Advantech Co., Ltd.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Advantech Co., Ltd.

Opinion

We have audited the accompanying financial statements of Advantech 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 the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. 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.

The key audit matters identified in the financial statements for the year ended December 31, 2020 are as follows:

<u>Assessment of Provision for Inventory Write-downs</u>

As of December 31, 2020, inventories amounted to NT$3,697,499 thousand and accounted for 8% of the total assets in the Company's financial statements, which represented a significant percentage of the total assets.

Due to the rapid changes in technological environment and industrial characteristics, inventories of the Company are available in different sizes and types. They are measured at the lower of cost or net realizable value and calculated according to the proportion of potential impairment for aged inventories. After analyzing the method of inventory valuation, we noticed that the provisions for obsolete inventories was based on the number of days inventory were not moving. Therefore, the assessment of inventory write-downs has a significant impact on the Company's financial statements and the provision for inventory write-downs was deemed to be a key audit matter.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We assessed and analyzed the Company's policies for the provision of inventory write-downs and compared them with other competitors' policies to affirm the reasonableness and consistency of application.

2. We obtained an understanding of the internal controls, evaluated and tested the design and operating effectiveness of these controls over the provision for inventory write-downs.

3. We reviewed the historical inventory aging reports together with the list of any subsequently scrapped items and assessed the reasonableness of ratios for recognizing loss provision for aged inventories.

4. We verified the appropriateness of source data, parameters and logic used in the Company's inventory aging analysis reports.

Sales Revenue

Since the Company operates in a highly competitive industry, there is a risk of revenue recognition due to the strong sales demand and the need to remain competitive. We obtained an understanding of the purchase and sales transactions of the customer and analyzed whether simultaneous increase in the Company's sales revenue and cost of goods sold was due to the processing of imported materials. Therefore, we considered the Company's sales revenue as a key audit matter.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We compared the details and assessed for any simultaneous purchase and sales transactions, obtained an understanding of the transaction pattern, checked relevant evidence to confirm the processing of imported materials, and identified the potential risks.

2. We interviewed personnel who carried out the control activities and reviewed the related internal vouchers, obtained an understanding of the internal controls related to revenue recognition and evaluated the design, implementation, and operating effectiveness of these controls over revenue recognition.

3. We obtained the consumption calculation table of materials specified by the customers and verified its source data, logic and parameters used.

4. We confirmed that sales revenue and cost of goods sold had been deducted based on the consumption calculation table in accordance with the applicable accounting policies for revenue recognition.

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

1. Identify and assess the risks of material misstatement of the 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 entities or business activities within the Company 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 for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Jr-Shian Ke and Kwan-Chung Lai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 5, 2021

<u>*Notice to Readers*</u>

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

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

ADVANTECH CO., LTD.

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

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 2,062,596	5	$ 1,816,875	4
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 26)	3,652,818	8	1,641,753	4
Notes receivable (Notes 4 and 9)	20,508	-	34,180	-
Notes receivable from related parties (Notes 4 and 27)	6,775	-	-	-
Trade receivables (Notes 4 and 9)	1,131,586	2	1,312,920	3
Trade receivables from related parties (Notes 4 and 27)	4,936,420	11	5,217,377	12
Other receivables	131,950	-	138,222	-
Other receivables from related parties (Note 27)	26,355	-	17,080	-
Inventories (Notes 4, 5 and 10)	3,697,499	8	3,617,906	9
Other current assets	54,446	-	58,377	-
Total current assets	15,720,953	34	13,854,690	32
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 26)	1,332,435	3	1,224,385	3
Investments accounted for using the equity method (Notes 4 and 11)	21,703,009	47	20,365,258	48
Property, plant and equipment (Notes 4 and 12)	6,549,679	14	6,597,256	16
Right-of-use assets (Notes 4 and 13)	7,860	-	11,833	-
Goodwill (Notes 4 and 14)	111,599	1	111,599	-
Other intangible assets (Note 4)	107,986	-	106,637	-
Deferred tax assets (Notes 4 and 19)	484,765	1	455,149	1
Prepayments for equipment	46,051	-	32,228	-
Other non-current assets	6,132	-	8,429	-
Total non-current assets	30,349,516	66	28,912,774	68
TOTAL	$ 46,070,469	100	$ 42,767,464	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 26)	$ 21,044	-	$ 521	-
Notes payable and trade payables	2,170,501	5	2,319,108	5
Trade payables to related parties (Note 27)	1,793,372	4	2,087,930	5
Other payables (Note 15)	2,492,198	5	2,411,864	6
Other payables to related parties (Note 27)	64,173	-	63,884	-
Current tax liabilities (Notes 4 and 19)	2,170,762	5	1,329,258	3
Short-term warranty provisions (Note 4)	60,663	-	63,223	-
Lease liabilities - current (Notes 4 and 13)	3,044	-	5,446	-
Other current liabilities	215,943	-	192,551	1
Total current liabilities	8,991,700	19	8,473,785	20
NON-CURRENT LIABILITIES				
Current tax liabilities - non-current (Notes 4 and 19)	291,961	1	-	-
Deferred tax liabilities (Notes 4 and 19)	2,030,161	4	1,776,054	4
Lease liabilities - non-current (Notes 4 and 13)	4,678	-	6,438	-
Net defined benefit liabilities (Notes 4 and 16)	284,398	1	266,582	1
Other non-current liabilities (Note 11)	57,415	-	90,506	-
Total non-current liabilities	2,668,613	6	2,139,580	5
Total liabilities	11,660,313	25	10,613,365	25
EQUITY (Notes 4 and 17)				
Share capital				
Ordinary shares	7,719,455	17	6,999,230	16
Advance receipts for share capital	3,090	-	4,870	-
Total share capital	7,722,545	17	7,004,100	16
Capital surplus	7,913,754	17	7,397,029	17
Retained earnings				
Legal reserve	7,020,201	15	6,285,079	15
Special reserve	845,993	2	798,763	2
Unappropriated earnings	11,739,513	26	11,515,121	27
Total retained earnings	19,605,707	43	18,598,963	44
Other equity				
Exchange differences on translation of the foreign financial statements of foreign operations	(1,006,635)	(2)	(878,261)	(2)
Unrealized gain on financial assets at fair value through other comprehensive income	173,308	-	30,970	-
Other equity - unearned employee compensation	1,477	-	1,298	-
Total other equity	(831,850)	(2)	(845,993)	(2)
Total equity	34,410,156	75	32,154,099	75
TOTAL	$ 46,070,469	100	$ 42,767,464	100

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

ADVANTECH CO., LTD.

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4 and 27)				
Sales	$ 33,968,304	99	$ 36,246,058	99
Other operating revenue	422,738	1	385,989	1
Total operating revenue	34,391,042	100	36,632,047	100
OPERATING COSTS (Notes 10, 18 and 27)	23,076,590	67	24,903,412	68
GROSS PROFIT	11,314,452	33	11,728,635	32
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES (Note 4)	(612,224)	(2)	(695,422)	(2)
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES (Note 4)	695,422	2	665,475	2
REALIZED GROSS PROFIT	11,397,650	33	11,698,688	32
OPERATING EXPENSES (Notes 18 and 27)				
Selling and marketing expenses	654,808	2	669,164	2
General and administrative expenses	862,047	3	758,743	2
Research and development expenses	2,916,152	8	3,022,801	8
Expected credit loss (reversal of impairment loss)	(7,247)	-	6,624	-
Total operating expenses	4,425,760	13	4,457,332	12
OPERATING PROFIT	6,971,890	20	7,241,356	20
NON-OPERATING INCOME				
Share of the profit of subsidiaries and associates accounted for using the equity method (Notes 4 and 11)	1,616,477	5	1,443,177	4
Interest income (Note 4)	468	-	762	-
Gains (losses) on disposal of property, plant and equipment (Note 4)	(1,881)	-	45,613	-
Foreign exchange losses, net (Notes 4, 18 and 28)	(21,429)	-	(75,031)	-
Losses on disposal of investments	(1,525)	-	-	-
Gains (losses) on financial instruments at fair value through profit or loss (Note 4)	(20,695)	-	37,815	-
Dividend income (Note 4)	70,673	-	77,812	-
Other income (Notes 22 and 27)	127,456	-	109,275	-

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ADVANTECH CO., LTD.

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
Finance costs (Note 18)	$ (710)	-	$ (2,293)	-
Other losses	(84)	-	(69)	-
Total non-operating income	1,768,750	5	1,637,061	4
PROFIT BEFORE INCOME TAX	8,740,640	25	8,878,417	24
INCOME TAX EXPENSE (Notes 4 and 19)	1,492,685	4	1,527,197	4
NET PROFIT FOR THE YEAR	7,247,955	21	7,351,220	20
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 16)	(22,010)	-	(14,764)	-
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method (Note 17)	21,736	-	21,804	-
Unrealized gains (losses) on investment in equity instruments as at fair value through other comprehensive income (Note 17)	108,050	-	307,604	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 19)	4,402	-	2,953	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Notes 4 and 17)	(139,036)	-	(481,498)	(1)
Share of other comprehensive loss of subsidiaries and associates accounted for using the equity method (Notes 4 and 17)	(21,431)	-	(22,272)	-
Income tax relating to item that may be reclassified subsequently to profit (Notes 4, 17 and 19)	32,093	-	100,754	-
Other comprehensive loss for the year, net of income tax	(16,196)	-	(85,419)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 7,231,759	21	$ 7,265,801	20

(Continued)

ADVANTECH CO., LTD.

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
EARNINGS PER SHARE (Note 20)				
Basic	$ 9.40		$ 9.56	
Diluted	$ 9.27		$ 9.44	

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

ADVANTECH CO., LTD.

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

	Issued Capital (Notes 17 and 21)				Retained Earnings (Note 17)				Other Equity (Note 17)			
	Share Capital	Advance Receipts for Ordinary Share	Total	Capital Surplus (Notes 17 and 21)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Unearned Stock-Based Employee Compensation	Total Equity
BALANCE AT JANUARY 1, 2019 AS RESTATED	$ 6,982,275	$ 4,680	$ 6,986,955	$ 6,991,809	$ 5,655,613	$ 369,655	$ 10,011,231	$ 16,036,499	$ (475,245)	$ (324,254)	$ 736	$ 29,216,500
Appropriation of the 2018 earnings												
Legal reserve	-	-	-	-	629,466	-	(629,466)	-	-	-	-	-
Special reserve	-	-	-	-	-	429,108	(429,108)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	-	-	(4,751,129)	(4,751,129)	-	-	-	(4,751,129)
Recognition of employee share options by the Company	16,955	190	17,145	123,291	-	-	-	-	-	-	-	140,436
Compensation costs recognized for employee share options	-	-	-	295,427	-	-	-	-	-	-	-	295,427
Changes in capital surplus from investments in associates accounted for using equity method	-	-	-	(15,529)	-	-	-	-	-	-	562	(14,967)
Differences between consideration paid and carrying amounts of subsidiaries acquired or disposed of	-	-	-	1,657	-	-	-	-	-	-	-	1,657
Changes in percentage of ownership interests in subsidiaries	-	-	-	374	-	-	-	-	-	-	-	374
Net profit for the year ended December 31, 2019	-	-	-	-	-	-	7,351,220	7,351,220	-	-	-	7,351,220
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	(13,258)	(13,258)	(403,016)	330,855	-	(85,419)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	-	7,337,962	7,337,962	(403,016)	330,855	-	7,265,801
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	-	-	(24,369)	(24,369)	-	24,369	-	-
BALANCE AT DECEMBER 31, 2019	6,999,230	4,870	7,004,100	7,397,029	6,285,079	798,763	11,515,121	18,598,963	(878,261)	30,970	1,298	32,154,099
Appropriation of the 2019 earnings												
Legal reserve	-	-	-	-	735,122	-	(735,122)	-	-	-	-	-
Special reserve	-	-	-	-	-	47,230	(47,230)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	(5,463,198)	(5,463,198)	-	-	-	(5,463,198)
Share dividends distributed by the Company	700,410	-	700,410	-	-	-	(700,410)	(700,410)	-	-	-	-
Recognition of employee share options by the Company	19,815	(1,780)	18,035	121,652	-	-	-	-	-	-	-	139,687
Compensation costs recognized for employee share options	-	-	-	365,248	-	-	-	-	-	-	-	365,248
Changes in capital surplus from investments in associates accounted for using equity method	-	-	-	43,140	-	-	-	-	-	-	179	43,319
Differences between consideration paid and carrying amounts of subsidiaries acquired or disposed of	-	-	-	(8,678)	-	-	(34,762)	(34,762)	-	-	-	(43,440)
Changes in percentage of ownership interests in subsidiaries	-	-	-	(4,637)	-	-	(12,681)	(12,681)	-	-	-	(17,318)
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	7,247,955	7,247,955	-	-	-	7,247,955
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	(20,332)	(20,332)	(128,374)	132,510	-	(16,196)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	7,227,623	7,227,623	(128,374)	132,510	-	7,231,759
Disposal of investments in equity instruments designated as at fair value through other comprehensive income by associates	-	-	-	-	-	-	(9,828)	(9,828)	-	9,828	-	-
BALANCE AT DECEMBER 31, 2020	$ 7,719,455	$ 3,090	$ 7,722,545	$ 7,913,754	$ 7,020,201	$ 845,993	$ 11,739,513	$ 19,605,707	$ (1,006,635)	$ 173,308	$ 1,477	$ 34,410,156

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

ADVANTECH CO., LTD.

