain) arising from financial assumptions		2,928	2,280
－Actuarial loss (gain) due to experience adjustments		(2,920)	(1,517)
Defined benefit obligations at December 31	$	89,333	87,775

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group for 2020 and 2019 was as follows:

		2020	2019
Fair value of plan assets at January 1	$	24,231	24,718
Interest income		177	250
Re-measurements loss (gain)－return on plan assets excluding interest income		843	810
Contributions paid by the employer		2,729	2,720
Benefits paid		-	(4,267)
Fair value of plan assets at December 31	$	27,980	24,231

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group for 2020 and 2019 was as follows:

		2020	2019
Current service costs	$	909	989
Net interest of net liabilities for defined benefit obligations		464	653
	$	1,373	1,642

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date was as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.35%	0.73%
Future salary increase rate	3.0%	3.0%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $2,729 thousand.

The weighted-average lifetime of the defined benefits plans is 11 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Influences on defined benefit obligation	
		Increased 0.50%	Decreased 0.50%
December 31, 2020			
Discount rate	$	(4,582)	4,996
Future salary increasing rate		4,837	(4,490)
December 31, 2019			
Discount rate		(4,821)	5,264
Future salary increasing rate		5,117	(4,741)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Company allocates 6% of each employee’ s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contribution to the Bureau of the Labor Insurance amounted to $11,811 thousand and $12,341 thousand in 2020 and 2019.

(iii) Short-term employee benefits provisions

	December 31, 2020	December 31, 2019
Employee paid leave provisions (recognized in other payables)	$ 6,185	6,323

(n) Income taxes

(i) Tax expense

The components of income tax in the years 2020 and 2019 was as follows:

	2020	2019
Current tax expense	$ 66,129	81,724
Deferred tax expense (income)	5,075	(5,718)
Income tax expense	$ 71,204	76,006

The amounts of income tax recognized in other comprehensive income for 2020 and 2019 was as follows:

	2020	2019
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	$ (167)	(9)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	$ (1,501)	3,443

Reconciliation of income tax and profit before tax in 2020 and 2019 was as follows:

	2020	2019
Profit excluding income tax	$ 382,141	373,155
Income tax using the Company's domestic tax rate	76,428	74,631
Effect of tax rates in foreign jurisdiction	1,630	2,185
Tax-exempt income	(241)	(205)
Tax incentives	(10,803)	(7,286)
Undistributed earnings additional tax	928	509
Change in provision in prior periods	217	(2,516)
Others	3,045	8,688
Income tax expense	$ 71,204	76,006

(ii) Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 was as follows:

Deferred tax liabilities:

	Investment income and Others
Balance on January 1, 2020	$ 17,608
Recognized in profit or loss	6,090
Balance on December 31, 2020	$ 23,698
Balance on January 1, 2019	$ 13,854
Recognized in profit or loss	3,754
Balance on December 31, 2019	$ 17,608

Deferred tax assets:

	Defined Benefit Plans	Inventory provisions	Expected credit loss	Total
Balance on January 1, 2020	$ 13,569	22,286	26,273	62,128
Recognized in profit or loss	442	62	551	1,055
Recognized in other comprehensive income	(167)	-	(1,501)	(1,668)
Balance on December 31, 2020	$ 13,844	22,348	25,323	61,515
Balance on January 1, 2019	$ 13,094	17,537	18,591	49,222
Recognized in profit or loss	484	4,749	4,239	9,472
Recognized in other comprehensive income	(9)	-	3,443	3,434
Balance on December 31, 2019	$ 13,569	22,286	26,273	62,128

(iii) The Company’s tax returns for the years through 2018 was assessed by the Taipei National Tax Administration.

(o) Capital and other equity

As of December 31, 2020 and 2019, the number of authorized ordinary shares were both 80,000 thousand shares, amounting to $800,000 thousand with par value of $10 per share. As of that date, $55,000 thousand of ordinary shares were issued. All issued shares were paid up upon issuance.

(i) Capital surplus

The balances of capital surplus was as follows:

	December 31, 2020	December 31, 2019
Share capital	$ 257,367	257,367
Employee share options	29,654	29,654
	$ 287,021	287,021

According to the R.O.C. Company Act, capital surplus can only be used to offset deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

According to the Company's articles of incorporation, 10% of annual net earnings (net of incomes taxes), after deducting accumulated deficits, must be set aside as legal reserve until the accumulated legal reserve equals the Company's total capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining profit, together with the beginning balance of undistributed retained earnings, can be distributed according to the distribution plan proposed by the Board of directors and submitted to the stockholders' meeting for approval. The distribution of earnings or legal reserve and capital surplus, distributed by way of cash, shall be decided during the Board meeting, approved by more than half of the directors, with two thirds of directors in attendance; thereafter, to be submitted in the shareholders' meeting of the Company.

Since the Company is in its growth stage and developing its business expansion, earnings are distributed in consideration of the Company's capital expenditure budget and capital needs. The distribution will be proposed by the Board of directors and resolved during the shareholders' meeting. With the dividends exceeding 10% of the distributable earnings each year, unless the accumulated distributable earnings are less than 10% of the paid-in capital. Earnings can be distributed by way of cash or stock dividends, wherein cash dividends shall not be less than 10% of the total distribution.

1) Legal reserve

According to the R.O.C. Company Act, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2019 and 2018 had been approved during Board meeting and the shareholders' meeting on March 26, 2020 and June 21, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	2019			2018	
		Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders:					
Cash	$	4.20	231,000	4.00	220,000

(iii) Other equity (net of tax)

		Exchange differences on translation of foreign financial statements
Balance on January 1, 2020	$	(35,202)
Exchange differences arising from translation of foreign operations		6,002
Balance on December 31, 2020	$	(29,200)

		Exchange differences on translation of foreign financial statements
Balance on January 1, 2019	$	(21,426)
Exchange differences arising from translating foreign operations		(13,776)
Balance on December 31, 2019	$	(35,202)

(p) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the years ended 2020 and 2019 was as follows:

Unit: earnings per share in dollars

		2020	2019
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company	$	310,937	297,149
Weighted average number of outstanding ordinary shares (in thousands)		55,000	55,000
	$	5.65	5.40
Diluted earnings per share			
Profit attributable to ordinary shareholders of the Company	$	310,937	297,149
Weighted average number of outstanding ordinary shares (in thousands)		55,000	55,000
Effect of employee share bonus		287	281
Weighted average number of outstanding ordinary shares (in thousands)		55,287	55,281
	$	5.62	5.38

(q) Revenue from contracts with customers

(i) Details of revenue

	2020			
	GROUP UP INDUSTRIAL CO., LTD.	GROUP UP TECHNOLOGY (SIP) CO., LTD.	Other segments	Total
Primary geographical markets:				
Taiwan	$ 497,787	-	-	497,787
China	822,707	99,422	47,683	969,812
Others	146,645	-	-	146,645
	$ 1,467,139	99,422	47,683	1,614,244
Major products:				
Equipment	$ 1,438,049	68,619	41,126	1,547,794
Service	29,090	11,191	6,557	46,838
Others	-	19,612	-	19,612
	$ 1,467,139	99,422	47,683	1,614,244

	2019			
	GROUP UP INDUSTRIAL CO., LTD.	GROUP UP TECHNOLOGY (SIP) CO., LTD.	Other segments	Total
Primary geographical markets:				
Taiwan	$ 645,161	-	-	645,161
China	671,228	124,679	48,852	844,759
Others	178,366	-	-	178,366
	$ 1,494,755	124,679	48,852	1,668,286
Major products:				
Equipment	$ 1,464,250	93,042	42,174	1,599,466
Service	30,505	11,232	6,678	48,415
Others	-	20,405	-	20,405
	$ 1,494,755	124,679	48,852	1,668,286

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	$ 10,129	5,996	33,287
Trade receivables (including overdue receivables)	295,901	320,015	482,292
Less: allowance for impairment	(17,231)	(40,070)	(33,993)
Total	$ 288,799	285,941	481,586
Contract liabilities	$ 864,895	835,520	1,042,500

For details on notes receivables and trade receivables (including overdue receivables) and allowance for impairment, please refer to note 6(c).

The amount of revenue recognized for the years ended December 31, 2020 and 2019 that was included in the contract liability balance at the beginning of the period were $685,717 thousand and $815,382 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the equipment sales contracts, and the customer has not confirmed the function of the machine yet. Revenue is recognized after the function of the machine is confirmed by the customer.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(r) Employees compensation and directors' remuneration

According to the Company's articles of incorporation, the Company shall allocate no less than 2% of the profit as employee remuneration and no more than 5% as directors' remuneration when there is profit for the year. The distribution of remuneration shall be approved by the majority of directors at the Board of Directors meeting, attended by more than two thirds of the directors; thereafter, to be submitted during the shareholders' meeting. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to $14,000 thousand and $15,000 thousand, and directors' remuneration amounting to $4,000 thousand and $4,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses each year. The differences between accrual and actual distribution, if any, would be treated as changes in accounting estimates and recognized as profit or loss in next year. The amounts, as stated in the consolidated financial statements, were identical to those of the actual distributions for 2020 and 2019.

(s) Non-operating income and expenses

(i) Interest income

The details of interest income for 2020 and 2019 was as follows:

	2020	2019
Interest income from bank deposits	$ 18,282	23,047
Other interest income	116	81
	$ 18,398	23,128

(ii) Other gains and losses

The details of other gains and losses for 2020 and 2019 was as follows:

	2020	2019
Foreign exchange losses	$ (78,057)	(6,932)
Gains on disposals of investments	1,206	1,024
Gains (losses) on disposals of property, plant and equipment	(791)	(4)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	(587)	645
Others	767	(1,784)
	$ (77,462)	(7,051)

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Group believes that there is no significant concentration of credit risk due to the Group' s large number of customers and their wide geographic spread. In order to reduce credit risk. The Group evaluates the financial status of customers regularly without requiring its customers to provide collateral.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	Within 6 months	6~12 months	1~2 years	2~ 5 years	Over 5 years
December 31, 2020							
Non-derivative financial liabilities							
Accounts payable and other payables	$ 500,930	500,930	500,930	-	-	-	-
Short-term borrowings	273,340	273,496	273,496	-	-	-	-
Long-term borrowings (including current portion)	74,448	74,826	30,015	29,905	14,906	-	-
Lease liabilities	10,659	10,774	3,100	1,745	2,719	3,210	-
	$ 859,377	860,026	807,541	31,650	17,625	3,210	-
December 31, 2019							
Non-derivative financial liabilities							
Accounts payable and other payables	$ 316,963	316,963	316,963	-	-	-	-
Long-term borrowings (including current portion)	134,007	135,342	30,315	30,180	59,946	14,901	-
Lease liabilities	8,728	8,888	2,503	2,335	2,654	1,396	-
	$ 459,698	461,193	349,781	32,515	62,600	16,297	-

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 39,720	28.480	1,131,226	21,198	29.980	635,513
CNY	21,457	4.377	93,917	14,880	4.305	64,060
Financial liabilities						
Monetary items:						
USD	431	28.480	12,275	537	29.980	16,110
CNY	11	4.377	48	203	4.305	874

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables and trade payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD and CNY as of 31 December, 2020 and 2019 would have increased (decreased) the net profit after tax by $9,703 thousand and $5,461 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2020 and 2019, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $(78,057) thousand and $(6,932) thousand, respectively.

(iv) Interest rate analysis

The following sensitivity analysis is based on the exposure to floating-interest-rate loans at the reporting date. The analysis is based on the assumption that the amount of liabilities at the reporting date was outstanding throughout the year. If the interest rate had increased/decreased by 1%, the Group's net income before tax would have decreased/increased by $2,782 thousand and $1,072 thousand for the years ended December 31, 2020 and 2019, respectively.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 328,058	328,058	-	-	328,058

	December 31, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 267,645	267,645	-	-	267,645

2) Valuation techniques for financial instruments measured at fair value

(2.1) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

(u) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group’s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statement

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers.