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 8,740,640	$ 8,878,417
Adjustments for:		
Depreciation expense	240,113	245,332
Amortization expense	93,810	100,070
Expected credit loss recognized	(7,247)	6,624
Net loss on financial assets or liabilities at fair value through profit or loss	20,695	37,815
Financial costs	710	2,293
Interest income	(468)	(762)
Dividend income	(70,673)	(77,812)
Compensation costs of employee share options	365,248	295,427
Share of profit of subsidiaries and associates accounted for using the equity method	(1,616,477)	(1,443,177)
Loss (gain) on disposal of property, plant and equipment	1,881	(45,613)
Loss on disposal of investments	1,525	-
Realized loss (gain) on the transactions with subsidiaries and associates	(83,198)	29,947
Changes in operating assets and liabilities		
Financial assets held for trading	(2,011,237)	(324,794)
Notes receivable	13,672	41,023
Notes receivable from related parties	(6,775)	-
Trade receivables	188,581	168,293
Trade receivables from related parties	280,957	437,819
Other receivables	6,272	5,003
Other receivables from related parties	(9,275)	24,031
Inventories	(79,593)	13,073
Other current assets	3,931	(15,660)
Notes payable and trade payables	(148,607)	(1,644,362)
Trade payables to related parties	(294,558)	392,331
Other payables	80,334	(119,063)
Other payables to related parties	289	9,301
Short-term warranty provisions	(2,560)	5,548
Net defined benefit liabilities	(4,194)	(3,455)
Other current liabilities	23,392	53,476
Other non-current liabilities	100	2,637
Cash generated from operations	5,727,288	7,073,762
Interest received	468	762
Dividends received	70,673	77,812
Interests paid	(710)	(2,293)
Income tax paid	(98,234)	(1,411,725)
Net cash generated from operating activities	5,699,485	5,738,318

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ADVANTECH CO., LTD.

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

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	$ (164,771)	$ (1,935,265)
Proceeds from disposal of subsidiaries	33,455	-
Payments for property, plant and equipment	(180,986)	(99,413)
Proceeds from disposal of property, plant and equipment	497	61,811
Increase (decrease) in refundable deposits	2,297	(4,466)
Payments for intangible assets	(86,782)	(111,079)
Proceeds from disposal of intangible assets	-	14,424
Decrease (increase) in prepayments for equipment	(27,964)	(11,935)
Dividends received from subsidiaries and associates	302,354	270,636
Net cash used in investing activities	(121,900)	(1,815,287)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in guarantee deposits received	-	(272)
Repayment of principal portion of lease liabilities	(8,353)	(5,149)
Cash dividends paid	(5,463,198)	(4,751,129)
Exercise of employee share options	139,687	140,436
Net cash used in financing activities	(5,331,864)	(4,616,114)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	245,721	(693,083)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,816,875	2,509,958
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 2,062,596	$ 1,816,875

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

1. GENERAL INFORMATION

Advantech Co., Ltd. (the “Company”) is a listed company that was established in September 1981. It designs, manufactures and sells embedded computing boards, industrial automation products, and applied and industrial computers.

The Company’s shares have been listed on the Taiwan Stock Exchange since December 1999.

To improve the entire operating efficiency of the Company, the Company’s board of directors resolved on June 30, 2009 to have a short-form merger with Advantech Investment and Management Service (AIMS). The effective merger date was July 30, 2009. As the surviving entity, the Company assumed all assets and liabilities of AIMS. On June 26, 2014, the Company’s board of directors resolved to have a whale-minnow merger with Netstar Technology Co., Ltd. (“Netstar”), an indirectly 95.51%-owned subsidiary through a wholly-owned subsidiary, Advantech Corporate Investment. The effective merger date was July 27, 2014. As the surviving entity, the Company assumed all assets and liabilities of Netstar.

The functional currency of the Company is the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

   Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies:

   1) Amendments to IFRS 3 “Definition of a Business”

      The Company applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To determine whether an acquired process is substantive, different criteria apply, depending on whether there are outputs at the acquisition date. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

2) Amendments to IAS 1 and IAS 8 “Definition of Material”

The Company adopted the amendments starting from January 1, 2020. The threshold of materiality that could influence users has been changed to “could reasonably be expected to influence”. Accordingly, disclosures in the consolidated financial statements do not include immaterial information that may obscure material information.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2021

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

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”

“Interest Rate Benchmark Reform - Phase 2” primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform.

Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform

The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

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

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

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

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

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

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

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

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

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

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

   The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

   Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"

   The amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

3) Annual Improvements to IFRS Standards 2018-2020

Several standards, including IFRS 9 "Financial Instruments", were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

4) Amendments to IFRS 3 "'Reference to the Conceptual Framework"

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 "Levies" to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

5) Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Company will restate its comparative information when it initially applies the aforementioned amendments.

6) Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

The amendments specify that when assessing whether a contract is onerous, the "cost of fulfilling a contract" includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

The Company will recognize the cumulative effect of the initial application of the amendments in the retained earnings at the date of the initial application.

7) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Company chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

8) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and other regulations.

b. Basis of preparation

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

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

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

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

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

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Business combinations

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

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

e. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are not translated using the exchange rate at the date of the transaction.

For the purpose of presenting financial statements, the functional currencies of the Company’s foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollars, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is not recognized in profit or loss.

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

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in process and are stated at the lower of cost or net realizable value. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of the subsidiaries.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control of the subsidiaries are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

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

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

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

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

h. Investment in associates

An associate is an entity over which the Company has significant influence and that is not a subsidiary.

The Company uses the equity method to account for its investment in associates.

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

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

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

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

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

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate had directly disposed of the related assets or liabilities.

When the company entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the financial statements only to the extent that interests in the associate are not related to the Company.

i. Property, plant and equipment

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

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

Freehold land is not depreciated.

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

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

j. Goodwill

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

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

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

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

k. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

m. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

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

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 1 year past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

Except the following situation, all financial liabilities are measured at amortized cost using the effective interest method:

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities are classified as at fair value through profit or loss are either held for trading or are designated as at fair value through profit or loss.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 26.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company enters into forward contracts to manage its exposure to foreign exchange rate risks.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

n. Provisions

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

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products at the best estimate by the management of the Company of the expenditure required to settle the Company's obligations.

o. Revenue recognition

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

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

1) Revenue from sale of goods

Revenue from sale of goods comes from sales of embedded computing boards, industrial automation products and applied and industrial computers.

Sales of the above products are majorly recognized as revenue under contracts when the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and the price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

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

2) Revenue from rendering services

Revenue from rendering services comes from developing products and extended warranty services. Such revenue is recognized when services are provided.

p. Leases

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

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately. However, for the lease of office asset in which the Company is a lessee and utility and management fee are included, the Company elects to account for the lease and non-lease components as a single lease component.

1) The Company as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

q. Government grants

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

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they become receivable.

r. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

s. Employee share options

Employee share options granted to employee and others providing similar services.

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimate of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vesting immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the board of directors approves the transaction.

At the end of each reporting period, the Company revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

t. Taxation

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

1) Current tax

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Key Sources of Estimation Uncertainty

a. Inventory write-downs

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

b. Impairment of goodwill included in the investments in subsidiaries

Determining whether the goodwill included in the investments in subsidiaries is impaired requires an estimation of the value in use of the cash-generating units which are expected to benefit from the synergies of the related combination and to which the goodwill has been allocated since the acquisition date. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	$ 215	$ 225
Checking accounts and demand deposits	2,062,381	1,816,650
	$ 2,062,596	$ 1,816,875

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

	December 31	
	2020	2019
Demand deposits	0.0001%-0.15%	0.0001%-0.35%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts	$ 90	$ 8,468
Non-derivative financial assets		
Mutual funds	3,652,728	1,633,285
	$ 3,652,818	$ 1,641,753
Financial liabilities at FVTPL - current		
Financial liabilities designated as at FVTPL		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts	$ 21,044	$ 521

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amount (In Thousands)
December 31, 2020			
Sell	EUR/NTD	2021.01-2021.05	EUR14,000/NTD479,531
	JPY/NTD	2021.01-2021.05	JPY280,000/NTD76,394
	CNY/NTD	2021.01-2021.04	CNY76,000/NTD324,732
	USD/NTD	2021.01-2021.02	USD6,000/NTD169,482
December 31, 2019			
Sell	EUR/NTD	2020.01-2020.04	EUR10,000/NTD338,535
	JPY/NTD	2020.01-2020.05	JPY380,000/NTD108,979
	CNY/NTD	2020.01-2020.03	CNY47,000/NTD201,967
	USD/NTD	2020.01-2020.02	USD4,000/NTD121,501

The Company entered into foreign exchange forward contracts during the years ended December 31, 2020 and 2019 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. Because these contracts did not meet the criteria for hedge effectiveness, they were not subject to hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	2019
Non-current		
Investments in equity instrument at FVTOCI	$ 1,332,435	$ 1,224,385

Investments in equity instruments at FVTOCI:

	December 31	
	2020	2019
Non-current		
Domestic investments		
Listed shares and emerging market shares		
Ordinary shares - ASUSTek Computer Inc.	$ 1,187,235	$ 1,097,185
Ordinary shares - Allied Circuit Co., Ltd.	145,200	127,200
	$ 1,332,435	$ 1,224,385

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

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31	
	2020	2019
Notes receivable-operating	$ 20,508	$ 34,180
Trade receivables		
At amortized cost		
Gross carrying amount	$ 1,140,535	$ 1,331,306
Less: Allowance for impairment loss	(8,949)	(18,386)
	$ 1,131,586	$ 1,312,920

Trade Receivables

The average credit period of the sales of goods was 30-90 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

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

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the trade receivables are over 1 year past due, whichever occurs earlier. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2020

	Not Past Due	Less than 90 Days	90 to 180 Days	180 to 360 Days	Over 360 Days	Total
Expected credit loss rate	-	2%	20%	40%	100%	-
Gross carrying amount	$ 1,116,997	$ 8,391	$ 7,136	$ 1,202	$ 6,809	$ 1,140,535
Loss allowance (Lifetime ECL)	-	(232)	(1,427)	(481)	(6,809)	(8,949)
Amortized cost	$ 1,116,997	$ 8,159	$ 5,709	$ 721	$ -	$ 1,131,586

December 31, 2019

	Not Past Due	Less than 90 Days	90 to 180 Days	180 to 360 Days	Over 360 Days	Total
Expected credit loss rate	-	2%	12%	40%	100%	-
Gross carrying amount	$ 1,302,751	$ 7,237	$ 2,800	$ 1,045	$ 17,473	$ 1,331,306
Loss allowance (Lifetime ECL)	-	(149)	(346)	(418)	(17,473)	(18,386)
Amortized cost	$ 1,302,751	$ 7,088	$ 2,454	$ 627	$ -	$ 1,312,920

The movements of the loss allowance of trade receivables were as follows:

	2020	2019
Balance at January 1	$ 18,386	$ 11,762
Add: Net remeasurement of loss allowance (gain on reversal of impairment loss)	(7,247)	6,624
Less: Amounts written off*	(2,190)	-
Balance at December 31	$ 8,949	$ 18,386

* The Company wrote off trade receivables and related loss allowance in the amount of $2,190 thousand for the year ended December 31, 2020, as the customers' trade receivables were over 2 years past due and the Company continues to engage in enforcement activity to attempt to recover the past due receivables.

10. INVENTORIES

	December 31	
	2020	2019
Finished goods	$ 1,299,638	$ 1,236,932
Work in process	234,403	738,737
Raw materials	2,035,245	1,541,566
Inventories in transit	128,213	100,671
	$ 3,697,499	$ 3,617,906

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

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	$ 22,875,690	$ 24,754,633
Inventory write-downs	67,799	10,145
Others	133,101	138,634
	$ 23,076,590	$ 24,903,412

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries	$ 20,205,244	$ 18,859,346
Investments in associates	1,497,765	1,505,912
	$ 21,703,009	$ 20,365,258

a. Investments in subsidiaries

	December 31	
	2020	2019
Unlisted companies		
Advantech Automation Corp. (BVI) (AAC (BVI))	$ 8,958,093	$ 6,334,406
Advantech Technology Co., Ltd. (ATC)	4,171,160	3,943,772
Advantech Corporate Investment	3,408,682	3,335,232
Advanixs Corp.	233,965	244,917
Advantech Europe Holding B.V. (AEUH)	904,466	931,448
LNC Technology Co., Ltd. (LNC)	349,243	348,849
AdvanPOS Technology Co., Ltd. (AdvanPOS)	298,263	297,231
Advantech KR Co., Ltd. (AKR)	382,645	321,633
Advantech Japan Co., Ltd. (AJP)	434,082	406,507
Advantech Co. Singapore Pte, Ltd. (ASG)	111,484	117,554
Advantech Brasil Ltda. (ABR)	92,968	78,110
Advantech Co. Malaysia Sdn. Bhd. (AMY)	66,207	68,506
Advantech Australia Pty Ltd. (AAU)	33,504	19,264
Advantech Industrial Computing India Private Limited (AIN)	14,669	14,805
Advantech Innovative Design Co., Ltd.	10,120	10,095
Advantech Electronics, S. De R. L. Dec. V. (AMX)	38,870	671
B+B SmartWorx, Inc. (B+B)	-	1,710,653
Advantech Intelligent Service (AiST)	94,701	96,851
Kostec Co., Ltd. (AKST)	-	(33,191)
Advantech Corporation (Thailand) Co., Ltd. (ATH)	56,943	63,060
Advantech Vietnam Technology Company Limited (AVN)	60,087	63,468
Advantech Technology Limited Liability Company (ARU)	12,493	12,531
Advantech Turkey Teknoloji A.S. (ATR)	43,750	51,104
Advantech Technologies Japan Corp. (ATJ)	393,161	380,012
Advantech IoT Israel Ltd. (AIL)	8,688	8,667
Huan Yan Water Solution Co., Ltd.	27,000	-
	20,205,244	18,826,155
Add: Credit balance of investments accounted for using the equity method	-	33,191
	$ 20,205,244	$ 18,859,346

	December 31	
	2020	2019
AAC (BVI)	100.00%	100.00%
ATC	100.00%	100.00%
Advantech Corporate Investment	100.00%	100.00%
Advanixs Corporation	100.00%	100.00%
AEUH	100.00%	100.00%
LNC	59.10%	64.10%
AdvanPOS	100.00%	100.00%
AKR	100.00%	100.00%
AJP	100.00%	100.00%
ASG	100.00%	100.00%
ABR	100.00%	80.00%
AMY	100.00%	100.00%
AAU	100.00%	100.00%
AIN	99.99%	99.99%
Advantech Innovative Design Co., Ltd.	100.00%	100.00%
AMX	60.00%	100.00%
B+B	-	60.00%
AiST	100.00%	100.00%
AKST	-	76.00%
ATH	51.00%	51.00%
AVN	60.00%	60.00%
ARU	100.00%	100.00%
ATJ	50.00%	50.00%
ATR	60.00%	60.00%
AIL	100.00%	100.00%
Huan Yan Water Solution Co., Ltd.	100.00%	-

Refer to the Company’s consolidated financial statements of the year ended December 31, 2020 for the disclosures of the Company’s acquisitions of ATJ and ATR.

Refer to Table 8 for the details of the subsidiaries indirectly held by the Company.

Except for the financial statements of AJP, ASG, ABR, AMY, AAU, AIN, AMX, AVN, ATH, ARU, ATR, AIL, Advantech Innovative Design Co., Ltd., AiST, AdvanPOS and Huan Yan Water Solution Co., Ltd., investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements which have been audited. Management believes there will be no material impact on its equity method of accounting or its calculation of the share of profit or loss and other comprehensive income had the financial statements of the above subsidiaries been audited.

b. Investments in associates

	December 31	
	2020	2019
Associates that are not individually material		
Listed companies		
Axiomtek Co., Ltd. (“Axiomtek”)	$ 647,383	$ 627,632
Winmate Inc. (“Winmate”)	557,027	553,145
Nippon RAD Inc. (Nippon RAD)	248,138	250,888
Unlisted companies		
AIMobile Co., Ltd. (“AIMobile”)	45,217	66,133
Jan Hsiang Electronics Co., Ltd. (“Jan Hsiang”)	-	8,114
	$ 1,497,765	$ 1,505,912

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2020	2019
The Company’s share of:		
Profit from continuing operations	$ 79,587	$ 113,692
Other comprehensive loss	(39)	(822)
Total comprehensive income for the year	$ 79,548	$ 112,870

Except for the financial statements of Axiomtek Co., Ltd. and Nippon RAD which have been audited or reviewed, investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been not audited or reviewed. Management believes there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the above financial statements which have not been audited.

12. PROPERTY, PLANT, AND EQUIPMENT

	Freehold Land	Buildings	Equipment	Office Equipment	Other Facilities	Construction in Progress	Total
Cost							
Balance at January 1, 2019	$ 2,658,543	$ 4,215,359	$ 1,006,281	$ 324,857	$ 685,549	$ 2,676	$ 8,893,265
Additions	-	1,938	15,562	32,167	18,373	31,373	99,413
Disposals	(7,100)	(13,146)	(17,035)	(21,744)	(12,487)	-	(71,512)
Reclassifications	-	-	27,003	-	4,946	(30,418)	1,531
Balance at December 31, 2019	$ 2,651,443	$ 4,204,151	$ 1,031,811	$ 335,280	$ 696,381	$ 3,631	$ 8,922,697
Accumulated depreciation and impairment							
Balance at January 1, 2019	$ -	$ 572,133	$ 764,228	$ 247,499	$ 556,763	$ -	$ 2,140,623
Disposals	-	(5,673)	(17,035)	(20,120)	(12,486)	-	(55,314)
Depreciation expenses	-	82,001	71,114	34,909	52,108	-	240,132
Balance at December 31, 2019	$ -	$ 648,461	$ 818,307	$ 262,288	$ 596,385	$ -	$ 2,325,441
Carrying amount at December 31, 2019	$ 2,651,443	$ 3,555,690	$ 213,504	$ 72,992	$ 99,996	$ 3,631	$ 6,597,256

(Continued)

	Freehold Land	Buildings	Equipment	Office Equipment	Other Facilities	Construction in Progress	Total
Cost							
Balance at January 1, 2020	$ 2,651,443	$ 4,204,151	$ 1,031,811	$ 335,280	$ 696,381	$ 3,631	$ 8,922,697
Additions	-	-	40,283	33,200	72,609	34,894	180,986
Disposals	-	(2,438)	(24,392)	(9,533)	(10,766)	-	(47,129)
Reclassifications	-	-	4,740	-	1,024	-	5,764
Balance at December 31, 2020	$ 2,651,443	$ 4,201,713	$ 1,052,442	$ 358,947	$ 759,248	$ 38,525	$ 9,062,318
Accumulated depreciation and impairment							
Balance at January 1, 2020	$ -	$ 648,461	$ 818,307	$ 262,288	$ 596,385	$ -	$ 2,325,441
Disposals	-	(988)	(23,601)	(9,436)	(10,726)	-	(44,751)
Depreciation expenses	-	81,969	65,729	36,204	48,047	-	231,949
Balance at December 31, 2020	$ -	$ 729,442	$ 860,435	$ 289,056	$ 633,706	$ -	$ 2,512,639
Carrying amount at December 31, 2020	$ 2,651,443	$ 3,472,271	$ 192,007	$ 69,891	$ 125,542	$ 38,525	$ 6,549,679

(Concluded)

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

Buildings	
Main buildings	20-60 years
Electronic equipment	5 years
Engineering systems	5 years
Equipment	2-8 years
Office equipment	2-8 years
Other facilities	2-10 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Buildings	$ 3,901	$ 5,397
Machinery	2,619	2,202
Office equipment	1,340	4,234
	$ 7,860	$ 11,833

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 5,597	$ -
Depreciation charge for right-of-use assets		
Building	$ 2,571	$ 1,657
Machinery	780	463
Office equipment	4,813	3,080
	$ 8,164	$ 5,200

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 3,044	$ 5,446
Non-current	$ 4,678	$ 6,438

The discount rates of lease liabilities were as follows:

	December 31	
	2020	2019
Buildings	0.87%	0.87%
Machinery	0.87%	0.87%
Office equipment	0.87%	0.87%

c. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 3,384	$ 2,583
Expenses relating to low-value asset leases	$ -	$ 1,013
Total cash outflow for leases	$ 11,876	$ 8,893

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

14. GOODWILL

	For the Year Ended December 31	
	2020	2019
Cost		
Balance at January 1	$ 111,599	$ 111,599
Balance at December 31	$ 111,599	$ 111,599

15. OTHER LIABILITIES

	December 31 2020	December 31 2019
Other payables		
Payables for salaries or bonuses	$ 2,086,763	$ 1,869,911
Payables for annual leave	36,207	37,679
Others (Note)	369,228	504,274
	$ 2,492,198	$ 2,411,864

Note: Included marketing expenses and freight expenses.

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

	December 31 2020	December 31 2019
Present value of defined benefit obligation	$ 409,674	$ 393,558
Fair value of plan assets	(125,276)	(126,976)
Deficit	284,398	266,582
Net defined benefit liabilities	$ 284,398	$ 266,582

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	$ 389,837	$ (134,564)	$ 255,273
Service cost			
Current service cost	2,532	-	2,532
Net interest expense (income)	4,386	(1,565)	2,821
Recognized in profit or loss	6,918	(1,565)	5,353
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,597)	(4,597)
Actuarial gain or loss			
Changes in demographic assumptions	9,913	-	9,913
Changes in financial assumptions	16,690	-	16,690
Experience adjustments	(7,242)	-	(7,242)
Recognized in other comprehensive income	19,361	(4,597)	14,764
Contributions from the employer	-	(8,808)	(8,808)
Benefits paid	(22,558)	22,558	-
Balance at December 31, 2019	393,558	(126,976)	266,582
Service cost			
Current service cost	2,310	-	2,310
Net interest expense (income)	2,945	(978)	1,967
Recognized in profit or loss	5,255	(978)	4,277
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,394)	(4,394)
Actuarial gain or loss			
Changes in demographic assumptions	850	-	850
Changes in financial assumptions	11,640	-	11,640
Experience adjustments	13,914	-	13,914
Recognized in other comprehensive income	26,404	(4,394)	22,010
Contributions from the employer	-	(8,471)	(8,471)
Benefits paid	(15,543)	15,543	-
Balance at December 31, 2020	$ 409,674	$ (125,276)	$ 284,398

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2020	2019
Operating costs	$ 1,570	$ 1,827
Selling and marketing expenses	535	687
General and administrative expenses	888	1,252
Research and development expenses	1,284	1,587
	$ 4,277	$ 5,353

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

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

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

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2020	**2019**
Discount rate(s)	0.500%	0.750%
Expected rate(s) of salary increase	3.250%	3.250%

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

	December 31	
	2020	**2019**
Discount rate(s)		
0.25% increase	$ (11,644)	$ (11,395)
0.25% decrease	$ 12,115	$ 11,865
Expected rate(s) of salary increase		
0.25% increase	$ 11,560	$ 11,389
0.25% decrease	$ (11,214)	$ (11,002)

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

	December 31	
	2020	**2019**
Expected contributions to the plans for the next year	$ 8,619	$ 8,619
Average duration of the defined benefit obligation	12.4 years	12.5 years

17. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands)	1,000,000	800,000
Amount of shares authorized	$ 10,000,000	$ 8,000,000
Number of shares issued and fully paid (in thousands)	772,255	700,410
Amount of shares issued and fully paid	$ 7,722,545	$ 7,004,100

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

The changes in the Company's share capital are due to the exercise of employee share options.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 2,692,238	$ 2,692,238
Conversion of bonds	1,636,499	1,636,499
The difference between consideration received or paid and the carrying amount of subsidiaries' net assets during actual disposal or acquisition	-	8,678
Share of changes in capital surplus of associates	674	55
Employees' share compensation	78,614	78,614
May only be used to offset a deficit		
Changes in percentage of ownership interests in subsidiaries (2)	-	4,637
Employee share options	2,297,403	1,888,945
Share of changes in capital surplus of associates	54,882	12,361
Employee share options expired	87,266	-
May not be used for any purpose		
Employee share options	1,066,178	1,075,002
	$ 7,913,754	$ 7,397,029

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

2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonuses to shareholders. For the policies on distribution of compensation of employees and remuneration of directors after amendment, refer to compensation of employees and remuneration of directors in Note 18, d.