1) Notes receivable, trade and other receivables

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group’s standard payment are offered. The Group’s review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer; these limits are reviewed quarterly. Customers that fail to meet the Group’s benchmark creditworthiness may transact with the Group only on a prepayment basis.

2) Investments

The cash of the Group is kept in different financial institutions and credit risks exposed to each financial institution are properly controlled, and therefore, there is no significant credit risk.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2020 and 2019, no other guarantees were outstanding.

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollar (NTD), Chinese Yuan (CNY) and US Dollar (USD).

2) Interest rate risk

Some of the Group's long and short-term borrowings are debts with floating interest rates. Therefore, movement of the market interest rate will affect the interest rate of the loans accordingly, which will cause fluctuations in its future cash flow.

3) Other Risk

The Group has not entered into a long-term purchase contract other than to meet anticipated consumption and sales requirement.

(v) Capital management

The Group's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Group’s equity capital ratios at December 31, 2020 and 2019 was as follows:

	December 31, 2020	December 31, 2019
Total equity	$ 1,904,298	1,817,691
Total assets	$ 3,790,947	3,312,302
Equity capital ratio at December 31	50.00%	55.00%

There were no changes in the Group’s approach to capital management during the year.

(w) Investing and financing activities not affecting current cash flow

The Group’s investing and financing activities which did not affect the current cash flow in the year ended December 31, 2020 were acquisition of right-of-used assets by leasing. Please refer to Note 6(g) and (k).

(7) Related-party transactions:

(a) Names and relationship with related parties

Key management personnel	Relationship with the Group
An-Shun Chen	Key management personnel
Jung-Kung Lee	Key management personnel
Tien-Ho Yu	Key management personnel
Wen-Chang Lai	Key management personnel
Hung-Chan Chen	The person is a first-degree relative of the Key management personnel

(b) Significant transactions with related parties

(i) Leases

The Group rented office buildings from its related party. A five-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was $6,417 thousand. For the year ended December 31, 2020, the Group recognized depreciation expense and interest expense amounted to $26 thousand and $22 thousand, respectively. As of December 31, 2020 and 2019, the balance of lease liabilities amounted to $2,525 thousand and $2,352 thousand.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2020	2019
Short-term employee benefits	$ 25,680	25,158

(8) Pledged assets:

The carrying value of pledged assets was as follows:

Pledged assets	Pledged assets	December 31, 2020	December 31, 2019
Land	Long-term borrowings	$ 259,316	259,316
Buildings	"	191,555	198,436
Time deposits (classified in other non-current financial assets)	Performance guarantee letter and borrowings	409,570	129,590
		$ 860,441	587,342

(9) Commitments and contingencies:

As of December 31, 2020, the Group's performance guarantee letter and standby letter of credit provided by the bank was $4,211 thousand.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2020			2019		
	Cost of sales	Operating expenses	Total	Cost of sale	Operating expenses	Total
Employee benefits						
Salary	140,556	111,448	252,004	148,173	101,210	249,383
Labor and health insurance	9,649	6,842	16,491	10,252	6,276	16,528
Pension	7,605	5,579	13,184	8,730	5,253	13,983
Remuneration of directors	-	6,700	6,700	-	6,649	6,649
Others	7,883	7,067	14,950	9,353	6,232	15,585
Depreciation	15,454	15,517	30,971	19,280	12,234	31,514
Amortization	265	510	775	351	658	1,009

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership	Fair value	Percentage of ownership	
The Company	Mega Diamond Money Market Fund	N/A	Financial assets at fair value through profit or loss－current	2,372	30,005	- %	30,005	- %	
〃	Fuh Hwa Money Market Fund	〃	〃	4,676	68,013	- %	68,013	- %	
〃	Allianz Global Investors Taiwan Money Market Fund	〃	〃	2,929	37,005	- %	37,005	- %	
〃	Capital Money Market Fund	〃	〃	1,845	30,004	- %	30,004	- %	
〃	CTBC Hua win Money Market Fund	〃	〃	2,071	23,005	- %	23,005	- %	
〃	Hua Nan Phoenix Money Market Fund	〃	〃	1,832	30,013	- %	30,013	- %	
〃	Franklin Templeton Sinoam Money Market Fund	〃	〃	3,356	35,002	- %	35,002	- %	
〃	JPMorgan (Taiwan) Taiwan First Money Market Fund	〃	〃	3,949	60,005	- %	60,005	- %	
〃	Deutsche Far Eastern DWS Taiwan Money Market Fund	〃	〃	1,272	15,006	- %	15,006	- %	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of shares)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Franklin Templeton Sinoam Money Market Fund	Financial assets at fair value through profit or loss－current	-	-	1,937	20,103	15,075	157,000	13,656	142,209	142,103	106	3,356	35,002

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	GROUP UP TECHNOLOGY (SIP) CO., LTD.	1	Purchases	2,802	The terms of transaction are not significantly different from those of the third parties.	0.17%
0	〃	〃	1	Sales	33,175	〃	2.06%
0	〃	〃	1	Maintenance costs	19,106	〃	1.18%
0	〃	〃	1	Accounts receivable due from related parties	10,812	〃	0.29%
0	〃	〃	1	Accounts payable due from related parties	5,650	〃	0.15%
0	〃	GROUP UP Trading (Shenzhen) Limited	1	Purchases	6,971	The terms of transaction are not significantly different from those of the third parties.	0.43%
0	〃	〃	1	Sales	15,489	〃	0.96%
0	〃	〃	1	Maintenance costs	16,235	〃	1.06%

No.	Name of company	Name of counter-party	relationship	Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Group UP Trading (Shenzhen) Limited	1	Account receivables due from related parties	1,753	The terms of transaction are not significantly different from those of the third parties.	0.05%
0	〃	〃	1	Account payables due to related parties	3,436	〃	0.09%

Note 1: 0 represents the parent company. The subsidiaries start sequentially from 1 in Arabic numerals.

Note 2: The relationships between transaction parties are as follows:

1.parent to subsidiary

2.subsidiary to parent

3.subsidiary to subsidiary

Note 3: The aforementioned transactions have been eliminated when preparing the consolidated financial statements.

Note 4: Significant intercompany transactions are disclosed only for transactions of the parent company to its subsidiary. Transactions from subsidiary to parent company are not disclosed.

(b) Information on investees:

The following is the information on investees (excluding information on investees in Mainland China):

(In Thousands of shares and USD)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of ownership	Carrying value				
The Company	GROUP (SAMOA) Ltd.	SAMOA	Investment holdings	399,464 (USD12,500)	399,464 (USD12,500)	12,500	100.00%	470,045	12,500	28,746	30,452	

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of USD)

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment (note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
GROUP UP TECHNOLOGY (SIP) CO., LTD.	Manufacture and sales of equipment, maintenance services	326,105 (USD 10,000)	(2)	373,898 (USD11,700)	-	-	373,898 (USD11,700)	12,463	100.00%	100.00%	12,463	409,632	-
GROUP UP Trading (Shenzhen) Limited	Sales of equipment and maintenance services	15,979 (USD 5000)	(2)	15,979 (USD500)	-	-	15,979 (USD500)	16,073	100.00%	100.00%	16,073	64,958	-

Note 1: There are three kinds of investments.

(1)Invest directly in Mainland China Companies.

(2)Invest in Mainland China by remitting through a third region.

(3)Others.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
389,877 (USD12,200)	389,877 (USD12,200)	1,142,578

(iii) Significant transactions: None.

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Tung Tak Investment Co., Ltd.	3,632,928	6.60%
Huo Shui Investment Co., Ltd.	2,760,712	5.01%
Houg Yi Investment Co., Ltd.	2,758,119	5.01%
Yu Feng Investment Co., Ltd.	2,757,309	5.01%
Zhan Hong Investment Co., Ltd.	2,755,104	5.00%

(14) Segment information:

(a) General information

The management of the Group has identified the reporting departments based on the reporting information used by the operational decision makers in making decisions. The operating decision makers run the business in the point of view by categorized of product and service. Also, divided the reported department into Group Up Industrial Co., Ltd and Group Up Technology (SIP) Co., Ltd. Part of subsidiaries 's information is not included in the operating decision-making report due to the small scale of operation, its operating results expressed under "other segment".

(b) Information about reportable segments and their measurement and reconciliations

The Group's operating segment information and reconciliation are as follow:

	2020				
	GROUP UP INDUSTRIAL CO., LTD.	GROUP UP TECHNOLOGY (SIP) CO., LTD.	Other segment	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	$ 1,467,139	99,422	47,683	-	1,614,244
Intersegment revenues	48,664	22,888	19,382	(90,934)	-
Total revenue	$ 1,515,803	122,310	67,065	(90,934)	1,614,244
Reportable segment profit or loss	$ 378,075	18,438	42,911	(57,283)	382,141
Reportable segment assets	$ 3,240,530	499,675	87,775	(37,033)	3,790,947
Reportable segment liabilities	$ 1,805,925	90,043	14,015	(23,334)	1,886,649

	2019				
	GROUP UP INDUSTRIAL CO., LTD.	GROUP UP TECHNOLOGY (SIP) CO., LTD.	Other segment	Reconciliation and elimination	Total
Revenue:					
Revenue from external customers	$ 1,494,755	124,679	48,852	-	1,668,286
Intersegment revenues	37,610	27,795	18,862	(84,267)	-
Total revenue	$ 1,532,365	152,474	67,714	(84,267)	1,668,286
Reportable segment profit or loss	$ 361,732	27,258	48,928	(64,763)	373,155
Reportable segment assets	$ 2,825,972	446,824	72,790	(33,284)	3,312,302
Reportable segment liabilities	$ 1,440,486	56,462	16,009	(18,346)	1,494,611

(c) Product and service information

Revenue from the external customers of the Group was as follows:

Product and services	2020	2019
Equipment	$ 1,547,794	1,599,466
Services	46,838	48,415
Others	19,612	20,405
Total	$ 1,614,244	1,668,286

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical information	2020	2019
Revenue from external customers:		
Taiwan	$ 497,787	645,161
China	969,812	844,759
Other	146,645	178,366
Total	$ 1,614,244	1,668,286

Geographical information	2020	2019
Non-current assets:		
Taiwan	$ 622,142	647,044
China	346,799	297,075
Total	$ 968,941	944,119

Non-current assets include property, plant and equipment, right-of-use assets, investment property, other non-current financial assets, other non-current assets, not including deferred tax assets.

(e) Major customers

Operating revenue from a customer exceeding 10% of the Consolidated statement of comprehensive income as 2020 and 2019: None.

4. The individual financial report of the most recent year that has been verified by an accountant

KPMG

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Independent Auditors' Report

To the Board of Directors of Group Up Industrial Co., Ltd.:

Opinion

We have audited the financial statements of Group Up Industrial Co., Ltd.("the Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

   Please refer to Note 4(n) "Revenue recognition" and Note 6(q) "Revenue from contracts with customers" to the financial statements.

Description of key audit matter:

The Company mainly engaged in the manufacturing and trading of general boxed-shaped equipment, automatic conveyor equipment and ovens. Revenue is recognized when the control of a product is transferred to a customer based on terms and conditions of the sales agreement. Revenue recognition is the main concern of the users of the financial statements. Therefore, we determined that revenue recognition is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included understanding the design and effectiveness of the Company’s internal controls on revenue recognition; assessing whether the revenue recognition was performed in accordance with the Company’s policy; performing sales cut-off test of a period before and after the reporting date by vouching relevant documents of sales transactions to determine whether revenue has been recognized in the proper period.

2. Valuation of trade receivables

Please refer to Note 4(f) “impairment of financial assets”, Note 5(a) “accounting assumptions and estimation uncertainty of the valuation of trade receivables”, and Note 6(c) “trade receivables” to the financial statements.