The Company operates in an industry related to computers, and its business related to network servers is new but with significant potential for growth. Thus, in formulating its dividend policy, the Company takes into account the overall business and industry conditions and trends, its objective of enhancing the shareholders' long-term interests, and the sustainability of the Company's growth. The policy also requires that share dividends be less than 75% of total dividends to retain internally generated cash within the Company in order to finance future capital expenditures and working capital requirements.

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

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018, which had been approved in the shareholders' meetings on May 28, 2020 and May 28, 2019, respectively, were as follows:

	Appropriation of Earnings	
	For the Year Ended December 31	
	2019	2018
Legal reserve	$ 735,122	$ 629,466
Special reserve	$ 47,230	$ 429,108
Cash dividends	$ 5,463,198	$ 4,751,129
Share dividends	$ 700,410	$ -
Cash dividends per share (NT$)	$ 7.8	$ 6.8
Share dividends per share (NT$)	$ 1.0	$ -

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

	For the Year Ended December 31, 2020
Legal reserve	$ 717,035
Reversal of special reserve	$ (14,143)
Cash dividends	$ 5,480,813
Cash dividends per share (NT$)	$ 7.1

The appropriation of earnings for 2020 is subject to the resolution of the shareholders in their meeting to be held on May 27, 2021.

d. Special reserves

	For the Year Ended December 31	
	2020	**2019**
Beginning at January 1	$ 798,763	$ 369,655
Appropriations in respect of		
Debits to other equity items	47,230	429,108
Balance at December 31	$ 845,993	$ 798,763

e. Other equity items

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

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ (878,261)	$ (475,245)
Recognized during the period		
Exchange differences on translation of the financial statements of foreign entities	(111,229)	(385,198)
Share of associates accounted for using the equity method	(17,145)	(17,818)
Other comprehensive loss recognized for the period	(128,374)	(403,016)
Balance at December 31	$ (1,006,635)	$ (878,261)

2) Unrealized gain or loss on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1 per IFRS 9	$ 30,970	$ (324,254)
Recognized during the period		
Unrealized loss - equity instruments	108,050	307,604
Share of associates accounted for using the equity method	24,460	23,251
Other comprehensive income recognized for the period	132,510	330,855
Cumulative unrealized gain on equity instruments transferred to retained earnings due to disposal	9,828	24,369
Balance at December 31	$ 173,308	$ 30,970

3) Unearned employee benefits

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ 1,298	$ 736
Share from associates accounted for using the equity method	179	562
Balance at December 31	$ 1,477	$ 1,298

18. NET PROFIT AND OTHER COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS

a. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on lease liabilities	$ 139	$ 148
Other finance costs	571	2,145
	$ 710	$ 2,293

b. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	$ 74,553	$ 73,962
Operating expenses	165,560	171,370
	$ 240,113	$ 245,332
An analysis of amortization by function		
Operating costs	$ 326	$ 1,241
Operating expenses	93,484	98,829
	$ 93,810	$ 100,070

c. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Short-term benefits	$ 3,532,319	$ 3,309,564
Post-employment benefits		
Defined contribution plans	138,643	128,366
Defined benefit plans (Note 16)	4,277	5,353
	142,920	133,719
Share-based payments - equity-settled	365,248	295,427
Other employee benefits	148,999	155,450
Total employee benefits expense	$ 4,189,486	$ 3,894,160
An analysis of employee benefits expense by function		
Operating costs	$ 874,035	$ 876,506
Operating expenses	3,315,451	3,017,654
	$ 4,189,486	$ 3,894,160

d. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees at the rates of no less than 5% and remuneration of directors at the rates of no higher than 1%, of net profit before income tax, compensation of employees, and remuneration of directors. The compensations of employees and remuneration of directors for the years ended December 31, 2020 and 2019, which had been approved by the Company's board of directors on March 5, 2021 and March 6, 2020, respectively, were as follows:

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Compensation of employees	$ 570,000	$ 600,000
Remuneration of directors	11,700	12,000

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

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

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

e. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	$ 461,318	$ 471,452
Foreign exchange losses	(482,747)	(546,483)
Net losses	$ (21,429)	$ (75,031)

19. INCOME TAXES

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

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 1,235,929	$ 1,335,289
Income tax on unappropriated earnings	18,148	19,771
Adjustments for prior years	(22,378)	(27,211)
	1,231,699	1,327,849
Deferred tax		
In respect of the current year	260,986	199,348
Income tax expense recognized in profit or loss	$ 1,492,685	$ 1,527,197

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

	For the Year Ended December 31	
	2020	2019
Profit before tax	$ 8,740,640	$ 8,878,417
Income tax expense calculated at the statutory rate	$ 1,748,128	$ 1,775,684
Tax-exempt income	(71,213)	(83,217)
Unrecognized investment credits	(180,000)	(158,000)
Income tax on unappropriated earnings	18,148	19,771
Land value increment tax	-	170
Adjustments for prior years' tax	(22,378)	(27,211)
Income tax expense recognized in profit or loss	$ 1,492,685	$ 1,527,197

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current year		
Translation of the financial statements of foreign operations	$ (32,093)	$ (100,754)
Remeasurement of defined benefit plans	(4,402)	(2,953)
	$ (36,495)	$ (103,707)

c. Current tax liabilities

	December 31	
	2020	2019
Current tax liabilities		
Current	$ 2,170,762	$ 1,329,258
Non-current	$ 291,961	$ -

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized gross profit	$ 139,084	$ (16,639)	$ -	$ 122,445
Unrealized loss on inventory write-downs	39,025	13,560	-	52,585
Defined benefit obligation	17,026	(839)	-	16,187

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Unrealized warranty liabilities	$ 12,645	$ (512)	$ -	$ 12,133
Financial assets - FVTPL	420	(420)	-	-
Unrealized foreign exchange losses	2,029	(2,029)	-	-
Exchange differences on translation of the financial statements of foreign operations	219,566	-	32,093	251,659
Remeasurement of defined benefit plans	25,354	-	4,402	29,756
	$ 455,149	$ (6,879)	$ 36,495	$ 484,765
Deferred tax liabilities				
Temporary differences				
Unappropriated earnings of subsidiaries	$ 1,772,064	$ 251,485	$ -	$ 2,023,549
Remeasurement of defined benefit plans	3,990	-	-	3,990
Financial assets - FVTPL	-	542	-	542
Unrealized exchange gains	-	2,080	-	2,080
	$ 1,776,054	$ 254,107	$ -	$ 2,030,161

(Concluded)

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized gross profit	$ 133,095	$ 5,989	$ -	$ 139,084
Unrealized loss on inventory write-downs	36,996	2,029	-	39,025
Defined benefit obligation	17,717	(691)	-	17,026
Unrealized warranty liabilities	11,535	1,110	-	12,645
Financial assets - FVTPL	-	420	-	420
Unrealized foreign exchange losses	-	2,029	-	2,029
Sales allowance	3,090	(3,090)	-	-
Exchange differences on translation of the financial statements of foreign operations	118,812	-	100,754	219,566
Remeasurement of defined benefit plans	22,401	-	2,953	25,354
	$ 343,646	$ 7,796	$ 103,707	$ 455,149

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences				
Unappropriated earnings of subsidiaries	$ 1,562,279	$ 209,785	$ -	$ 1,772,064
Remeasurement of defined benefit plans	3,990	-	-	3,990
Financial assets - FVTPL	87	(87)	-	-
Unrealized foreign exchange gains	2,554	(2,554)	-	-
	$ 1,568,910	$ 207,144	$ -	$ 1,776,054

(Concluded)

e. Income tax assessments

The Company's tax returns through 2018 have been assessed by the tax authorities.

20. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31 2020	2019
Basic earnings per share	$ 9.40	$ 9.56
Diluted earnings per share	$ 9.27	$ 9.44

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares or share splits on August 8, 2020. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2019 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 10.51	$ 9.56
Diluted earnings per share	$ 10.37	$ 9.44

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

Net Profit for the Year

	For the Year Ended December 31 2020	2019
Earnings used in the computation of basic earnings per share	$ 7,247,955	$ 7,351,220
Earnings used in the computation of diluted earnings per share	$ 7,247,955	$ 7,351,220

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of ordinary shares in computation of basic earnings per share	771,264	769,237
Effect of potentially dilutive ordinary shares:		
Employee share option	8,268	7,027
Compensation of employees	2,003	2,346
Weighted average number of ordinary shares used in the computation of diluted earnings per share	781,535	778,610

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

21. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of the Company were granted 7,500 options in 2020, 8,000 options in 2018 and 6,000 options in 2016. Each option entitles the holder with the right to subscribe for one thousand ordinary shares of the Company. The holders of these options include employees of the Company and employees of domestic and foreign subsidiaries who are owned directly or indirectly over 50% by the Company that meet certain criteria. Options issued in 2020, 2018 and 2016 are all valid for six years. They are exercisable at certain percentages after the second year of the grant date. The exercise price granted in 2020 was NT$200 per share; the exercise price granted in 2018 was the share price on the exercise date; the exercise price granted in 2016 was NT$100 per share. If there are subsequent changes to the Company’s capital surplus, the exercise price and the number of options shall be adjusted accordingly.

Information on employee share options was as follows:

	For the Year Ended December 31			
	2020		**2019**	
Employee Share Options	**Number of Options**	**Weighted-average Exercise Price (NT$)**	**Number of Options**	**Weighted-average Exercise Price (NT$)**
Balance at January 1	14,250	$149.88	15,965	$143.64
Options granted	7,500	200.00	-	-
Options exercised	(1,803)	77.45	(1,715)	81.91
Options expired	(543)	70.50	-	-
Balance at December 31	19,404	175.66	14,250	149.88
Options exercisable, end of the year	7,904	138.98	6,250	82.54
Weighted-average fair value of options granted (NT$)	$ 125.77		$ -	

The weighted-average share price at the date of exercise of share options for the years ended December 31, 2020 and 2019 was ranging from NT$258 to NT$328 and from NT$223 to NT$310, respectively.

Information about outstanding options as of December 31, 2020 and 2019 was as follows:

	For the Year Ended December 31			
	2020		2019	
Employee Share Options	**Exercise Price (NT$)**	**Weighted-average Remaining Contractual Life (Years)**	**Exercise Price (NT$)**	**Weighted-average Remaining Contractual Life (Years)**
Issuance in 2020	$200.0	5.58	$ -	-
Issuance in 2018	202.5	3.58	202.5	4.58
Issuance in 2016	73.9	1.45	83.3	2.45
Issuance in 2014	-	-	79.4	0.63

Options granted were priced using the Black-Scholes pricing model and the inputs to the model were as follows:

	2020	**2018**	**2016**
Grant-date share price (NT$)	$309	$202.5	$235
Exercise price (NT$)	$200	$202.5	$100
Expected volatility	23.28%-26.55%	28.42%-28.73%	31.42%-32.48%
Expected life (in years)	4-5.5	4-4.5	4-5.5
Expected dividend yield	0%	0%	0%
Risk-free interest rate	0.31%-0.35%	0.67%-0.69%	0.52%-0.65%

Expected volatility was based on the historical share price volatility over the past 5 years.

Compensation costs recognized were $365,248 thousand and $295,427 thousand for the years ended December 31, 2020 and 2019, respectively.

22. GOVERNMENT GRANTS

In 2020 and 2019, the Company participated in a government’s project plan and received government grants of $10,159 thousand and $12,699 thousand, respectively. These amounts were recognized under other income. In addition, the amount of government grants for expenses or losses incurred was $1,236 thousand for the year ended December 31, 2020, and was deducted from the recorded expenses paid for by the grant.

23. ACQUISITION OF SUBSIDIARIES - WITH OBTAINED CONTROL

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Advantech Technologies Japan Corp. (ATJ)	Production and sale of electronic and mechanical device	January 31, 2019	80	$ 517,008
Advantech Turkey Teknoloji A.S. (ATR)	Wholesale of computers and peripheral devices	February 28, 2019	60	$ 58,482
Shanghai Yanle Co., Ltd. (Yanle)	Application and retail of intelligent technology	May 31, 2020	100	$ 6,698

The Company acquired 80% of the shares of ATJ (formerly Omron Nohgata Co., Ltd.) in order to expand its embedded systems and strengthen the customization of design and production in the Japan market.

The Company acquired 42% of the shares of ATR (formerly Alitek Teknoloji Urunleri San. ve Tic. A.S.) in order to expand its sales of industrial PCs in the Turkey market. The Company increased its capital; thus, the Company's equity investment in ATR was increased to 60%.

The Company acquired Yanle (Shanghai Yanle Co., Ltd.) of which the Company originally acquired 45% of its shares in order to expand its retail sales of intelligent technology in the China market, which increased the Company's equity investment in Yanle to 100%.

24. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

In the first quarter of 2019, the Company subscribed for 18% of the equity of ATR during its capital increase, which increased the Company's equity investment in ATR from 42% to 60%.

In the first quarter of 2020, the Company acquired 30% of the equity of AIH, which increased the Company's equity investment in AIH from 70% to 100%.

In the first and second quarters of 2020, the Company sold 3.42% and 1.58% of the equity of LNC, which decreased the Company's equity investment in LNC from 64.10% to 59.10%.

In the second quarter of 2020, the Company had a non-proportional investment in the equity of AMX during its cash capital increase, which decreased its equity investment in AMX from 100% to 60%.

In the third quarter of 2020, the Company acquired 20% of the equity of ABR, which increased the Company's equity investment in ABR from 80% to 100%.

The above transactions were accounted for as equity transactions, since the Company did not cease to have control over these subsidiaries. For details about the above transactions, refer to Note 29 to the Company's consolidated financial statements for the year ended December 31, 2020.

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure it will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged in both 2020 and 2019.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings, and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued.

26. FINANCIAL INSTRUMENTS

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 90	$ -	$ 90
Mutual funds	3,652,728	-	-	3,652,728
	$ 3,652,728	$ 90	$ -	$ 3,652,818
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Securities listed in the ROC	$ 1,332,435	$ -	$ -	$ 1,332,435
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 21,044	$ -	$ 21,044

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 8,468	$ -	$ 8,468
Mutual funds	1,633,285	-	-	1,633,285
	$ 1,633,285	$ 8,468	$ -	$ 1,641,753
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Securities listed in the ROC	$ 1,224,385	$ -	$ -	$ 1,224,385
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 521	$ -	$ 521

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

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

Derivatives held by the Company were foreign exchange forward contracts, whose fair values were calculated using discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

b. Categories of financial instruments

	December 31	
	2020	**2019**
Financial assets		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	$ 3,652,818	$ 1,641,753
Financial assets at amortized cost (Note 1)	8,316,190	8,536,654
Financial assets at FVTOCI		
Equity instruments	1,332,435	1,224,385
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	21,044	521
Amortized cost (Note 2)	6,520,244	6,882,786

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, notes receivable from related parties, trade receivables, trade receivables from related parties, other receivables and other receivables from related parties.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise notes payable and trade payables, trade payables to related parties, other payables, and other payables to related parties.

c. Financial risk management objectives and policies

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

The Company seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Company did not enter into or trade financial instrument, including derivative financial instruments, for speculative purposes.

The corporate treasury function reports quarterly to the board of directors on the Company's current derivative instrument management.

1) Market risk

The Company's activities exposed it primarily to financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Company entered into a variety of forward contract to manage its exposure to foreign currency risk.

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

a) Foreign currency risk

The Company undertook operating activities and investment of foreign operations denominated in foreign currencies, which exposed the Company to foreign currency risk. The Company manages the risk that fluctuations in foreign currency could have on foreign-currency denominated assets and future cash flow by using forward exchange contracts, which allow the Company to mitigate but not fully eliminate the effect.

The maturities of the Company's forward contracts were less than six months, and these contracts did not meet the criteria for hedge accounting.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Notes 28 and 7, respectively.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar, Euro and Renminbi.

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

	U.S. Dollar Impact		**Euro Impact**		**Renminbi Impact**	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Profit or loss	$ 105,021 (Note 1)	$ 111,117 (Note 1)	$ 9,270 (Note 2)	$ 51,170 (Note 2)	$ 50,079 (Note 3)	$ 60,436 (Note 3)

Note 1: This was mainly attributable to the exposure outstanding on U.S. dollar-denominated cash, trade receivables, and trade payables, which were not hedged at the end of the year.

Note 2: This was mainly attributable to the exposure outstanding on Euro-denominated cash, trade receivables, and trade payables, which were not hedged at the end of the year.

Note 3: This was mainly attributable to the exposure outstanding on Renminbi-denominated cash, trade receivables, and trade payables, which were not hedged at the end of the year.

b) Interest rate risk

The Company's floating-rate bank savings are exposed to risk of changes in interest rates. The Company does not operate hedging instruments for interest rates. The Company's management monitors fluctuations in market interest rates regularly. If it is needed, the management might perform necessary procedures for significant interest rate risks to control the risks from fluctuations in market interest rates.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Cash flow interest rate risk		
Financial assets	$ 2,059,397	$ 1,814,203

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased by $10,297 thousand and $9,071 thousand, respectively. Had interest rates been 50 basis points lower, the effects on the Company's pre-tax profit would have been of the same amounts but negative. The source of the negative effects would have been mainly the floating-interest rates on bank savings.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities. The Company manages this exposure by maintaining a portfolio of investments with different risks. The Company's equity price risks were mainly concentrated on equity instruments trading in the Taiwan stock exchange.

Sensitivity analysis

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

If equity prices had been 1% higher, the pre-tax other comprehensive income for the year ended December 31, 2020 would have increased by $13,324 thousand, as a result of changes in fair value of financial assets. And the pre-tax other comprehensive income for the year ended December 31, 2019 would have increased by $12,244, as a result of the changes in fair value of financial assets at fair value through other comprehensive income. Had equity prices been 1% lower, the effects on pre-tax other comprehensive gains would have been of the same amounts but negative.

2) Credit risk

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

Trade receivables consisted of a large number of customers, spread across diverse industries and geographical areas. The Company did transactions with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

3) Liquidity risk

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

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of December 31, 2020 and 2019, the Company had available unutilized bank loan facilities as set out in (c) below.

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

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

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

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year - 5 Years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 3,020,106	$ 2,265,546	$ 1,234,592	$ -
Lease liabilities	-	361	2,702	4,836
	$ 3,020,106	$ 2,265,907	$ 1,237,294	$ 4,836

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 3,063	$ 4,836	$ -

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Over 1 Year - 5 Years
Non-derivative financial liabilities				
Non-interest bearing liabilities	$ 3,357,623	$ 2,867,569	$ 657,594	$ -
Lease liabilities	630	2,305	2,531	6,675
	$ 3,358,253	$ 2,869,874	$ 660,125	$ 6,675

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years
Lease liabilities	$ 5,466	$ 5,237	$ 1,438

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

b) Liquidity and interest risk rate tables for derivative financial liabilities

The following tables details the Company’s liquidity analysis of its derivative financial instruments. The tables are based on the undiscounted gross cash inflows and outflows on derivative instruments that require gross settlement.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Total
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 352,690	$ 432,246	$ 265,203	$ 1,050,139
Outflows	357,623	443,024	270,446	1,071,093
	$ (4,933)	$ (10,778)	$ (5,243)	$ (20,954)

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	Over 3 Months to 1 Year	Total
Gross settled				
Foreign exchange forward contracts				
Inflows	$ 306,293	$ 400,220	$ 64,469	$ 770,982
Outflows	301,650	397,435	63,950	763,035
	$ 4,643	$ 2,785	$ 519	$ 7,947

c) Financing facilities

	December 31	
	2020	2019
Unsecured bank loan facilities		
Amount used	$ 184,078	$ -
Amount unused	6,412,122	6,881,900
	$ 6,596,200	$ 6,881,900

28. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of significant transactions between the Company and other related parties are disclosed below.

a. Names and categories of related parties

Name	Related Party Category
AAC (HK)	Subsidiary
AAU	Subsidiary
ABR	Subsidiary
ACN	Subsidiary
ACZ	Subsidiary
ADB	Subsidiary
AEU	Subsidiary
AID	Subsidiary
AIL	Subsidiary
AIN	Subsidiary
AiSC	Subsidiary
AJP	Subsidiary
AKMC	Subsidiary
AKR	Subsidiary
AMX	Subsidiary
AMY	Subsidiary
ANA	Subsidiary
APL	Subsidiary

(Continued)

Name	Related Party Category
ASG	Subsidiary
A-SIoT	Subsidiary
ATH	Subsidiary
ATJ	Subsidiary
ATR	Subsidiary
AVN	Subsidiary
AXA	Subsidiary
B+B	Subsidiary (dissolved after the merger with ANA from December 31, 2020)
ARU	Subsidiary
SIoT (Cayman)	Subsidiary
SIoT (China)	Subsidiary
AIH	Subsidiary
Cermate	Subsidiary
Advantech Corporate Investment	Subsidiary
AiST	Subsidiary
LNC	Subsidiary
Advanixs	Subsidiary
Axiomtek Co., Ltd.	Associate
AIMobile Co., Ltd.	Associate
Deneng Scientific Research Co., Ltd.	Associate
Winmate Inc.	Associate
Azurewave Technology Inc.	Associate
DotZero Co., Ltd.	Associate
I-Link Co., Ltd.	Associate
Mildex Optical Inc.	Associate
Information Technology Total Services Co., Ltd.	Associate
Hwacom Systems Inc.	Associate
Smasoft Technology Co., Ltd.	Associate
Impelex Data Transfer Co., Ltd.	Associate
VSO Electronics Co., Ltd.	Associate
International Integrated Systems, Inc.	Associate
K&M Investment Co., Ltd.	Other related party
AIDC Investment Corp.	Other related party
Advantech Foundation	Other related party
Tran-Fei Development Co., Ltd.	Other related party

(Concluded)

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31 2020	2019
Subsidiaries		
ANA	$ 9,841,226	$ 9,875,397
ACN	7,835,620	8,103,451
AEU	4,142,031	5,113,619
Others	5,107,483	5,552,401
Associates	99,963	44,477
Other related parties	4,527	-
	$ 27,030,850	$ 28,689,345

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2020	2019
Subsidiaries		
AKMC	$ 11,047,054	$ 12,512,596
Others	166,529	242,444
Associates	183,512	204,041
	$ 11,397,095	$ 12,959,081

d. Notes receivable from related parties

Related Party Category/Name	For the Year Ended December 31 2020	2019
Associates	$ 6,775	$ -

e. Receivables from related parties

Line Item	Related Party Category/Name	December 31 2020	2019
Trade receivables - related parties	Subsidiaries		
	ACN	$ 1,825,651	$ 1,757,991
	ANA	1,473,318	1,251,888
	AEU	755,893	1,006,415
	Others	863,758	1,190,461
	Associates	17,780	10,622
	Other related parties	20	-
		$ 4,936,420	$ 5,217,377

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

f. Other receivables from related parties

Related Party Category	December 31 2020	2019
Subsidiaries		
ANA	$ 7,770	$ 5,046
AEU	4,266	4,065
Advanixs	2,124	2,098
Others	7,562	5,871
Associates	3,018	-
Other related parties	1,615	-
	$ 26,355	$ 17,080

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

Related Party Category/Name	December 31 2020	December 31 2019
Subsidiaries		
AKMC	$ 1,751,018	$ 2,008,469
Others	22,206	36,111
Associates	20,148	43,350
	$ 1,793,372	$ 2,087,930

The outstanding trade payables to related parties are unsecured.

h. Other payables from related parties

Related Party Category	December 31 2020	December 31 2019
Subsidiaries		
AEU	$ 44,485	$ 52,679
Others	10,869	3,240
Other related parties	8,819	7,965
	$ 64,173	$ 63,884

i. Acquisitions of property, plant and equipment

Related Party Category	Purchase Price For the Year Ended December 31 2020	Purchase Price For the Year Ended December 31 2019
Subsidiaries	$ 3,759	$ 509

j. Disposals of property, plant and equipment

Related Party Category/Name	Selling Price For the Year Ended December 31 2020	Selling Price For the Year Ended December 31 2019
Subsidiaries	$ 472	$ -

k. Other transactions with related parties

	Operating Expenses For the Year Ended December 31 2020	Operating Expenses For the Year Ended December 31 2019
Administration expenses		
Subsidiaries	$ 38,065	$ 36,647
Associates	185	237
Other related parties	36	-
	$ 38,286	$ 36,884

	Operating Expenses	
	For the Year Ended December 31	
	2020	2019
Research and development expenses		
Associates	$ 9,805	$ 2,955
Subsidiaries	88,933	150,978
	$ 98,738	$ 153,933

Research and development expenses incurred between the Company and its associates were charged according to the agreed remuneration and payment terms on the contracts. For the rest of transactions with related parties, since normal payment terms with related parties were not stipulated, the payment terms were based on mutual agreement.