Description of key audit matter:

The Company’s impairment of trade receivables is assessed based on historical experience of evidence of impairment and forward-looking information, which rely on the subjective judgment of the management. Therefore, we determined that the valuation of trade receivables is one of our key audit matters.

How the matter was addressed in our audit:

Our principal audit procedures included understanding the design and effectiveness of the Company’s internal controls on valuation of trade receivables; obtaining the evaluation report on the impairment of trade receivables; examining the trade receivables aging report, reasons of overdue receivables, and the subsequent collection of the receivables to assess whether the impairment provisions for trade receivables are reasonable.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with 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 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 the investment in other entities accounted for using the equity method to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the 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 financial statements of the current period 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 Pei-Chi Chen and Heng-Shen Lin.

KPMG

Taipei, Taiwan (Republic of China)
March 26, 2021

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the 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 financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

GROUP UP INDUSTRIAL CO., LTD.

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes 6(a)(t))	$ 175,444	5	676,618	21
1110	Current financial assets at fair value through profit or loss (notes 6(b)(t))	328,058	9	267,645	8
1150	Notes receivable, net (notes 6(c)(q))	1,142	-	899	-
1170	Trade receivables, net (notes 6(c)(q))	218,625	6	212,783	7
1180	Accounts receivable due from related parties, net (notes 6(c)(q) and 7)	12,565	-	9,887	-
130X	Inventories (note 6(e))	966,282	26	830,599	25
1410	Prepayments	7,771	-	19,291	1
1476	Other current financial assets (note 6(d) and 8)	842,290	23	96,295	3
1479	Other current assets, others	7,002	-	5,051	-
		2,559,179	69	2,119,068	65
	Non-current assets:				
1550	Investments accounted for using equity method, net (note 6(f))	470,045	13	432,205	13
1600	Property, plant and equipment (notes 6(g) and 8)	494,763	13	505,299	16
1755	Right-of-use assets (note 6(h))	9,996	-	7,313	-
1840	Deferred income tax assets (note 6(n))	59,209	2	59,860	2
1980	Other non-current financial assets (notes 6(d) and 8)	110,530	3	129,590	4
1995	Other non-current assets, others	6,853	-	4,842	-
		1,151,396	31	1,139,109	35
	Total assets	$ 3,710,575	100	3,258,177	100

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2102	Short-term borrowings (notes 6(i)(t) and 8)	$ 273,340	7	-	-
2130	Current contract liabilities (note 6(q))	838,413	23	827,122	25
2170	Accounts payable (note 6(t))	342,687	9	193,460	6
2180	Accounts payable to related parties (notes 6(t) and 7)	9,086	-	7,854	-
2200	Other payables (notes 6(m)(t))	108,227	3	101,125	3
2230	Current tax liabilities	21,087	1	41,662	1
2250	Current provisions (note 6(l))	40,613	1	44,738	1
2280	Current lease liabilities (notes 6(k)(t) and 7)	4,588	-	3,953	-
2320	Long-term borrowings, current portion (notes 6(j)(t) and 8)	59,559	2	59,559	2
2399	Other current liabilities, others	3,291	-	2,021	-
		1,700,891	46	1,281,494	38
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(j)(t) and 8)	14,889	-	74,448	2
2570	Deferred tax liabilities (notes 6(n))	23,698	1	17,608	1
2580	Non-current lease liabilities (notes 6(k)(t) and 7)	5,446	-	3,392	-
2640	Net defined benefit liability, non-current (notes 6(m))	61,353	2	63,544	2
		105,386	3	158,992	5
	Total liabilities	1,806,277	49	1,440,486	43
	Equity attributable to owners of parent (notes 6(o)(p)(v)):				
3110	Ordinary shares	550,000	15	550,000	17
3200	Capital surplus	287,021	8	287,021	9
	Retained earnings:				
3310	Legal reserve	313,283	8	283,564	9
3320	Special reserve	35,202	1	21,426	1
3350	Unappropriated retained earnings	747,992	20	710,882	22
		1,096,477	29	1,015,872	32
	Other equity:				
3410	Exchange differences on translation of foreign financial statements	(29,200)	(1)	(35,202)	(1)
	Total equity	1,904,298	51	1,817,691	57
	Total liabilities and equity	$ 3,710,575	100	3,258,177	100

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

GROUP UP INDUSTRIAL CO., LTD.

Statement of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(q) and 7)	$ 1,515,803	100	1,532,366	100
5000	Operating costs (notes 6(e)(k)(l)(m)(r) and 7)	864,170	57	980,894	64
	Gross profit from operations	651,633	43	551,472	36
5910	Unrealized profit (loss) from sales	115	-	(369)	-
		651,518	43	551,841	36
	Operating expenses (notes 6(c)(k)(m)(r), 7 and 12):				
6100	Selling expenses	102,997	7	93,170	6
6200	Administrative expenses	57,462	4	60,694	4
6300	Research and development expenses	110,729	7	73,813	5
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	(23,455)	(2)	7,381	-
	Total operating expenses	247,733	16	235,058	15
6900	Net operating income	403,785	27	316,783	21
	Non-operating income and expenses (notes 6(s) and 7):				
7100	Interest income	11,515	1	16,581	1
7010	Other income	9,723	1	15,787	1
7020	Other gains and losses, net	(76,243)	(5)	(5,289)	-
7050	Finance costs	(1,158)	-	(1,545)	-
7070	Share of profit of investment accounted for using equity method	30,452	2	19,415	1
	Total non-operating income and expenses	(25,711)	(1)	44,949	3
7900	Profit before income tax	378,074	26	361,732	24
7950	Less: income tax expenses (note 6(n))	67,137	5	64,583	5
	Profit	310,937	21	297,149	19
8300	Other comprehensive income (loss):				
8310	Items that may not be reclassified subsequently to profit or loss:				
8311	Gains on remeasurements of defined benefit plans	835	-	47	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to loss (note 6(n))	(167)	-	(9)	-
	Total items that may not be reclassified subsequently to profit or loss	668	-	38	-
8360	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	7,503	-	(17,219)	(1)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(n))	(1,501)	-	3,443	-
	Total items that may be reclassified subsequently to profit or loss	6,002	-	(13,776)	(1)
8300	Other comprehensive income	6,670	-	(13,738)	(1)
8500	Comprehensive income	$ 317,607	21	283,411	18
	Earnings per share (note 6(p))				
9750	Earnings per share (NT dollars)	$	5.65		5.40
9850	Diluted earnings per share (NT dollars)	$	5.62		5.38

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

GROUP UP INDUSTRIAL CO., LTD.

Statement of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Ordinary shares	Capital surplus	Retained earnings: Legal reserve	Retained earnings: Special reserve	Retained earnings: Unappropriated retained earnings	Retained earnings: Total retained earnings	Other equity: Exchange differences on translation of foreign financial statements	Total equity
Balance on January 1, 2019	$ 550,000	287,021	257,300	15,226	666,159	938,685	(21,426)	1,754,280
Profit for the year ended December 31, 2019	-	-	-	-	297,149	297,149	-	297,149
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	38	38	(13,776)	(13,738)
Comprehensive income for the year ended December 31, 2019	-	-	-	-	297,187	297,187	(13,776)	283,411
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	26,264	-	(26,264)	-	-	-
Special reserve	-	-	-	6,200	(6,200)	-	-	-
Cash dividends on ordinary share	-	-	-	-	(220,000)	(220,000)	-	(220,000)
Balance on December 31, 2019	550,000	287,021	283,564	21,426	710,882	1,015,872	(35,202)	1,817,691
Profit for the year ended December 31, 2020	-	-	-	-	310,937	310,937	-	310,937
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	668	668	6,002	6,670
Comprehensive income for the year ended December 31, 2020	-	-	-	-	311,605	311,605	6,002	317,607
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	29,719	-	(29,719)	-	-	-
Special reserve	-	-	-	13,776	(13,776)	-	-	-
Cash dividends of ordinary share	-	-	-	-	(231,000)	(231,000)	-	(231,000)
Balance on December 31, 2020	$ 550,000	287,021	313,283	35,202	747,992	1,096,477	(29,200)	1,904,298

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)

GROUP UP INDUSTRIAL CO., LTD.

Statement of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from operating activities:		
Profit before tax	$ 378,074	361,732
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	19,119	19,259
Amortization expense	603	833
Expected credit loss (gain)	(23,455)	7,381
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	587	(645)
Interest expense	1,158	1,545
Interest income	(11,515)	(16,581)
Share of loss (profit) of investments accounted for using equity method	(30,452)	(19,415)
Gain on disposal of investments	(1,206)	(1,024)
Unrealized profit (loss) from sales	115	(369)
Total adjustments to reconcile profit (loss)	(45,046)	(9,016)
Changes in operating assets and liabilities:		
Notes receivable	(243)	20,683
Trade receivables	17,613	168,571
Accounts receivable due from related parties	(2,678)	(4,489)
Inventories	(135,683)	181,599
Prepayments	11,520	(7,062)
Other current assets	(1,567)	285
Contract liabilities	11,291	(203,176)
Accounts payable	149,227	(117,100)
Accounts payable to related parties	1,232	(1,321)
Other payables	7,071	10,633
Provisions	(4,125)	(3,105)
Other current liabilities	1,270	574
Deferred benefit liability	(1,356)	(1,078)
Total adjustments	8,526	35,998
Cash inflow generated from operations	386,600	397,730
Interest received	11,132	17,364
Interest paid	(1,063)	(1,488)
Income taxes paid	(82,639)	(52,020)
Net cash flows from operating activities	314,030	361,586
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through profit or loss	(751,000)	(1,072,000)
Proceeds from disposal of financial assets at fair value through profit or loss	691,206	806,024
Acquisition of property, plant and equipment	(4,085)	(456)
Decrease (increase) in other financial assets	(726,935)	116,900
Increase in other non-current assets	(2,614)	(731)
Net cash flows used in investing activities	(793,428)	(150,263)
Cash flows used in financing activities:		
Increase in short-term borrowings	273,340	-
Repayments of long-term borrowings	(59,559)	(59,559)
Payment of lease liabilities	(4,557)	(4,762)
Cash dividends paid	(231,000)	(220,000)
Net cash flows used in financing activities	(21,776)	(284,321)
Net decrease in cash and cash equivalents	(501,174)	(72,998)
Cash and cash equivalents at beginning of period	676,618	749,616
Cash and cash equivalents at end of period	$ 175,444	676,618

See accompanying notes to financial statements.

(1) Company history

Group Up Industrial Co., Ltd. (the Company) was incorporated in January 1990 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The address of the Company’s registered office is No.188, Heping Rd., Yangmei Dist., Taoyuan City. The Company mainly engages in manufacturing and trading of general boxed-shaped equipment for drying, preheating, and curing, automatic conveyor hot air ovens, IR drying ovens, as well as dust-free and explosion- proof vacuum oven.

On October 26, 2017, Taipei Exchange (TPEx) approved the Company’s trading stocks on Emerging Stock Board of TPEx. On May 25, 2018, Taipei Exchange Securities Listing Review Committee approved the Company’s listing application. The company has been listed on the main Board of TPEx since September 12, 2017.

(2) Approval date and procedures of the financial statements:

These financial statements were authorized for issue by the Board of Directors on March 26, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2020:

● Amendments to IFRS 3 “Definition of a Business”

● Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”

● Amendments to IAS 1 and IAS 8 “Definition of Material”

● Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its financial statements:

● Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”

● Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform－Phase 2”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"	The amendments clarify that the ‘costs of fulfilling a contract’ comprises the costs that relate directly to the contract as follows: ● the incremental costs – e.g. direct labor and materials; and ● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.	January 1, 2022

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 16 "Property, Plant and Equipment－Proceeds before Intended Use"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers” (hereinafter referred to as “the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of an entity is determined based on the primary economic environment in which the entity operates. The financial statements are presented in New Taiwan Dollar (NTD), which is the Company’s functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Nonmonetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

The Company shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or fair value through other comprehensive income (FVOCI) described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Company intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the ‘trade receivables’ line item. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

3) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and trade receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 365 days past due.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company’s procedures for recovery of amounts due.

4) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

The Company uses the equity method on investees over which the Company has control when preparing the parent-company-only financial statement. The profit or loss for the period and other comprehensive income presented in individual financial statements shell be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the individual financial statements shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions.

(i) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings	8-35 years
2)	Office	3-5 years
3)	Transportation and other equipment	2 years

Depreciation methods, useful lives and residual values are reviewed at each reporting year and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(k) Leases

(i) Identifying a lease

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

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

   - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

- the relevant decisions about how and for what purpose the asset is used are predetermined and:
  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including in-substance fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

4) there is a change of its assessment on whether it will exercise an extension or termination option; or

5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of building and office equipment, that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a leasor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company’s main types of revenue are explained below.

(i) Sale of goods

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company’s obligation to provide a refund under the standard warranty terms is recognized as a provision for warranty.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Rendering Service

The Company provides service of equipment maintenance. Revenue from providing services is recognized at a point in time when the Company satisfies its performance obligations and transfers control of service.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company’s net obligation in respect of defined benefit plans is calculated for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(q) Earnings per share

The Company discloses the Company’s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation.

(r) Operating segments

The Company has already disclosed the segment information in the consolidated financial statements; therefore, the Company will not disclose the segment information again in the separate financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) The loss allowance of trade receivable

The Company has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(c).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(e) for further description of the valuation of inventories.

(c) Recognition and measurement of provisions and contingent liabilities

Provision for warranty is estimated when product revenue is recognized. The estimate has been made based on the quantities within sales contracts, the historical and others. The Company regularly reviews the basis of the estimate and, if necessary, amends it as appropriate, please refer to note 6(l).

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2020	December 31, 2019
Cash on hand, checking accounts and demand deposit	$	141,058	148,341
Time deposits		34,386	528,277
	$	175,444	676,618

Please refer to note 6(t) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Company.

(b) Financial assets and liabilities at fair value through profit or loss

		December 31, 2020	December 31, 2019
Financial assets designated at fair value through profit or loss:			
Non-derivative financial assets-funds	$	328,058	267,645

(c) Notes and trade receivables (including overdue receivables)

		December 31, 2020	December 31, 2019
Notes receivable from operating activities	$	1,142	899
Trade receivables (including related parties and over due receivables)		240,968	256,671
Less: Loss allowance		(9,778)	(34,001)
	$	232,332	223,569

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all notes receivable and trade receivables (including overdue receivables) in 2020 and 2019. To measure the expected credit losses, notes receivable and trade receivables (including overdue receivables) have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provisions in 2020 and 2019 were determined as follows:

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 224,654	0.1%	225
1 to 90 days past due	5,671	10%	567
90 to 180 days past due	2,830	30%	849
More than 180 days past due	8,955	50%~100%	8,137
	$ 242,110		9,778

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 188,218	0.1%	188
1 to 90 days past due	9,780	10%	978
90 to 180 days past due	23,808	30%	7,142
More than 180 days past due	35,764	50%~100%	25,693
	$ 257,570		34,001

The movement in the allowance for notes and trade receivables (including overdue receivables) was as follows:

	2020	2019
Balance at January 1	$ 34,001	26,620
Impairment losses recognized	-	7,381
Impairment losses reversed	(23,455)	-
Amounts written off	(768)	-
Balance at December 31	$ 9,778	34,001

(d) Other financial assets

		December 31, 2020	December 31, 2019
Time deposits with maturity of more than three months	$	543,250	96,295
Restricted time deposits		409,570	129,590
Total	$	952,820	500,661

Please refer to note 8 for other financial assets pledged as collateral for performance guarantees, short-term borrowings and long-term borrowings as of December 31, 2020 and 2019.

(e) Inventories

		December 31, 2020	December 31, 2019
Raw materials and semi-finished goods	$	49,574	37,987
Work in progress		916,708	781,289
Finished goods		-	11,323
	$	966,282	830,599

In 2020 and 2019, inventories recognized as cost of sales amounted to $804,517 thousand and $895,890 thousand, respectively.

In 2020 and 2019, the write-downs of inventories to the net realizable value amounted to $311 thousand and $23,745 thousand, respectively. The write-downs and reversals are included in cost of sales.

As of December 31, 2020 and 2019, the Company did not provide any inventories as collateral for its loans.

(f) Investments accounted for using equity method

A summary of the Company’ s financial information for investments accounted for using equity method at the reporting date was as follows:

		December 31, 2020	December 31, 2019
Subsidiaries	$	470,045	432,205

(i) Subsidiaries

Please refer to the consolidated financial statements.

(ii) Collateral

None of the investments accounted for using equity method held by the Company was pledged as collateral as of December 31, 2020 and 2019.

(g) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2020 and 2019, was as follows:

		Land	Buildings	Transportation Equipment	Office and Other Equipment	Total
Cost or deemed cost:						
Balance on January 1, 2020	$	259,316	227,059	6,660	69,633	562,668
Additions		-	-	1,195	2,890	4,085
Balance on December 31, 2020	$	259,316	227,059	7,855	72,523	566,753
Balance on January 1, 2019	$	259,316	227,059	6,660	69,177	562,212
Additions		-	-	-	456	456
Balance on December 31, 2019	$	259,316	227,059	6,660	69,633	562,668
Deprecation and impairments loss:						
Balance on January 1, 2020	$	-	28,623	2,655	26,091	57,369
Depreciation		-	6,881	1,503	6,237	14,621
Balance on December 31, 2020	$	-	35,504	4,158	32,328	71,990
Balance on January 1, 2019	$	-	21,743	1,333	19,745	42,821
Depreciation		-	6,880	1,322	6,346	14,548
Balance on December 31, 2019	$	-	28,623	2,655	26,091	57,369
Carrying amounts:						
Balance on December 31, 2020	$	259,316	191,555	3,697	40,195	494,763
Balance on January 1, 2019	$	259,316	205,316	5,327	49,432	519,391
Balance on December 31, 2019	$	259,316	198,436	4,005	43,542	505,299

As of December 31, 2020 and 2019, the property, plant and equipment of the Company had been pledged as collateral for long-term borrowings; please refer to note 8.

(h) Right-of-use assets

The Company leases many assets including land, buildings and transportation equipment. Information about leases for which the Company as a lessee was presented below:

		Land	Buildings	Transportation Equipment	Total
Cost:					
Balance at January 1, 2020	$	2,213	1,851	7,354	11,418
Additions		-	1,751	5,430	7,181
Disposal		-	(437)	(274)	(711)
Balance at December 31, 2020	$	2,213	3,165	12,510	17,888

		Land	Buildings	Transportation Equipment	Total
Balance at January 1, 2019	$	2,213	1,851	7,013	11,077
Additions		-	-	947	947
Disposal		-	-	(606)	(606)
Balance at December 31, 2019	$	2,213	1,851	7,354	11,418
Accumulated depreciation and impairment losses:					
Balance at January 1, 2020	$	830	559	2,716	4,105
Depreciation		830	548	3,120	4,498
Disposal		-	(437)	(274)	(711)
Balance at December 31, 2020	$	1,660	670	5,562	7,892
Balance at January 1, 2019	$	-	-	-	-
Depreciation		830	559	3,322	4,711
Disposal		-	-	(606)	(606)
Balance at December 31, 2019	$	830	559	2,716	4,105
Carrying amounts:					
Balance at December 31, 2020	$	553	2,495	6,948	9,996
Balance at January 1, 2019	$	2,213	1,851	7,013	11,077
Balance at December 31, 2019	$	1,383	1,292	4,638	7,313

(i) Short-term borrowings

	December 31, 2020	December 31, 2019
Secured bank loans	$ 273,340	-
Unused short-term credit lines	26,660	-
Interest rate	0.35%	-

For the collateral for short-term borrowings, please refer to note 8.

(j) Long-term borrowings

The details was as follows:

	December 31, 2020			
	Currency	Rate	Maturity year	Amount
Secured bank loans	TWD	0.66%~0.92%	2022	$ 74,448
Less: current portion				(59,559)
Total				$ 14,889
Unused long-term credit lines				$ -

	December 31, 2019			
	Currency	Rate	Maturity year	Amount
Secured bank loans	TWD	0.92%	2022	$ 134,007
Less: current portion				(59,559)
Total				$ 74,448
Unused long-term credit lines				$ -

For the collateral for long-term borrowings, please refer to note 8.

(k) Lease liabilities

The Company' s lease liabilities was as follows:

	December 31, 2020	December 31, 2019
Current	$ 4,588	3,953
Non-current	$ 5,446	3,392

For the maturity analysis, please refer to note 6(t).

The amounts recognized in profit or loss was as follows:

	2020	2019
Interest on lease liabilities	$ 64	83
Expenses relating to short term leases	$ 245	219
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 33	39

The amounts recognized in the statement of cash flows for the Company was as follows:

	2020	2019
Total cash outflow for leases	$ 4,835	5,020

(i) Real estate leases

The Company leases land and buildings for its office space, factory, and employees’ dormitories. The leases of land typically run for five to fifty years, and of buildings for five to ten years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices.

Some leases contain extension options exercisable by the Company before the end of the non-cancellable contract period. These leases are negotiated and monitored by local management, and accordingly, contain a wide range of different terms and conditions. The extension options held are exercisable only by the Company and not by the lessors. In which lessee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Company leases transportation equipment, with lease terms of three years. In some cases, the Company has options to purchase the assets at the end of the contract term.

(l) Provisions

The movement in warranty provisions was as follow:

	2020	2019
Balance at January 1, 2020	$ 44,738	47,843
Provisions made (reversed) during the year	(4,125)	(3,105)
Balance at December 31, 2020	$ 40,613	44,738

(i) The provision for warranties relates mainly to maintenance of product. The provision is based on estimates made from historical warranty data associated with similar products and services. The Company expects to settle the majority of the liability over the next year.

(ii) As of December 31, 2020 and 2019, the warranty provisions would have increased or decreased by $3,427 thousand and $3,519 thousand, respectively, when the rate of warranty provisions increased or decreased by 0.25%.

(m) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

		December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$	89,333	87,775
Fair value of plan assets		(27,980)	(24,231)
Net defined benefit liabilities	$	61,353	63,544

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company Bank of Taiwan labor pension reserve account amounted to $27,980 thousand as of the reporting date. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of the defined benefit obligations for the Company for 2020 and 2019 was as follows:

		2020	2019
Defined benefit obligations at January 1	$	87,775	89,387
Benefits paid		-	(4,267)
Current service costs and interest cost (income)		1,550	1,892
Remeasurements loss (gain):			
－Actuarial loss (gain) arising from financial assumptions		2,928	2,280
－Actuarial loss (gain) due to experience adjustments		(2,920)	(1,517)
Defined benefit obligations at December 31	$	89,333	87,775

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company for 2020 and 2019 was as follows:

	2020	2019
Fair value of plan assets at January 1	$ 24,231	24,718
Interest income	177	250
Re-measurements loss (gain)-return on plan assets excluding interest income	843	810
Contributions paid by the employer	2,729	2,720
Benefits paid	-	(4,267)
Fair value of plan assets at December 31	$ 27,980	24,231

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company for 2020 and 2019 was as follows:

	2020	2019
Current service costs	$ 909	989
Net interest of net liabilities for defined benefit obligations	464	653
	$ 1,373	1,642

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date for 2020 and 2019 was as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.35%	0.73%
Future salary increase rate	3.0%	3.0%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $2,729 thousand.