	Other Income	
	For the Year Ended December 31	
	2020	2019
Rental income		
Subsidiaries	$ 636	$ 636
Other related parties	289	60
	$ 925	$ 696
Others		
Subsidiaries	$ 103,849	$ 85,083
Other related parties	3,452	2,702
	$ 107,301	$ 87,785

Lease contracts between the Company and its associates were based on market rental prices and had normal payment terms. Revenue contracts for technical services between the Company and its associates were based on market prices and had payment terms on the contracts. For the rest of transactions with related parties, since normal payment terms with related parties were not stipulated, the payment terms were based on mutual agreement.

l. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 44,078	$ 45,945
Post-employment benefits	162	42
Share-based payments	26,123	38,158
	$ 70,363	$ 84,145

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

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 162,339	28.480 (USD:NTD)	$ 4,623,414
RMB	522,606	4.3770 (RMB:NTD)	2,287,445
EUR	18,622	35.020 (EUR:NTD)	652,155
			$ 7,563,014
Non-monetary items			
Subsidiaries and associates accounted for using the equity method			
USD	474,105	28.480 (USD:NTD)	$ 13,502,510
EUR	33,048	35.020 (EUR:NTD)	1,157,341
JPY	4,005,091	0.2760 (JPY:NTD)	1,105,405
KRW	15,813,870	0.0260 (KRW:NTD)	411,161
SGD	5,602	21.560 (SGD:NTD)	120,779
			$ 16,297,196
Financial liabilities			
Monetary items			
USD	85,588	28.480 (USD:NTD)	$ 2,437,542
RMB	217,779	4.3770 (RMB:NTD)	953,218
			$ 3,390,760

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 159,581	29.980 (USD:NTD)	$ 4,784,226
RMB	554,325	4.305 (RMB:NTD)	2,386,370
EUR	21,623	33.590 (EUR:NTD)	726,308
			$ 7,896,904
Non-monetary items			
Subsidiaries and associates accounted for using the equity method			
USD	415,025	29.980 (USD:NTD)	$ 12,442,450
EUR	36,213	33.590 (EUR:NTD)	1,216,395
KRW	12,616,597	0.0260 (KRW:NTD)	328,032
JPY	3,840,034	0.2760 (JPY:NTD)	1,059,849
			$ 15,046,726
Financial liabilities			
Monetary items			
USD	89,453	29.980 (USD:NTD)	$ 2,681,793
RMB	260,550	4.305 (RMB:NTD)	1,121,669
			$ 3,803,462

For the years ended December 2020 and 2019, realized and unrealized net foreign exchange losses were $21,429 thousand and $75,031 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions.

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. information on investees:

1) Financing provided to others. (Table 1)

2) Endorsement/guarantee provided. (Table 2)

3) Marketable securities held (excluding investments in subsidiaries and associates). (Table 3)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (Table 4)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (Table 6)

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 5)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 7)

9) Transactions of financial instruments. (Notes 7 and 26)

10) Name, locations, and other information of investees. (Table 8)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gains or losses, carrying amount of the investment at the end of the period, repatriations investment gains, and limit on the amount of investment in the mainland China area. (Table 9)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, their prices, and payment terms, and unrealized gains or losses. Refer to Tables 1, 6 and 7.

d. Information of major shareholders

The following is the information of major shareholders: Name of major shareholders, number of shares owned and percentage of ownership of shareholders whose percentage of ownership is higher than 5%. (Table 10)

TABLE 1

ADVANTECH CO., LTD.

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

No. (Note A)	Lender	Borrower	Financial Statement Account	Related Parties	Credit Line (Note H)		Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limits
					Highest Balance for the Period	Ending Balance	Ending Balance						Item	Value		
1	LNC	LNC Dong Guan	Trade receivables - related parties	Yes	$ 70,000	$ 70,000	$ -	-	Short-term financing	$ -	Financing need	$ -	None	None	$ 36,715 (Note D)	$ 146,858 (Note D)
2	Advantech Corporate Investment	The Company	Trade receivables - related parties	Yes	1,000,000	-	-	1.00	Short-term financing	-	Financing need	-	None	None	1,363,767 (Note E)	1,363,767 (Note E)
3	AAC (BVI)	ATJ	Trade receivables - related parties	Yes	177,000 (JPY 600,000 thousand)	-	-	0.55	Short-term financing	-	Financing need	-	None	None	3,713,650 (Note C)	3,713,650 (Note C)

Note A: Investee companies are numbered sequentially from 1.

Note B: Translated based on the exchange rates as of December 31, 2020: JPY1=NT$0.276.

Note C: The financing limit for each borrower and the aggregate financing were both 40% of AAC (BVI)’s net asset value, and were supervised by the Company.

Note D: The financing limit for each borrower and the aggregate financing were 10% and 40%, respectively, of LNC’s net asset value.

Note E: The financing limit for each borrower and the aggregate financing were both 40% of Advantech Corporate Investment’s net asset value, and were supervised by the Company.

Note F: The maximum balance for the year and its ending balance are approved by the board of directors of financiers.

ADVANTECH CO., LTD.

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

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note A)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at the End of the Year	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Collateral/ Guarantee Amounts Allowable (Note B)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	ANA	Subsidiary	$ 3,441,016	$ 907,500 (US$ 30,000)	$ 854,400 (US$ 30,000)	$ -	$ -	2.48	$ 10,323,047	Y	N	N
		AAC (BVI)	Subsidiary	3,441,016	302,500 (US$ 10,000)	284,800 (US$ 10,000)	-	-	0.83	10,323,047	Y	N	N
		Advantech Corporate Investment	Subsidiary	3,441,016	302,500 (US$ 10,000)	284,800 (US$ 10,000)	-	-	0.83	10,323,047	Y	N	N
		ATJ	Subsidiary	3,441,016	282,000 (JPY 1,000,000)	276,000 (JPY 1,000,000)	110,400 (JPY 400,000)	-	0.80	10,323,047	Y	N	N
		AKMC	Subsidiary	3,441,016	181,500 (US$ 6,000)	170,880 (US$ 6,000)	-	-	0.50	10,323,047	Y	N	Y
		ACISM	Subsidiary	3,441,016	151,250 (US$ 5,000)	142,400 (US$ 5,000)	-	-	0.41	10,323,047	Y	N	N
		SIoT (Cayman)	Subsidiary	3,441,016	302,500 (US$ 10,000)	284,800 (US$ 10,000)	-	-	0.83	10,323,047	Y	N	N
		B+B	Subsidiary	3,441,016	151,250 (US$ 5,000)	142,400 (US$ 5,000)	-	-	0.41	10,323,047	Y	N	N
		AJP	Subsidiary	3,441,016	302,500 (JPY 500,000)	138,000 (JPY 500,000)	27,600 (JPY 100,000)	-	0.40	10,323,047	Y	N	N
		Advantech Intelligent City Services Co., Ltd. (formerly known as AiST)	Subsidiary	3,441,016	90,675 (US$ 3,000)	85,440 (US$ 3,000)	-	-	0.25	10,323,047	Y	N	N
		AIH	Subsidiary	3,441,016	90,675 (US$ 3,000)	85,440 (US$ 3,000)	-	-	0.25	10,323,047	Y	N	N
		ABR	Subsidiary	3,441,016	45,375 (US$ 1,500)	42,720 (US$ 1,500)	-	-	0.12	10,323,047	Y	N	N
		A-SIoT	Subsidiary	3,441,016	35,080 (EUR 1,000)	35,020 (EUR 1,000)	-	-	0.10	10,323,047	Y	N	N
		AVN	Subsidiary	3,441,016	30,250 (US$ 1,000)	28,480 (US$ 1,000)	-	-	0.08	10,323,047	Y	N	N
		ARU	Subsidiary	3,441,016	30,225 (US$ 1,000)	28,480 (US$ 1,000)	-	-	0.08	10,323,047	Y	N	N
		Cermate (Taiwan)	Subsidiary	3,441,016	30,250 (US$ 1,000)	28,480 (US$ 1,000)	20,000 (NT$ 20,000)	-	0.08	10,323,047	Y	N	N
		Cermate (Shenzhen)	Subsidiary	3,441,016	30,250 (US$ 1,000)	28,480 (US$ 1,000)	-	-	0.08	10,323,047	Y	N	Y
		ACZ	Subsidiary	3,441,016	15,250 (US$ 500)	14,240 (US$ 500)	-	-	0.04	10,323,047	Y	N	N
		ATR	Subsidiary	3,441,016	15,125 (US$ 500)	14,240 (US$ 500)	-	-	0.04	10,323,047	Y	N	N
		Advanixs Corp.	Subsidiary	3,441,016	15,125 (US$ 500)	14,240 (US$ 500)	-	-	0.04	10,323,047	Y	N	N
		AAU	Subsidiary	3,441,016	6,050 (US$ 200)	5,696 (US$ 200)	-	-	0.02	10,323,047	Y	N	N
		ACI IOT Investment Fund-1 Corporation	Subsidiary	3,441,016	6,045 (US$ 200)	5,696 (US$ 200)	-	-	0.02	10,323,047	Y	N	N

(Continued)

No.	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note A)	Maximum Amount Endorsed/ Guaranteed During the Year	Outstanding Endorsement/ Guarantee at the End of the Year	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Collateral/ Guarantee Amounts Allowable (Note B)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
		AMY	Subsidiary	$ 3,441,016	$ 3,023 (US$ 100)	$ 2,848 (US$ 100)	$ -	$ -	0.01	$ 10,323,047	Y	N	N
		AKR	Subsidiary	3,441,016	174,785 (US$ 6,050)	172,304 (US$ 6,050)	26,078 (KRW 1,003,000)	-	0.50	10,323,047	Y	N	N

Note A: The limit on endorsements or guarantees provided on behalf of the respective party is 10% of the Company’s net asset value.

Note B: The maximum collateral or guarantee amount allowable is 30% of the Company’s net asset value.

Note C: The exchange rates as of December 31, 2020 were US$1=NT$28.48, EUR1=NT$35.02 and JPY1=NT$0.276.

Note D: The latest net equity is from the Group’s consolidated financial statements for the year ended December 31, 2020.

(Concluded)

ADVANTECH CO., LTD.

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Share							
	ASUSTek Computer Inc.	-	Financial assets at fair value through other comprehensive income - non-current	4,739,461	$ 1,187,235	0.64	$ 1,187,235	Note A
	Allied Circuit Co., Ltd.	-	〃	1,200,000	145,200	2.41	145,200	Note A
	Fund							
	Capital Money Market		Financial assets at fair value through profit or loss - current	9,225,566	150,057	-	150,057	Note B
	FSITC Money Market	-	〃	2,508,127	451,087	-	451,087	Note B
	FSITC Taiwan Money Market	-	〃	103,735,038	1,600,995	-	1,600,995	Note B
	Mega Diamond Money Market	-	〃	114,671,962	1,450,589	-	1,450,589	Note B
Advantech Corporate Investment	Share							
	Contec	-	Financial assets at fair value through profit or loss - current	26,500	12,741	0.41	12,741	Note A
	GSD Technologies Co., Ltd.	-	〃	2,813,000	180,313	8.27	180,313	Note A
	Allied Circuit Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	2,501,000	302,621	5.03	302,621	Note A
	BoardTec System Inc.	-	〃	225,000	3,441	7.50	3,441	Note C
	BiosenseTek Corp.	-	〃	37,500	-	1.79	-	Note C
	Juguar Technology	-	〃	500,000	4,302	11.54	4,302	Note C
	Taiwan DSC PV Ltd.	-	〃	1,600	-	3.20	-	Note C
	Feng Sang Enterprise Co., Ltd.	-	〃	1,788,750	44,719	15.00	44,719	Note C
	Lanner Electronics Inc.	-	Financial assets at fair value through profit or loss - current	275,000	18,975	0.23	18,975	Note A
	Posiflex Technology Inc.	-	〃	134,000	10,680	0.18	10,680	Note A
	Phison Electronics Corp.	-	〃	64,000	21,280	0.03	21,280	Note A
	Innodisk Corp.	-	〃	65,000	10,790	0.08	10,790	Note A
	Grandtech C.G. System Inc.	-	〃	270,000	10,827	0.46	10,827	Note A
	Cypress Technology Co., Ltd.	-	〃	180,268	10,401	0.35	10,401	Note A
	Chenbro Micom Co., Ltd.	-	〃	117,000	9,594	0.91	9,594	Note A
	ISI	-	〃	655	15,261	-	15,261	Note A
	TRMB	-	〃	8,490	16,144	-	16,144	Note A
	LTRX	-	〃	46,000	5,817	0.16	5,817	Note A

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	MSI	-	Financial assets at fair value through profit or loss - current	2,400	$ 11,624	-	$ 11,624	Note A
	HOLI	-	〃	31,500	13,179	0.05	13,179	Note A
	EQIX	-	〃	700	14,238	-	14,238	Note A
	NSIT	-	〃	4,750	10,293	0.01	10,293	Note A
	China Mobile Ltd.	-	〃	74,000	12,014	-	12,014	Note A
	Maxnerva Technology Services Inc.	-	〃	3,812,000	6,861	0.58	6,861	Note A
	Fund							
	Taishin 1699 Money Market	-	〃	29,087,859	396,930	-	396,930	Note B
	FSITC Taiwan Money Market	-	〃	3,240,735	50,016	-	50,016	Note B
	Mega Diamond Money Market	-	〃	5,245,488	66,355	-	66,355	Note B
	Fund							
	CBC Capital	-	Financial assets at fair value through profit or loss - non-current	-	77,950	0.04	77,950	Note C
Advanixs Corporate	Fund							
	Jih Sun Money Market	-	Financial assets at fair value through profit or loss - current	6,466,890	96,680	-	96,680	Note B
	Mega Diamond Money Market	-	〃	5,370,924	67,942	-	67,942	Note B
Advantech Intelligent City Services Co., Ltd.	Fund							
	Jih Sun Money Market	-	〃	855,044	12,783	-	12,783	Note B
AdvanPOS	Fund							
	Mega Diamond Money Market	-	〃	1,189,398	15,046	-	15,046	Note B
SIoT (Cayman)	Fund							
	FSITC Taiwan Money Market	-	〃	14,473,571	223,378	-	223,378	Note B
	Taishin 1699 Money Market	-	〃	32,246,377	440,031	-	440,031	Note B
	FSITC Money Market			361,931	65,093	-	65,093	
Advantech Innovative Design Co., Ltd.	Fund							
	Capital Money Market	-	〃	625,517	10,174	-	10,174	Note B
AiSC	Fund							
	Shanghai Shangchuang Xinwei Investment Management Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	-	126,715	8.43	126,715	Note C
	Share							
	Jama Pro Co., Ltd.		〃	583,300	-	10.00	-	Note C
Yun Yan, Wu-Lian Co., Ltd.	Fund							
	FSITC Money Market	-	Financial assets at fair value through profit or loss - current	27,092	4,872	-	4,872	Note B

(Continued)

Note A: Market value was based on the closing price on December 31, 2020.

Note B: Market value was based on the net asset value of the open-ended mutual funds on December 31, 2020.

Note C: The fair values are estimated from the latest net equity in the financial statements.

(Concluded)

TABLE 4

ADVANTECH CO., LTD.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED AT COSTS OR PRICES OF AT LEAST $300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount (Cost)	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount (Cost)
The Company	Fund													
	Mega Diamond Money Market	Financial assets at fair value through profit or loss	-	-	74,093,066	$ 931,183	161,487,734	$ 2,040,007	120,908,838	$ 1,527,284	$ 1,521,183	$ 6,101	114,671,962	$ 1,450,007
	FSITC Taiwan Money Market	Same as above	-	-	32,562,860	500,000	205,141,856	3,160,010	133,969,678	2,064,647	2,060,002	4,645	103,735,038	1,600,008
	Capital Money Market	Same as above	-	-	-	-	78,235,826	1,270,003	69,010,260	1,121,044	1,120,002	1,042	9,225,566	150,001
Advantech Corporate Investment	Fund													
	Mega Diamond Money Market	Financial assets at fair value through profit or loss	-	-	24,633,086	310,158	-	-	24,633,086	310,412	310,158	254	-	-
	FSITC Taiwan Money Market	Same as above	-	-	18,910,187	290,517	19,492,902	300,000	35,162,354	541,310	540,517	793	3,240,735	50,000

ADVANTECH CO., LTD.

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	ANA	Subsidiary	Sale	$ 9,841,226	28.62	45 days after month-end	Contract price	No significant difference in terms for related parties	$ 1,473,318	24.17	
	ACN	Subsidiary	Sale	7,835,620	22.78	45 days after month-end	Contract price	No significant difference in terms for related parties	1,825,651	29.95	Note A
	AEU	Subsidiary	Sale	4,142,031	12.04	30 days after month-end	Contract price	No significant difference in terms for related parties	755,893	12.40	
	SIoT (Cayman)	Subsidiary	Sale	945,755	2.75	60 days after month-end	Contract price	No significant difference in terms for related parties	8,369	0.14	
	AKR	Subsidiary	Sale	989,056	2.88	60 days after invoice date	Contract price	No significant difference in terms for related parties	97,724	1.60	
	AJP	Subsidiary	Sale	713,830	2.08	60-90 days	Contract price	No significant difference in terms for related parties	68,423	1.12	
	Advanixs Corp.	Subsidiary	Sale	592,897	1.72	30 days after month-end	Contract price	No significant difference in terms for related parties	66,824	1.10	
	B+B	Subsidiary	Sale	276,204	0.80	45 days after month-end	Contract price	No significant difference in terms for related parties	-	-	
	AAU	Subsidiary	Sale	285,049	0.83	60-90 days	Contract price	No significant difference in terms for related parties	32,030	0.53	
	ASG	Subsidiary	Sale	228,118	0.66	60-90 days	Contract price	No significant difference in terms for related parties	66,355	1.09	
	ATR	Subsidiary	Sale	107,897	0.31	45 days after month-end	Contract price	No significant difference in terms for related parties	3,791	0.06	
	AVN	Subsidiary	Sale	120,333	0.35	45 days after month-end	Contract price	No significant difference in terms for related parties	31,659	0.52	
	ABR	Subsidiary	Sale	129,392	0.38	90 days after month-end	Contract price	No significant difference in terms for related parties	1,823	0.03	
	AMY	Subsidiary	Sale	157,810	0.46	45 days after month-end	Contract price	No significant difference in terms for related parties	14,440	0.24	
	A-SIoT	Subsidiary	Sale	301,122	0.88	30 days after invoice date	Contract price	No significant difference in terms for related parties	186,523	3.06	
	AKMC	Subsidiary	Purchase	(11,047,054)	41.15	Usual trade terms	Contract price	No significant difference in terms for related parties	(1,751,018)	43.47	
AKMC	The Company	Parent company	Sale	11,047,054	93.13	Usual trade terms	Contract price	No significant difference in terms for related parties	1,751,018	95.52	
ANA	The Company	Parent company	Purchase	(9,841,226)	83.00	45 days after month-end	Contract price	No significant difference in terms for related parties	(1,473,318)	88.70	
ACN	The Company	Parent company	Purchase	(7,835,620)	76.88	45 days after month-end	Contract price	No significant difference in terms for related parties	(1,825,651)	83.48	
AEU	The Company	Parent company	Purchase	(4,142,031)	62.47	30 days after month-end	Contract price	No significant difference in terms for related parties	(755,893)	82.76	
SIoT (Cayman)	The Company	Parent company	Purchase	(945,755)	89.58	60 days after month-end	Contract price	No significant difference in terms for related parties	(8,369)	50.68	
AKR	The Company	Parent company	Purchase	(989,056)	61.22	60 days after invoice date	Contract price	No significant difference in terms for related parties	(97,724)	57.61	
AJP	The Company	Parent company	Purchase	(713,830)	86.94	60-90 days	Contract price	No significant difference in terms for related parties	(68,423)	91.44	
Advanixs Corp.	The Company	Parent company	Purchase	(592,897)	99.67	30 days after month-end	Contract price	No significant difference in terms for related parties	(66,824)	96.31	
B+B	The Company	Parent company	Purchase	(276,204)	49.87	45 days after month-end	Contract price	No significant difference in terms for related parties	-	-	
AAU	The Company	Parent company	Purchase	(285,049)	77.99	60-90 days	Contract price	No significant difference in terms for related parties	(32,030)	77.53	

(Continued)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
ASG	The Company	Parent company	Purchase	$ (228,118)	64.86	60-90 days	Contract price	No significant difference in terms for related parties	$ (66,355)	78.91	
ATR	The Company	Parent company	Purchase	(107,897)	82.07	45 days after month-end	Contract price	No significant difference in terms for related parties	(3,791)	96.86	
AVN	The Company	Parent company	Purchase	(120,333)	89.74	45 days after month-end	Contract price	No significant difference in terms for related parties	(31,659)	100.00	
ABR	The Company	Parent company	Purchase	(129,392)	70.96	90 days after month-end	Contract price	No significant difference in terms for related parties	(1,823)	45.58	
AMY	The Company	Parent company	Purchase	(157,810)	81.63	45 days after month-end	Contract price	No significant difference in terms for related parties	(14,440)	80.70	
A-SIoT	The Company	Parent company	Purchase	(301,122)	32.61	30 days after invoice date	Contract price	No significant difference in terms for related parties	(186,523)	84.41	
AKMC	ACN	Related enterprise	Sale	419,091	3.53	Usual trade terms	Contract price	No significant difference in terms for related parties	61,363	3.35	
	SIoT (Cayman)	Related enterprise	Sale	107,691	0.91	Usual trade terms			-	-	
							Contract price	No significant difference in terms for related parties			
ACZ	AEU	Related enterprise	Sale	244,148	77.88	Usual trade terms	Contract price	No significant difference in terms for related parties	49,842	93.03	
ACN	SIoT (China)	Related enterprise	Sale	127,583	1.07	Usual trade terms	Contract price	No significant difference in terms for related parties	32,337	1.08	
SIoT (Cayman)	ANA	Related enterprise	Sale	515,983	34.07	Usual trade terms	Contract price	No significant difference in terms for related parties	-	-	
	AEU	Related enterprise	Sale	283,159	18.70	Usual trade terms	Contract price	No significant difference in terms for related parties	-	-	
	A-SIoT	Subsidiary	Sale	365,111	24.11	Usual trade terms	Contract price	No significant difference in terms for related parties	-	-	
LNC	LNC Dong Guan	Subsidiary	Sale	375,439	79.33	Usual trade terms	Contract price	No significant difference in terms for related parties	231,844	89.77	
ACN	AKMC	Related enterprise	Purchase	(419,091)	4.11	Usual trade terms	Contract price	No significant difference in terms for related parties	(61,363)	2.81	
SIoT (Cayman)	AKMC	Related enterprise	Purchase	(107,691)	10.20	Usual trade terms	Contract price	No significant difference in terms for related parties	-	-	
							Contract price	No significant difference in terms for related parties			
AEU	ACZ	Related enterprise	Purchase	(244,148)	3.68	Usual trade terms	Contract price	No significant difference in terms for related parties	(49,842)	5.46	
SIoT (China)	ACN	Related enterprise	Purchase	(127,583)	91.84	Usual trade terms	Contract price	No significant difference in terms for related parties	(32,337)	95.01	
ANA	SIoT (Cayman)	Related enterprise	Purchase	(515,983)	4.35	Usual trade terms	Contract price	No significant difference in terms for related parties	-	-	
AEU	SIoT (Cayman)	Related enterprise	Purchase	(283,159)	4.27	Usual trade terms	Contract price	No significant difference in terms for related parties	-	-	
A-SIoT	SIoT (Cayman)	Parent company	Purchase	(365,111)	39.53	Usual trade terms	Contract price	No significant difference in terms for related parties	-	-	
LNC Dong Guan	LNC	Parent company	Purchase	(375,439)	78.67	Usual trade terms	Contract price	No significant difference in terms for related parties	(231,844)	94.89	

Note A: Realized gain for the period was $7,701 thousand.

Note B: All intercompany gains and losses from investment have been eliminated upon consolidation.

(Concluded)

ADVANTECH CO., LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
The Company	Real estate	2020.10.30	$ 1,410,000	Under the contract, based on percentage of construction completed; accumulated payments of $20,937 thousand were made as of December 31, 2020 and $20,937 thousand were made in the fourth quarter of 2020.	Chung-Lin General Contractors, Ltd.	None	-	-	-	$ -	Contract price	For the Company's expansion	None

ADVANTECH CO., LTD.

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	ACN	Subsidiary	$ 1,825,651	4.37	$ -	-	$ 411,438	$ -
	ANA	Subsidiary	1,481,088	7.19	-	-	-	-
	AEU	Subsidiary	760,148	4.68	-	-	205,805	-
	AKMC	Subsidiary	246,596	Note A	-	-	227,866	-
	A-SIOT	Subsidiary	187,458	2.93	-	-	-	-
AKMC	The Company	Parent company	1,751,018	5.88	-	-	1,474,533	-
LNC	LNC Dong Guan	Subsidiary	231,844	1.65	-	-	64,431	-

Note A: Sales revenue on materials delivered to subcontractors has been eliminated upon consolidation.