The weighted-average lifetime of the defined benefits plans is 11 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences on defined benefit obligation	
	Increased 0.50%	Decreased 0.50%
December 31, 2020		
Discount rate	$ (4,582)	4,996
Future salary increasing rate	4,837	(4,490)
December 31, 2019		
Discount rate	(4,821)	5,264
Future salary increasing rate	5,117	(4,741)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Company allocates 6% of each employee’s monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contribution to the Bureau of the Labor Insurance amounted to $8,192 thousand and $8,186 thousand in 2020 and 2019.

(iii) Short-term employee benefits provisions

	December 31, 2020	December 31, 2019
Employee paid leave provisions (recognized in other payables)	$ 6,185	6,323

(n) Income taxes

(i) Tax expense

The components of income tax in the years 2020 and 2019 was as follows:

	2020	2019
Current tax expense	$ 62,063	70,390
Deferred tax expense (income)	5,074	(5,807)
Income tax expense	$ 67,137	64,583

The amounts of income tax recognized in other comprehensive income for 2020 and 2019 was as follows:

	2020	2019
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	$ (167)	(9)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	$ (1,501)	3,443

Reconciliation of income tax and profit before tax in 2020 and 2019 was as follows:

	2020	2019
Profit excluding income tax	$ 378,074	361,732
Income tax using the Company’ s domestic tax rate	75,615	72,347
Tax-exempt income	(241)	(205)
Tax incentives	(10,803)	(7,286)
Undistributed earnings additional tax	928	509
Change in provision in prior periods	1,638	(782)
Income tax expense	$ 67,137	64,583

(ii) Deferred tax assets and liabilities

Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 was as follows:

Deferred tax liabilities:

	Investment income and Others
Balance on January 1, 2020	$ 17,608
Recognized in profit or loss	6,090
Balance on December 31, 2020	$ 23,698
Balance on January 1, 2019	$ 13,855
Recognized in profit or loss	3,753
Balance on December 31, 2019	$ 17,608

Deferred tax assets:

	Defined Benefit Plans	Inventory provisions	Expected credit loss	Total
Balance on January 1, 2020	$ 13,569	20,930	25,361	59,860
Recognized in profit or loss	442	62	512	1,016
Recognized in other comprehensive income	(167)	-	(1,501)	(1,668)
Balance on December 31, 2020	$ 13,844	20,992	24,372	59,208
Balance on January 1, 2019	$ 13,094	16,181	17,591	46,866
Recognized in profit or loss	484	4,749	4,327	9,560
Recognized in other comprehensive income	(9)	-	3,443	3,434
Balance on December 31, 2019	$ 13,569	20,930	25,361	59,860

(iii) The Company’s tax returns for the years through 2018 were assessed by the Taipei National Tax Administration.

(o) Capital and other equity

As of December 31, 2020 and 2019, the number of authorized ordinary shares were $80,000 thousand shares, amounting to $800,000 thousand with par value of $10 per share. As of that date, $55,000 thousand of ordinary shares were issued. All issued shares were paid up upon issuance.

(i) Capital surplus

The balances of capital surplus was as follows:

		December 31, 2020	December 31, 2019
Share capital	$	257,367	257,367
Employee share options		29,654	29,654
	$	287,021	287,021

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

According to the Company’s articles of incorporation, 10% of annual net earnings (net of incomes taxes), after deducting accumulated deficits, must be set aside as legal reserve until the accumulated legal reserve equals the Company’s total capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining profit, together with the beginning balance of undistributed retained earnings, can be distributed according to the distribution plan proposed by the Board of directors and submitted to the stockholders’ meeting for approval. The distribution of earnings or legal reserve and capital surplus distributed by way of cash, shall be decided during the Board meeting, approved by more than half of the directors, with two thirds of directors in attendance; thereafter, to be submitted in the shareholders’ meeting of the Company.

Since the Company is in the growth stage and developing business expansion, earnings are distributed in consideration of the Company’s capital expenditure budget and capital needs. The distribution will be proposed by the Board of directors and resolved during the shareholders’ meeting. With the dividends exceeding 10% of the distributable earnings each year, unless the accumulated distributable earnings are less than 10% of the paid-in capital. Earnings can be distributed by way of cash or stock dividends, wherein cash dividends shall not be less than 10% of the total distribution.

1) Legal reserve

According to the R.O.C. Company Act, the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

The amounts of cash dividends on the appropriations of earnings for 2019 and 2018 had been approved during Board meeting and the shareholders' meeting on March 26, 2020 and June 21, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	2019		2018	
	Amount per share	Total amount	Amount per share	Total amount
Dividends distributed to ordinary shareholders:				
Cash	$ 4.20	231,000	4.00	220,000

(iii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements
Balance on January 1, 2020	$ (35,202)
Exchange differences arising from translation of foreign operations	6,002
Balance on December 31, 2020	$ (29,200)

		Exchange differences on translation of foreign financial statements
Balance on January 1, 2019	$	(21,426)
Exchange differences arising from translating foreign operations		(13,776)
Balance on December 31, 2019	$	(35,202)

(p) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the years ended 2020 and 2019, was as follows:

Unit: earnings per share in dollars

		2020	2019
Basic earnings per share			
Profit attributable to ordinary shareholders of the Company	$	310,937	297,149
Weighted average number of outstanding ordinary shares (in thousands)		55,000	55,000
	$	5.65	5.40
Diluted earnings per share			
Profit attributable to ordinary shareholders of the Company	$	310,937	297,149
Weighted average number of outstanding ordinary shares (in thousands)	$	55,000	55,000
Effect of employee share bonus		287	281
Weighted average number of outstanding ordinary shares (in thousands)		55,287	55,281
	$	5.62	5.38

(q) Revenue from contracts with customers

(i) Details of revenue

		2020	2019
Primary geographical markets:			
Taiwan	$	497,787	645,161
China		871,371	708,839
Others		146,645	178,366
	$	1,515,803	1,532,366
Major products:			
Equipment	$	1,486,252	1,501,760
Service		29,551	30,606
	$	1,515,803	1,532,366

(ii) Contract balances

		December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable	$	1,142	899	21,582
Trade receivables (including overdue receivables)		240,968	256,671	420,753
Less: allowance for impairment		(9,778)	(34,001)	(26,620)
Total	$	232,332	223,569	415,715
Contract liabilities	$	838,413	827,122	1,030,298

For details on notes receivables and trade receivables (including overdue receivables) and allowance for impairment, please refer to note 6(c).

The amount of revenue recognized for the years ended December 31, 2020 and 2019 that was included in the contract liability balance at the beginning of the period were $681,312 thousand and $805,914 thousand, respectively.

The contract liabilities primarily relate to the advance consideration received from customers for the equipment sales contracts, and the customer has not confirmed the function of the machine yet. Revenue is recognized after the function of the machine is confirmed by the customer.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(r) Employee compensation and directors' remuneration

According to the Company’s articles of incorporation, the Company shall allocate no less than 2% of the profit as employee remuneration and no more than 5% as directors’ remuneration when there is profit for the year. The distribution of remuneration shall be approved by the majority of directors at the Board of Directors meeting, attended by more than two thirds of the directors; thereafter, to be submitted during the shareholders’ meeting. The recipients of shares and cash may include the employees of the Company’s affiliated companies who meet certain conditions.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to $14,000 thousand and $15,000 thousand, and directors’ remuneration amounting to $4,000 thousand and $4,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company’s articles. These remunerations were expensed under operating costs or operating expenses each year. The differences between accrual and actual distribution, if any, would be treated as changes in accounting estimates and recognized as profit or loss in next year. The amounts, as stated in the financial statements, were identical to those of the actual distributions for 2020 and 2019.

(s) Non-operating income and expenses

(i) Interest income

The details of interest income for 2020 and 2019 was as follows:

		2020	2019
Interest income from bank deposits	$	11,477	16,541
Other interest income		38	40
	$	11,515	16,581

(ii) Other gains and losses

The details of other gains and losses for 2020 and 2019 was as follows:

		2020	2019
Foreign exchange losses	$	(76,862)	(6,564)
Gains on disposals of investments		1,206	1,024
Gains (losses) on financial assets at fair value through profit or loss		(587)	645
Others		-	(394)
	$	(76,243)	(5,289)

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

The Company believes that there is no significant concentration of credit risk due to the Company’s large number of customers and their wide geographic spread. In order to reduce credit risk. The Company evaluates the financial status of customers regularly without requiring its customers to provide collateral.

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	Within 6 months	6~12 months	1~2 years	2~ 5 years	Over 5 years
December 31, 2020							
Non-derivative financial liabilities							
Accounts payable and other payables (including related parties)	$ 460,000	460,000	460,000	-	-	-	-
Short-term borrowings	273,340	273,496	273,496	-	-	-	-
Long-term borrowings (including current portion)	74,448	74,826	30,015	29,905	14,906	-	-
Lease liabilities	10,034	10,138	2,976	1,667	2,561	2,934	-
	$ 817,822	818,460	766,487	31,572	17,467	2,934	-
December 31, 2019							
Non-derivative financial liabilities							
Accounts payable and other payables (including related parties)	$ 302,439	302,439	302,439	-	-	-	-
Long-term borrowings (including current portion)	134,007	135,342	30,315	30,180	59,946	14,901	-
Lease liability	7,345	7,422	2,069	1,926	2,457	970	-
	$ 443,791	445,203	334,823	32,106	62,403	15,871	-

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	$ 39,162	28.480	1,115,334	20,649	29.980	619,057
CNY	21,457	4.377	93,917	17,177	4.305	73,947
Financial liabilities						
Monetary items:						
USD	431	28.480	12,275	206	29.980	6,177
CNY	11	4.377	49	2,047	4.305	8,812

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables and trade payables that are denominated in foreign currency. A strengthening (weakening) of 1% of the NTD against the USD and CNY as of 31 December, 2020 and 2019 would have increased (decreased) the net profit after tax by $9,575 thousand and $5,424 thousand, respectively. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2020 and 2019, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $(76,862) thousand and $(6,564) thousand, respectively.

(iv) Interest rate analysis

The following sensitivity analysis is based on the exposure to floating-interest-rate loans at the reporting date. The analysis is based on the assumption that the amount of liabilities at the reporting date was outstanding throughout the year. If the interest rate had increased/decreased by 1%, the Company's net income before tax would have decreased/increased by $2,782 thousand and $1,072 thousand for the years ended December 31, 2020 and 2019, respectively.

(v) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging is measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required :

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 328,058	328,058	-	-	328,058

	December 31, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 267,645	267,645	-	-	267,645

2) Valuation techniques for financial instruments measured at fair value

(2.1) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

(u) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company’s objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the companying financial statement.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company’s risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company’s receivables from customers.

1) Notes receivable, trade and other receivables

The Company has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company’s standard payment are offered. The Company’s review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer; these limits are reviewed quarterly. Customers that fail to meet the Company’s benchmark creditworthiness may transact with the Company only on a prepayment basis.

2) Investments

The cash of the Company is kept in different financial institutions and credit risks exposed to each financial institution are properly controlled, and therefore, there is no significant credit risk.

3) Guarantees

The Company's policy is to provide financial guarantees only to wholly owned subsidiaries. As of December 31, 2020 and 2019, no other guarantees were outstanding.

(iv) Liquidity risk

The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Company's entities, primarily the Chinese Yuan (CNY) and US Dollar (USD).

2) Interest rate risk

Some of the Company's long and short-term borrowings are debts with floating interest rates. Therefore, movement of the market interest rate will affect the interest rate of the loans accordingly, which will cause fluctuations in its future cash flow.

3) Other Risk

The Company has not entered into a long-term purchase contract other than to meet anticipated consumption and sales requirement.

(v) Capital management

The Company's objectives for managing capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company's equity capital ratio at December 31, 2020 and 2019 was as follows:

	December 31, 2020	December 31, 2019
Total equity	$ 1,904,298	1,817,691
Total asset	$ 3,710,575	3,258,177
Equity capital ratio at December 31	51%	57%

There were no changes in the Company's approach to capital management during the year.

(w) Investing and financing activities not affecting current cash flow

The Company's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019 were acquisition of right-of-used assets by leasing. Please refer to Note 6(h) and (k).

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

Key management personnel	Relationship with the Company
GROUP UP (SAMOA) Ltd.	A subsidiary
GROUP UP TECHNOLOGY (SIP) Co., Ltd.	A subsidiary
GROUP UP Trading (Shenzhen) Limited	A subsidiary
An-Shun Chen	Key management personnel
Jung-Kung Lee	Key management personnel
Hung-Chan Chen	The person is a first-degree relative of the Key management personnel

(b) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties was as follow:

Relationship	2020	2019
Subsidiary:		
GROUP UP TECHNOLOGY (SIP) Co., Ltd.	$ 33,175	25,607
GROUP UP Trading (Shenzhen) Limited	15,489	12,003
	$ 48,664	37,610

The selling price of equipment with related parties is incomparable as the equipment sold to the Company's related parties are customized. The selling prices of other products and components are based on the cost, plus 10%~20%, with payment terms ranging from 2 to 4 months, having no significant difference from those with the general customers.

(ii) Purchases

The amounts of significant purchases by the Company to related parties were as as follow:

Relationship	2020	2019
Subsidiary:		
GROUP UP TECHNOLOGY (SIP) Co., Ltd.	$ 2,802	1,733
GROUP UP Trading (Shenzhen) Limited	6,971	721
	$ 9,773	2,454

The purchase price of equipment with related parties is incomparable as the equipment purchased from the Company's related parties are customized. The purchase prices of other products and components are based on the cost, plus 10%~20%, with payment terms ranging from 2 to 3 months, having no significant difference from those with the general suppliers.

(iii) Maintenance costs

Relationship	2020	2019
Subsidiary:		
GROUP UP TECHNOLOGY (SIP) Co., Ltd.	$ 19,106	19,816
GROUP UP Trading (Shenzhen) Limited	16,235	19,784
	$ 35,341	39,600

The Company delegates its related parties to provide equipment maintenance service to its customers in China, with payment terms ranging from 2 to 3 months, having no significant difference from the general suppliers.

(iv) Lease

The Company rented office buildings from its related party. A five-year lease contract was signed, in which the rental fee is determined based on nearby office rental rates. The total value of the contract was $5,955 thousand. For the years ended December 31, 2020 and 2019, the Company recognized interest expense were both amounted to $19 thousand. As of December 31, 2020 and 2019, the balance of lease liabilities amounted to $1,957 thousand and $1,478 thousand, respectively.

(v) Receivables from related parties

The receivables from related parties was as follows:

Account	Relationship	December 31, 2020	December 31, 2019
Accounts receivables	Subsidiary	$ 12,565	9,887

(vi) Payables to related parties

The payables to related parties was as follows:

Account	Relationship	December 31, 2020	December 31, 2019
Accounts payables	Subsidiary	$ 9,086	7,854

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2020	2019
Short-term employee benefits	$ 25,680	25,158

(8) Pledged assets:

The carrying value of borrowings and pledged assets was as follows:

Pledged assets	Pledged assets	December 31, 2020	December 31, 2019
Land	Long-term borrowings	$ 259,316	259,316
Buildings	"	191,555	198,436
Time deposit (classified in other financial assets)	Performance guarantee letter and borrowings	409,570	129,590
		$ 860,441	587,342

(9) Commitments and contingencies:

As of December 31, 2020 and 2019, the Company’s performance guarantee letter and standby letter of credit provided by the bank is $4,211 thousand.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	2020 Cost of sales	2020 Operating expenses	2020 Total	2019 Cost of sale	2019 Operating expenses	2019 Total
Employee benefits						
Salary	115,756	90,544	206,300	118,502	85,559	204,061
Labor and health insurance	9,649	6,842	16,491	10,252	6,276	16,528
Pension	5,743	3,822	9,565	6,271	3,557	9,828
Remuneration of directors	-	6,700	6,700	-	6,649	6,649
Others	5,607	3,368	8,975	5,960	3,028	8,988
Depreciation	10,575	8,544	19,119	11,126	8,133	19,259
Amortization	265	338	603	351	482	833

The Company's employee headcounts and employee benefits was as follows:

	2020	2019
Number of employees	219	226
Number of non-employee directors	5	5
The average employee benefit	$ 1,128	1,083
The average salaries	$ 964	923
Adjustment of average employee salaries	4.44%	(8.88)%
Compensation to the supervisor	$ -	-

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

1. Salary and remuneration policy, procedure, and the relationship of operating performance for employees.

   (1)The scope and method of "employee compensation" provision is in accordance with Company's Articles 19 of Incorporation. After the current year's pre-tax profit is deducted from the profit prior to the distribution of related remunerations, after retaining the amount of accumulated losses, if there is any remaining balance, it shall be withdrawn. Appropriate not less than 2% for employee compensation, with the agreement of the Board of Directors.

   (2) The Company implements the "employee rewards" system in order to motivate work performance, according to the Company's "R&D design", "manufacture", "sales" and other departments operating performance targets, assessing the individual performance of the employees, based on the individual performance. Bonuses, special bonuses, and year-end bonuses will be issued depending on the profitability.

2. Salary and remuneration policy, procedure, and the relationship of operating performance for directors.

   "Directors' remuneration" includes transportation allowance, directors' remuneration and independent directors' remuneration, it is in accordance with the Company's Articles 20 of Incorporation. After the current year's pre-tax profit is deducted from the profit prior to the distribution of related remunerations, after retaining the amount of accumulated losses, if there is any remaining balance, it shall be withdrawn. Appropriate not less than 5% for employee compensation and not more than 3% as Directors' remuneration. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. "Independent Directors' compensation" is based on the Company's "Directors' and Managers' Salary and Remuneration Measures".

3. Salary and remuneration policy, procedure, and the relationship of operating performance for managers.

   "Managers' remuneration" is based on the Company's "Directors' , Supervisors' and Managers' Salary and Remuneration Measures", taking into account the Company's business strategy, profitability, performance and job contribution, also the salary market. The proposal by the Salary and Compensation Committee will be implemented after the Board of Directors' resolution.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of Shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership	Fair value		
The Company	Mega Diamond Money Market Fund	N/A	Financial assets at fair value through profit or loss－current	2,372	30,005	- %	30,005	- %	
〃	Fuh Hwa Money Market Fund	〃	〃	4,676	68,013	- %	68,013	- %	

GROUP UP INDUSTRIAL CO., LTD.

Notes to the Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership	Fair value		
The Company	Allianz Global Investors Taiwan Money Market Fund	N/A	Financial assets at fair value through profit or loss－current	2,929	37,005	- %	37,005	- %	
〃	Capital Money Market Fund	〃	〃	1,845	30,004	- %	30,004	- %	
〃	CTBC Hua win Money Market Fund	〃	〃	2,071	23,005	- %	23,005	- %	
〃	Hua Nan Phoenix Money Market Fund	〃	〃	1,832	30,013	- %	30,013	- %	
〃	Franklin Templeton Sinoam Money Market Fund	〃	〃	3,356	35,002	- %	35,002	- %	
〃	JPMorgan (Taiwan) Taiwan First Money Market Fund	〃	〃	3,948	60,005	- %	60,005	- %	
	Deutsche Far Eastern DWS Taiwan Money Market Fund			1,272	15,006	- %	15,006	- %	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of shares)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Franklin Templeton Sinoam Money Market Fund	Financial assets at fair value through profit or loss－current	-	-	1,937	20,103	15,075	157,000	13,656	142,209	142,103	106	3,356	35,002

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock: None.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

GROUP UP INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees (excluding information on investees in Mainland China):

(In Thousands of shares and USD)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: December 31, 2020	Original investment amount: December 31, 2019	Balance as of December 31, 2020: Shares	Balance as of December 31, 2020: Percentage of ownership	Balance as of December 31, 2020: Carrying value	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	GROUP (SAMOA) Ltd.	SAMOA	Investment holdings	399,464 (USD12,500)	399,464 (USD12,500)	12,500	100.00%	470,045	28,746	30,452	

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of USD)

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment (note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows: Outflow	Investment flows: Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumu lated remittance of earnings in current period
GROUP UP TECHNOLOGY (SIP) CO., LTD.	Manufacture and sales of equipment, maintenance services	326,105 (USD10,000)	(2)	373,898 (USD11,700)	-	-	373,898 (USD11,700)	12,463	100.00%	12,463	409,632	-
GROUP UP Trading (Shenzhen) Limited	Sales of equipment and maintenance services	15,979 (USD500)	(2)	15,979 (USD500)	-	-	15,979 (USD500)	16,073	100.00%	16,073	64,958	-

Note 1: There are three kinds of investment.

(1)Invest directly in Mainland China Companies.

(2)Invest in Mainland China by remitting through a third region.

(3)Others.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
389,877 (USD12,200)	389,877 (USD12,200)	1,142,578

(iii) Significant transactions: None.

GROUP UP INDUSTRIAL CO., LTD.

Notes to the Financial Statements

(d) Major shareholders:

Shareholding Shareholder’s Name	Shares	Percentage
Tung Tak Investment Co., Ltd.	3,632,928	6.60%
Huo Shui Investment Co., Ltd.	2,760,712	5.01%
Houg Yi Investment Co., Ltd.	2,758,119	5.01%
Yu Feng Investment Co., Ltd.	2,757,309	5.01%
Zhan Hong Investment Co., Ltd.	2,755,104	5.00%

(14) Segment information:

Please refer to consolidated financial statements of the Company and its subsidiaries as of December 31, 2020 and 2019, and for the years then ended.

Group Up Industrial Co., Ltd.

Statement of cash and cash equivalents

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Items	Description	Amount	
Cash	Petty cash and cash on hand	$	2,744
Checking accounts and demand deposits			29,370
Foreign currency deposits (Note)	USD: 1,904,412.07		54,238
	CNY: 4,692,911.52		20,541
	HKD: 280,638.88		1,031
	JPY: 119,921,959.27		33,134
Foreign time deposits (Note)	USD: 900,000.00		25,632
	CNY: 2,000,000.00		8,754
Total		$	175,444

Note: The aforementioned foreign currency was valuated in the rate at reporting date.
USD：NTD=1：28.48
CNY：NTD=1：4.377
HKD：NTD=1：3.673
JPY：NTD=1：0.2763

Group Up Industrial Co., Ltd.

Statement of trade receivables

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Client name	Amount
Customer F	$ 48,128
Customer O	17,582
Customer C	12,953
Other (including overdue receivables) (Note)	149,740
Subtotal	228,403
Less: loss allowance	(9,778)
Total	$ 218,625

Note: Amounts less than 5% of the account balance are not disclosed individually.

Group Up Industrial Co., Ltd.

Statement of inventories

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Items	Amount		Market price basis
	Cost	Market price	
Raw materials and semi-finished goods	$ 93,342	49,574	Net realizable value
Word in progress	968,908	916,708	〃
Finished goods	8,990	-	〃
Less: allowance for inventory impairment	(104,958)		
Total	$ 966,282		

Group Up Industrial Co., Ltd.

Statement of changes in investments accounted for using equity method

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

	Beginning balance		Additions		Decrease		Others		Share of profit of investments accounted for using equity method equity method	Exchange differences on translation of foreign financial statements	Ending balance			
Investees	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Percentage of ownership	Amount	Collateral
Equity method:														
GROUP UP (SAMOA) Ltd.	12,500	$ 432,205	-	-	-	-	-	(115)	30,452	7,503	12,500	100.00	470,045	Nil

Group Up Industrial Co., Ltd.

Statement of current contract liabilities

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Contract liability h	$ 93,255
Contract liability e	87,760
Contract liability i	80,328
Contract liability d	47,652
Others (Note)	529,418
Total	$ 838,413

Note: Amounts less than 5% of the account balance are not disclosed individually.

Group Up Industrial Co., Ltd.

Statement of Short-term borrowings

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Type	Creditor	Amount	Borrowing period	Rate	Credir times	Collateral
Secured bank loans	Kings Town Bank Co., Ltd.	$ 130,340	2020.10.12~2021.1.12	0.35%	144,000	Time deposit
		65,000	2020.11.2~2021.1.26	0.35%	Note	
		78,000	2020.11.2~2021.2.22	0.35%	Note	
		$ 273,340				

Note: The total credit lines is 156,000 thousand.

Statement of long-term borrowings (including current portion)

Type	Cyeditor	Amount	Borrowing period	Rate	Credit lines	Collateral
Secured bank loans	O-Bank	74,448	2015.1.22~2022.1.15	0.66%~0.92%	250,000	Land, buildings and time deposit
Less:current portion		59,559				
		$ 14,889				

Group Up Industrial Co., Ltd.

Statement of cost of revenue

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Items	Amount
Raw materials, beginning of year	85,198
Add: Raw materials purchased	816,580
Less: Raw materials, end of year	(93,342)
Reclassified int expense	(13)
Cost adjustment	1,403
Sales of raw materials	(59,906)
Obsoletes of raw materials	(6,215)
Raw materials consumed	743,705
Processing cost	144,234
Manufacturing overhead	114,882
Manufacturing cost	1,002,821
Add: Work in process, beginning of year	830,741
Less: Work in process, end of yesr	(968,908)
Reclassified int expense	(110,795)
Maintenance costs	(19,497)
Cost of finished goods	734,362
Add: finished goods, begining of year	19,307
Less: finished goods, end of year	(8,990)
Obsoletes of finished goods	(68)
Cost of merchandise inventory	744,611
Allowance for inventory written off	311
Obsoletes of merchandise inventory	6,283
Sales of raw materials	59,906
Maintenance costs	54,395
Others	(1,336)
Cost of revenue	$ 864,170

Group Up Industrial Co., Ltd.

Statement of operating expenses

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expense	Administrative expenses	Research and development expenses
Payroll and bonus	26,550	42,338	87,494
Shippimg fee	6,512	43	4
Sales commission	26,759	-	-
Exporting expense	16,190	-	-
Packageing expense	12,064	-	-
Depreciation	2,841	3,782	1,921
Exporting expense	142	3,292	7,333
Others (note)	11,939	8,007	13,977
Total	$ 102,997	57,462	110,729

Note: Amounts less than 5% of the account balance are not disclosed individually

Property, plant and equipment, please refer to Note 6(g).
Accumulated depreciation of property, plant and equipment, please refer to Note 6(g).
Operating revenue, please refer to Note 6(q).

VI. Financial status and financial performance review analysis and risk issues

1. Financial Status

(1) Financial Status(Consolidated)

Unit：NT$1,000

Year / Item	2020	2019	Difference	
			NT$	%
Current assets	2,760,491	2,306,055	454,436	16.46%
Investment using the equity method	0	0	0	0.00%
Real estate, plant and equipment	543,582	557,905	(14,323)	2.63%
Right-of-use asset	21,116	19,200	1,916	-
Net investment property	51,714	56,343	(4,629)	8.95%
Deferred tax assets	61,515	62,128	(613)	1.00%
Other financial assets-non-current	342,511	301,790	40,721	11.89%
Other non-current assets-other	10,018	8,881	1,137	11.35%
Total assets	3,790,947	3,312,302	478,645	12.63%
Current liabilities	1,776,059	1,330,420	445,639	25.09%
Non-Current liabilities	110,590	164,191	(53,601)	48.47%
Total liabilities	1,886,649	1,494,611	392,038	20.78%
Capital stock	550,000	550,000	0	0.00%
Capital reserve	287,021	287,021	0	0.00%
Retained surplus	1,096,477	1,015,872	80,605	7.35%
Other equity	(29,200)	(35,202)	6,002	20.55%
Total equity	1,904,298	1,817,691	86,607	4.55%

Explain the main reasons for the major changes in the company’s assets, liabilities, and equity in the last two years (the changes reached more than 20% in the early and late periods, and the amount of changes reached NT$10 million), their impact, and future response plans.

1. The main reasons and impacts of major changes:
   (1) Current liabilities: mainly due to the increase in short-term borrowings.
   (2) Non-current liabilities: mainly due to continuous repayment in accordance with medium and long-term loan contracts.
   (3) Total liabilities: mainly due to the increase in short-term borrowings.
2. Future response plans for those with significant influence:
   The above changes have no significant impact on the company, and there is no major abnormality in the company's overall performance, there should be no need to formulate a response plan.

(2) Financial(Individual)

Year / Item	2020	2019	Difference	
			NT$	%
Current assets	2,559,179	2,119,068	440,111	20.77%
Investment using the equity method	470,045	432,205	37,840	8.76%
Real estate, plant and equipment	494,763	505,299	(10,536)	2.09%
Right-of-use asset	9,996	7,313	2,683	36.69%
Deferred tax assets	59,209	59,860	(651)	1.09%
Other financial assets-non-current	110,530	129,590	(19,060)	14.71%
Other non-current assets-other	6,853	4,842	2,011	41.53%
Total assets	3,710,575	3,258,177	452,398	13.89%
Current liabilities	1,700,891	1,281,494	419,397	32.73%
Non-Current liabilities	105,386	158,992	(53,606)	33.72%
Total liabilities	1,806,277	1,440,486	365,791	25.39%
Capital stock	550,000	550,000	0	0.00%
Capital reserve	287,021	287,021	0	0.00%
Retained surplus	1,096,477	1,015,872	80,605	7.93%
Other equity	(29,200)	(35,202)	6,002	17.05%
Total equity	1,904,298	1,817,691	86,607	4.76%

Explain the main reasons for the major changes in the company’s assets, liabilities, and equity in the last two years (with changes of more than 20% in the early and late stages, and the amount of changes reaching NT$10 million), their impact, and future response plans.

1. The main reasons and impacts of major changes:
   (1) Current assets: mainly due to the increase in time deposits of financial assets for more than three months.
   (2) Current liabilities: mainly due to the increase in short-term borrowings.
   (3) Non-current liabilities: mainly due to continuous repayment in accordance with medium and long-term loan contracts.
   (4) Total liabilities: mainly due to the increase in short-term borrowings.
2. Future response plans for those with significant influence:
   The above changes have no significant impact on the company, and there is no major abnormality in the company's overall performance, there should be no need to formulate a response plan.

2. Financial performance

(1) Financial performance(Consolidated)

Unit：NT$1,000

Year / Item	2020	2019	Difference	
			NT$	%
Operating revenues	1,614,244	1,668,286	(54,042)	3.24%
Operating cost	895,803	1,053,556	(157,753)	14.97%
Operating margin	718,441	614,730	103,711	16.87%
Operating expenses	286,335	272,487	13,848	5.08%
Operating profit(loss)	432,106	342,243	89,863	26.26%
Net profit(loss)before tax	382,141	373,155	8,986	2.41%
Income tax	71,204	76,006	(4,802)	6.32%
Net profit (loss) for the period	310,937	297,149	13,788	4.64%
Total profit(loss) for the current period	317,607	283,411	34,196	12.07%

If the change in the last two years has reached more than 20%, and the amount of change has reached NT$10 million, the main reasons are as follows:

1. The main reasons and impacts of major changes:
   (1) Increase in operating profit: Mainly due to the increase in operating gross profit due to differences in product mix.
2. The company continues to serve customers with high-efficiency and high-quality products, maintains a stable financial structure, and adheres to the company's operating policies.

(2) Financial performance(individual)

Unit：NT$1,000

Item \ Year	2020	2019	Difference	
			NT$	%
Operating revenues	1,515,803	1,532,366	(16,563)	1.08%
Operating cost	864,170	980,894	(116,724)	11.90%
Operating margin	651,518	551,472	99,677	18.06%
Operating expenses	247,733	235,058	12,675	5.39%
Operating profit(loss)	403,785	316,783	87,002	27.46%
Net profit(loss) before tax	378,074	361,732	16,342	4.52%
Income tax	67,137	64,583	2,554	3.95%
Net profit (loss) for the period	310,937	297,149	13,788	4.64%
Total profit(loss) for the current period	317,607	283,411	34,196	12.07%

If the change in the last two years has reached more than 20%, and the amount of change has reached NT$10 million, the main reasons are as follows:

1. The main reasons and impacts of major changes:
   (1) Increase in operating profit: Mainly due to the increase in operating gross profit due to differences in product mix.
2. The company continues to serve customers with high-efficiency and high-quality products, maintains a stable financial structure, and adheres to the company's operating policies.

3. Cash Flow

(1) Analysis of cash flow changes in the most recent year (2020)

Unit：NT$1,000

Cash at the beginning of the period Balance①	Annual net cash flow from operating activities ②	Net cash from investing activities throughout the year flow ③	Net cash from financing activities throughout the year flow ④	The impact of exchange rate changes on cash and cash equivalents ⑤	Cash amount at the end of the period ①+②+③+④+⑤	Remedial measures for expected cash shortage	
						Financing Plan	Financial plan
676,618	314,030	(793,428)	(21,776)	-	175,444	n/a	n/a

1. Analysis of changes in cash flow this year:
(1) Business activities: mainly source of profit.
(2) Investment activities: mainly due to the increase in the acquisition of financial assets at fair value.
(3) Fund-raising activities: mainly due to the distribution of cash dividends and the increase of short-term loans.

(2) The improvement plan for the lack of liquidity in the most recent year: The company has no case of lack of liquidity.

(3) Cash flow analysis in the coming year (2021)

Unit: NT$1,000

Cash at the beginning of the period Balance①	Estimated annual net cash flow from operating activities ②	Expected to be present throughout the year Cash outflow③	Amount of cash surplus (insufficient)① +②-③	Remedial measures for expected cash shortage	
				Financing Plan	Financial Plan
175,444	348,604	(59,770)	464,278	n/a	n/a

1. Analysis of cash flow changes in the next year:
The company is expected to make profits in 2021, and revenue will grow steadily. The cash inflow for the whole year is expected to be mainly due to cash inflow from operating activities.
2. Remedial measures and flow analysis of expected cash shortage: There is no expected cash shortage, so it is not applicable.

4. The impact of major capital expenditures on financial operations in the most recent year

The company has no major capital expenditures in the most recent year, so it has no major impact on the financial business.

5. The reinvestment policy in the most recent year and the main reason for profit or loss and its improvement plan and investment plan for the next year

(1) Reinvestment policy

The company's reinvestment policy is based on considerations of sustainable operation and operational growth, and in accordance with the "Public Offering Companies Acquisition or Disposal of Assets Processing Standards" set by the competent authority, the "procedures for the acquisition or disposal of assets" are established as the company's reinvestment The basis of the business is to grasp the relevant business and financial status. In addition, in order to enhance the supervision and management of the reinvested company, the company has formulated the "Monitoring and Management Measures for Subsidiaries" in the internal control system, focusing on its information disclosure, finance, and business , Inventory and financial management to formulate relevant regulations, the company also regularly conducts audit operations, establishes related operational risk mechanisms, so that the company's reinvestment business can maximize its effectiveness.

(2) The main reason for the profit or loss of the reinvested business in the most recent year and the improvement plan

Unit：NT$1,000

Reinvestment business	Main Business	2020 Annual recognition Investment gains and losses	The main reason for profit or loss	Plan of improvement
GROUP UP (SAMOA) LTD.	Investment holding	30,452	Third place reinvestment company, recognize the investment income of the Chinese subsidiary in accordance with the equity method	n/a
Group Up Technology(SIP) LTD.	Equipment manufacturing, Sale and maintenance	12,463	Mainly due to the steady growth of orders	n/a
Group Up Trading(ShenZhen)LTD.	Sale and maintenance	16,073	Mainly due to the steady growth of orders	n/a

6. Analysis and evaluation of risk issues

(1) Risk factors

1.The impact of interest rate, exchange rate changes, and inflation on the company's profit and loss and future countermeasures

(a)The impact of interest rate changes on the company's profit and loss and future plans

The company's 2020 interest expense is NT$ 1,182,000, accounting for 0.07% of operating income. Therefore, overall, interest changes have no significant impact on the company's revenue and operations. In addition, the company will, depending on the changes in interest rates in the financial market, make appropriate plans for the use of funds and maintain close contact with banks to strive for more favorable interest rates to maximize the cost-effectiveness of funds

(b)The impact of exchange rate changes on company's profit and loss and future plans

The company’s main sales income is mostly denominated in US dollars, and the cost of materials and processing is mostly denominated in Taiwan dollars, resulting in risk of exchange rate fluctuations. The exchange (loss) and profit in 2020 is NT$(78,057,000), accounting for 4.84% in net operating income, showing that exchange rate changes have a certain degree of impact on the company's revenue and profit. Related exchange rate risks come from future commercial transactions and recognized assets and liabilities. The company’s financial personnel maintain close contact with the foreign exchange departments of various financial institutions, and pay close attention to exchange rate information and changes in the international economic situation at all times, and carefully study and judge exchange rate trends, and Take appropriate measures as a reference for adjusting foreign currency accounts, and by establishing a consensus with customers to share risks, when quoting customers, fully consider international exchange rate trends and exchange rate fluctuations, and use appropriate and reasonable exchange rates as the basis for quotation. Reduce the impact of exchange rate fluctuations on the profit of receiving orders to reduce the impact of exchange rate risks

(c) The impact of inflation on the company's profit and loss and future plans

The company’s quotations to customers are adjusted with reference to the fluctuations in the prices of raw materials in the market. Therefore, inflation will not have a significant impact on the company’s profits and losses. The company will always pay attention to market price fluctuations and maintain good interaction with suppliers and customers. Relationship to avoid the risk of adverse effects of inflation on the company’s profit and loss

(2) Engage in high-risk, high-leverage investment, fund lending to others, endorsements and derivatives trading policies, main reasons for profit or loss, and future countermeasures

The company focuses on the operation of the industry and adheres to the principle of financial soundness and conservativeness. It does not engage in high-risk, high-leverage transactions. Therefore, the company has not engaged in high-risk, high-leverage investments or capital loans in the most recent year and as of the publication date of the prospectus. Transactions with others, endorsements and derivatives; if you want to engage in fund loans to others, endorsements and derivatives transactions in the future, based on operational risk considerations, we will follow the company’s "funding loans and others operations procedures" ”, “Endorsement Guarantee Processing Procedures” and “Processing Procedures for Engaged in Derivative Commodity Transactions”

(3) Future R&D plans and estimated R&D expenses

In addition to continuously improving R&D personnel's own R&D capabilities, the company's R&D capabilities are established, and the R&D system is established to nurture outstanding talents and enhance the company's competitiveness. The company also interprets market demand, confirms product development directions, and invests in new products and new products. Technology research and development, the company's future product development directions are as follows:

(1)GP's products for further research and development:

a. IC substrate solder mask and PCB circuit roller coating baking line
b. Electrostatic spray baking line for PCB solder resist
c. Robotic arm loading and unloading clamp frame tunnel furnace for IC carrier ultra-thin board
d. Various conveyor furnaces and UV machines for PCB HDI process
e. Roll-to-roll laminating machine for FPC circuit
f. Roll-to-roll exposure machine for FPC circuit and solder mask
g. Low oxygen content and dust-free nitrogen precision oven
h. Roll-to-roll lamination, exposure and baking equipment for RFID and SmartCard circuits
i.CoverGlass uses dewatering IR oven, pre-baking hot plate oven, post-baking hot blast stove, various vertical ovens and UV machines

(2) Actively develop niche special process equipment for the production needs of the following industrial products:

a. All kinds of vehicle electronic products
b. Smart phone related parts and components
c. Flexible display
d. Key materials and components for OLED panel manufacturing process
e. Touch film made of double-sided metal layer thin film materials
f. Medical materials
g. Green Energy

(4) Develop and integrate smart industry related products

The company follows the trend of Industry 4.0 intelligent intelligent manufacturing system, cooperates with CIM, EMS and CCD vision system, and with the company's system automation design capabilities, successfully introduced robotic arms, and related products and systems are used in conjunction with eyes, hands, and brains. , To meet the needs of customers for intelligent, intelligent and automated system manufacturing.

The company will invest NT$ 112,775,000 in research and development in 2020. In order to ensure a high degree of competitive advantage, the company will flexibly adjust the content of the research and development plan at any time in line with its operating strategy and market demand.

(5) The impact of important domestic and foreign policy and legal changes on the company's financial business and corresponding measures

The company's operations are handled in accordance with relevant laws and regulations, and we are always aware of important domestic and foreign policy development trends and changes in laws and regulations to provide management decision-making reference, and take appropriate countermeasures in response to changes in the market environment. The company also adjusts in time Operational strategy.

In addition, the company always pays attention to the important policies and laws and regulations implemented by the governments of various countries in the industry, adopts appropriate business strategies, and develops new technologies and products that are in line with the industry to expand the market. In the most recent year and as of the publication date of the prospectus, the company has not been affected by major domestic and foreign policy and legal changes that have affected the company's financial business.

(6) The impact of technological changes and industrial changes on the company's financial business and corresponding measures

The company always pays attention to the changes and development of related technologies in the industry in order to be able to quickly grasp the industry dynamics. In addition, it also continuously improves R&D and design capabilities, and invests resources in research and development of new technologies, and actively expands product applications in new areas to create market revenue.

For the needs of customers, tailor-made according to their differentiation, and timely grasp the changes in technology and industry, to adjust the development direction, make relevant plans and take necessary response measures. In the most recent year and as of the publication date of the prospectus, there has been no significant impact on the company's financial business due to technological changes and industrial changes.

(7) The impact of corporate image change on corporate crisis management and countermeasures

Since its establishment, the company has complied with relevant laws and regulations, so it has established a good corporate image with good service, high efficiency and high quality. In the most recent year and as of the publication date of the prospectus, there has been no incident that has had any impact on the company's crisis management due to changes in the corporate image.

(8) Expected benefits, possible risks and corresponding measures of mergers and acquisitions:
As of the printing date of the annual report, the company has no such situation.

(9) Expected benefits, possible risks and corresponding measures of the expansion of the plant:
As of the printing date of the annual report, the company has no such situation.

(10) Risks faced by purchase or sales concentration and corresponding measures:
(A) Concentration risk of purchases:
At this stage, the company does not have concentrated purchases and maintains a good relationship with suppliers. Therefore, it is safe to grasp the source of raw materials. In addition, the company does not purchase more than 20% of the same supplier from a single supplier, and the company will continue to be active Planning to seek more quality suppliers, there is no risk of concentration of purchases.
(B) Concentration risk of sales:
The company maintains a good relationship with its customers, and actively expands the industry with new customers. Currently, there is no single customer who sells the same customer more than 20%. In addition, with the expansion of the scale of operations, the company is actively developing new products and opening up new customers, and there is no risk of concentration of sales.

(11) Board Directors, supervisors, or major shareholders holding more than 10% of the shares, the impact, risks and countermeasures of the company's massive transfer or replacement of shares:
As of the printing date of the annual report, the company has no such situation。

(12) The impact, risks and countermeasures of the change of management rights on the company
As of the most recent year of the company and as of the publication date of the prospectus, there has been no change in the operating rights of the company.

(13) Litigation or non-litigation events:
As of the printing date of the annual report, the company has no such situation.
Information security risk assessment analysis and corresponding measures:
With the increasingly developed network and the increasing threat of network security, the company has built a complete information security protection system to ensure the effective operation of related important systems such as company operations and accounting.
The company has also formulated relevant operating methods related to the use of computerized information system processing to implement internal control systems and maintain information security policies.
The goal of the company's electronic information security policy:
• Handle information security education, training and publicity, and establish employees' information security awareness.
• Protect our company’s confidential information.
• Respect intellectual property rights and protect customer and company information.
• Prevent the invasion of computer viruses.
• Ensure that all information security accidents or suspicious security weaknesses should be reported to the top in accordance with an appropriate notification mechanism, and be properly investigated and handled.
• Comply with the requirements of relevant laws or regulations and achieve the goal of continuous business operation.
The above measures effectively protect the company's information security and prevent improper access and hacking. In 2020, the company has not discovered any major cyber security threats, nor has there been any legal cases or regulatory investigations related to this.

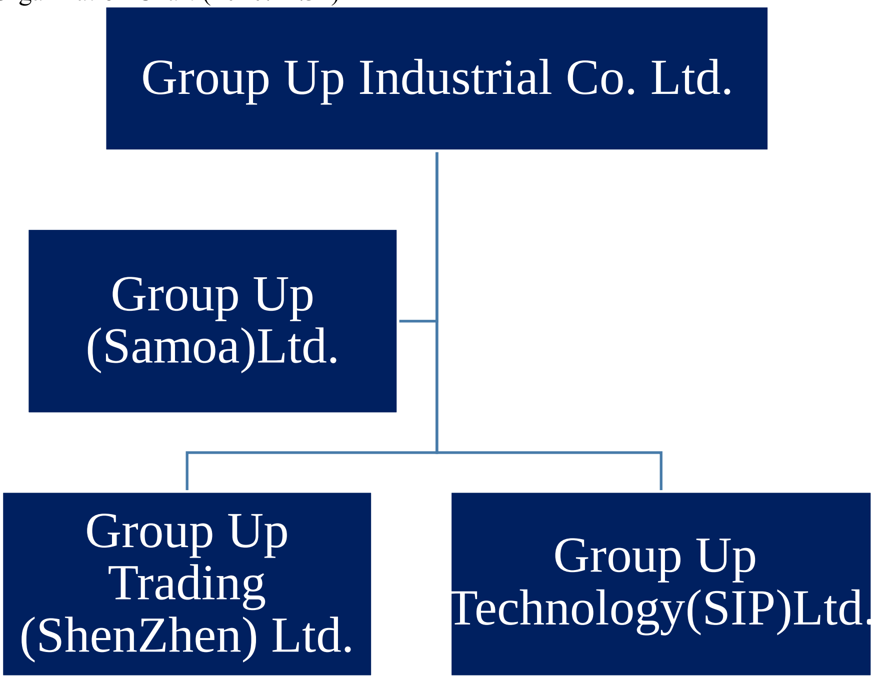
(14) Other important risks and corresponding measures:
As of the printing date of the annual report, the company has no such situation.

7. Other important items：none

VII.Special Records

1. Related information of related companies

(1) Organization Chart (2020.12.31)



(2) The relationship between the company and its affiliates, mutual shareholding ratio, shares and actual investment amount

2020.12.31

Unit:thousand shares; NT$1,000

Name of Company	Relations with the Company	The company holds shares in affiliated companies			Holding shares
		Shares	Shareholding ratio	Investment amount	
GROUP UP (SAMOA) LTD.	Subsidiary of the company	12,500	100.00%	399,464 (USD12,500)	No
Group Up Technology (SIP) LTD.	Subsidiary of the company	－(note)	100.00%	373,898 (USD11,700)	No
Group Up Trading(ShenZhen) LTD.	Subsidiary of the company	－(note)	100.00%	15,979 (USD500)	No

Note: It is a limited company established in mainland China.

2. In the most recent year and as of the date of publication of the annual report, the handling of privately placed securities: none
3. Status of holding or disposing of the company's stocks by subsidiaries in the most recent year and as of the date of publication of the annual report: none
4. Other necessary supplementary explanation items: none
5. Matters that have a significant impact on shareholders' equity or securities prices as specified in the second paragraph of Article 36 of the Securities Exchange Law: none.

群翊工業股份有限公司
Group Up Industrial Co. Ltd

陳安順 董事長
Mr. Chen, An Shun
Chairman of Board Director