Note B: All intercompany gains and losses from investment have been eliminated upon consolidation.

ADVANTECH CO., LTD.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars/Foreign Currency, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note A)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
The Company	AAC (BVI)	BVI	Investment and management service	$ 3,875,214	$ 2,332,397	128,496,207	100.00	$ 8,958,093	$ 1,137,930	$ 1,179,150	Subsidiary
	ATC	BVI	Sale of industrial automation products	998,788	998,788	40,850,000	100.00	4,171,160	135,420	133,241	Subsidiary
	Advanixs Corporate	Taipei, Taiwan	Production and sale of industrial automation products	100,000	100,000	10,000,000	100.00	233,965	35,559	35,559	Subsidiary
	Advantech Corporate Investment	Taipei, Taiwan	Investment holding company	2,900,000	2,900,000	300,000,000	100.00	3,408,682	128,860	128,993	Subsidiary
	Axiomtek	Taipei, Taiwan	Production and sale of industrial automation products	249,059	249,059	20,537,984	24.17	647,383	306,598	75,703	Equity-method investee
	AdvanPOS	Taipei, Taiwan	Production and sale of POS system	266,192	266,192	1,000,000	100.00	298,263	1,032	1,032	Subsidiary (Note A)
	LNC	Taichung, Taiwan	Production and sale of machines with computerized numerical control	277,946	304,865	17,730,000	59.10	349,243	48,536	27,938	Subsidiary
	AMX	Mexico	Sale of industrial automation products	61,909	4,922	10,000,002	60.00	38,870	(7,090)	(4,142)	Subsidiary (Note A)
	AEUH	Helmond, The Netherlands	Investment and management service	1,219,124	1,219,124	25,961,250	100.00	904,466	(100,653)	(95,283)	Subsidiary
	ASG	Techplace, Singapore	Sale of industrial automation products	27,134	27,134	1,450,000	100.00	111,484	25,998	26,835	Subsidiary (Note A)
	ATH	Thailand	Production of computers	47,701	47,701	51,000	51.00	56,943	9,577	4,991	Subsidiary (Note A)
	AAU	Sydney, Australia	Sale of industrial automation products	40,600	40,600	500,204	100.00	33,504	18,249	18,281	Subsidiary (Note A)
	AJP	Tokyo, Japan	Sale of industrial automation products	15,472	15,472	1,200	100.00	434,082	31,118	28,699	Subsidiary (Note A)
	AMY	Malaysia	Sale of industrial automation products	35,140	35,140	2,000,000	100.00	66,207	25,102	25,102	Subsidiary (Note A)
	AKR	Seoul, Korea	Sale of industrial automation products	156,668	73,355	600,000	100.00	382,645	95,213	95,112	Subsidiary
	ABR	Sao Paulo, Brazil	Sale of industrial automation products	103,146	43,216	12,723,038	100.00	92,968	26,030	22,884	Subsidiary (Note A)
	Advantech Innovative Design Co., Ltd.	Taipei, Taiwan	Product design	10,000	10,000	1,000,000	100.00	10,120	70	70	Subsidiary (Note A)
	Advantech Intelligent City Services Co., Ltd. (formerly known as AiST)	Taipei, Taiwan	Design, develop and sale of intelligent services	81,837	81,837	1,000,000	100.00	94,701	(1,178)	(1,178)	Subsidiary (Note A)
	B+B	Delaware, USA	Sale of industrial network communications systems	-	1,968,044	-	-	-	(117,357)	(83,241)	Subsidiary
	AIN	India	Sale of industrial automation products	19,754	19,754	3,999,999	99.99	14,669	1,725	1,461	Subsidiary (Note A)
	AIMobile Co., Ltd.	Taipei, Taiwan	Design and manufacture of industrial mobile systems	180,000	180,000	6,750,000	27.00	45,217	(81,766)	(36,795)	Equity-method investee (Note A)
	AKST	Gangwon-do, Korea	Production and sale of intelligent medical display	-	83,313	-	-	-	(15,281)	(15,281)	Subsidiary (Note A)
	Winmate	Taipei, Taiwan	Embedded System Modules	540,000	540,000	12,000,000	16.62	557,027	255,275	42,280	Equity-method investee (Note A)
	AVN	Hanoi, Vietnam	Sale of industrial automation products	76,092	76,092	8,100	60.00	60,087	15,690	6,082	Subsidiary (Note A)
	Nippon RAD	Tokyo, Japan	R&D of IoT intelligent system	251,915	251,915	1,004,310	16.08	248,138	(8,426)	(1,601)	Equity-method investee
	ARU	Moscow	Production and sale of industrial automation products	44,676	23,822	1	100.00	12,493	(17,642)	(17,642)	Subsidiary (Note A)
	ATJ	Nogatashi, Japan	Production and sale of electronic and mechanical devices	323,130	323,130	500,000	50.00	393,161	34,819	13,225	Subsidiary
	ATR	Turkey	Wholesale of computers and peripheral devices	58,482	58,482	260,870	60.00	43,750	13,525	5,054	Subsidiary (Note A)
	AIL	Israel	Sale of industrial network communications systems	8,653	8,653	100	100.00	8,688	(52)	(52)	Subsidiary (Note A)
	Huan Yan Water Solution Co., Ltd.	Taipei, Taiwan	Service plan for combination of related technologies of water treatment and applications of Internet of Things	27,000	-	2,700,000	100.00	27,000	-	-	Subsidiary (Note A)
	Jan Hsiang	Taipei, Taiwan	Electronic parts and components manufacturing	-	3,719	-	-	-	-	-	Equity-method investee (Note A)
AKR	AKST	Gangwon-do, Korea	Production and sale of intelligent medical display	-	55,579	-	-	-	(15,281)	-	Subsidiary (Note A)
AJP	ATJ	Nogatashi, Japan	Production and sale of electronic and mechanical devices	184,649	184,649	286,100	28.61	232,055	34,819	9,962	Subsidiary
Advantech Corporate Investment	Cermate Taiwan	Taipei, Taiwan	Manufacturing of electronic parts, computer, and peripheral devices	71,500	71,500	5,500,000	55.00	125,754	19,106	10,641	Subsidiary
	Deneng	Taichung, Taiwan	Installment and sale of electronic components and software	18,095	18,095	658,000	39.69	12,788	(3,087)	(1,225)	Equity-method investee (Note A)
	CDIB Innovation Accelerator Co., Ltd.	Taipei, Taiwan	Investment holding company	150,000	150,000	15,000,000	17.86	151,529	(29,031)	(5,184)	Equity-method investee (Note A)
	AzureWave Technologies, Inc.	Taipei, Taiwan	Wireless communication and digital image module manufacturing and trading	578,563	578,563	29,599,000	19.67	551,457	304,098	59,830	Equity-method investee

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss) (Note A)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
	Huan Yan, Jhih-Lian Co., Ltd.	Taipei, Taiwan	Service plan for combination of related technologies of water treatment and applications of Internet of Things	$ -	$ 5,000	-	-	$ -	$ (6)	$ (3)	Subsidiary (Note A)
	Yun Yan, Wu-Lian Co., Ltd.	Taipei, Taiwan	Industrial equipment networking in Greater China	5,000	5,000	500,000	50.00	2,593	1	-	Subsidiary (Note A)
	Nippon RAD	Tokyo, Japan	R&D of IoT intelligent system	49,733	49,733	154,310	2.92	45,302	(8,426)	-	Equity-method investee
	i-Link Co., Ltd.	Taichung, Taiwan	Intelligent medical integration	9,091	9,237	845,000	20.13	4,290	(11,858)	(2,614)	Equity-method investee (Note A)
	DotZero Co., Ltd.	Taichung, Taiwan	Intelligent metal processing integration	8,100	8,100	490,000	27.00	4,507	(6,414)	(1,732)	Equity-method investee (Note A)
	Mildex Optical Inc.	Kaohsiung, Taiwan	Manufacturing of electronic parts	202,948	202,948	15,710,000	15.37	164,589	(117,945)	(15,793)	Equity-method investee (Note A)
	Information Technology Total Service Co., Ltd.	Taipei, Taiwan	Service of electronic information	147,444	147,444	5,084,273	18.61	156,544	66,307	12,338	Equity-method investee (Note A)
	ACI IOT Investment Fund-1 Corporation	Taipei, Taiwan	Investment holding company	238,000	238,000	23,800,000	79.33	279,711	48,147	38,196	Subsidiary (Note A)
	ACISM	Samoa	General investment	18,214	18,214	1	100.00	9,904	(3,847)	(3,847)	Subsidiary (Note A)
	Smasoft Technology Co., Ltd.	Taipei, Taiwan	Manufacture and sale of electronics equipment	15,000	15,000	170,455	20.00	11,033	(20,042)	(4,008)	Equity-method investee (Note A)
	Impelex Data Transfer Co., Ltd.	Taichung, Taiwan	Manufacture and sale of electronics equipment	10,000	-	2,500,000	20.00	10,659	3,184	659	Equity-method investee (Note A)
	VSO	Taipei, Taiwan	Manufacture and sale of electronics equipment	120,000	-	28,000,000	14.29	130,940	101,476	14,497	Equity-method investee (Note A)
	Hwacom Systems Inc.	Taipei, Taiwan	Computer systems service	10,000	-	1,492,852	34.83	10,000	(3,346)	-	Equity-method investee (Note A)
	IISI	Taipei, Taiwan	Service of software	357,119	357,119	24,575,000	20.73	376,666	(13,476)	(2,794)	Equity-method investee (Note A)
	Isap Solution Corp.	Taipei, Taiwan	Service of software	243,086	-	14,299,205	19.68	263,747	169,947	37,707	Equity-method investee (Note A)
ATC	ATC (HK)	Hong Kong	Investment and management service	1,212,730	1,212,730	57,890,679	100.00	4,214,597	135,534	133,355	Subsidiary
AAC (BVI)	ANA	Sunnyvale, USA	Sale and fabrication of industrial automation products	504,179	504,179	10,952,606	100.00	4,672,783	435,735	435,456	Subsidiary
	AAC (HK)	Hong Kong	Investment and management service	539,146	539,146	15,230,001	100.00	2,595,995	455,444	461,942	Subsidiary
	ADB	Dubai	Sale of industrial network communications systems	-	-	-	100.00	2,687	409	409	Subsidiary (Note A)
	SIoT (Cayman)	Cayman	Design, development and sale of IoT intelligent system services	US$ 50,000	US$ 50,000	30,000,000	100.00	2,073,239	239,337	281,732	Subsidiary (Note A)
	B+B	Delaware, USA	Sale of industrial network communications systems	-	-	-	-	-	(117,357)	12,563	Subsidiary (Note A)
SIoT (Cayman)	A-SIoT	Munich, Germany	Design, R&D and sale of industrial automation vehicles and related products	522,719	522,719	1	100.00	500,910	(32,262)	(28,755)	Subsidiary (Note A)
	AIH	Taipei, Taiwan	Service of software	12,254	7,700	1,100,000	100.00	3,115	(6,597)	(6,164)	Subsidiary (Note A)
ANA	B+B	Delaware, USA	Sale of industrial network communications systems	-	1,328,004	-	100.00	1,053,978	(117,357)	(46,679)	Subsidiary
	BBIE	Ireland	Sale of industrial network communications systems	US$ 39,481	-	-	100.00	62,275	-	-	Subsidiary
AEUH	AEU	Eindhoven, The Netherlands	Sale of industrial automation products	431,963	431,963	32,315,215	100.00	1,016,133	(106,114)	(103,131)	Subsidiary
	APL	Warsaw, Poland	Sale of industrial automation products	14,176	14,176	7,030	100.00	39,769	5,961	5,824	Subsidiary (Note A)
ASG	ATH	Thailand	Production of computers	7,537	7,537	49,000	49.00	55,735	9,577	4,693	Subsidiary (Note A)
	AID	Indonesia	Sale of industrial automation products	4,797	4,797	300,000	100.00	9,172	(285)	604	Subsidiary (Note A)
Cermate Taiwan	LandMark	Samoa	General investment	28,200	28,200	972,284	100.00	138,684	29,289	29,879	Subsidiary
LNC	Better Auto	BVI	General investment	244,615	244,615	7,425,000	100.00	59,709	33,515	32,600	Subsidiary
Better Auto	Famous Now	Hong Kong	General investment	US$ 4,000	US$ 4,000	1	100.00	65,130	33,515	33,515	Subsidiary
B+B	BBIE	Ireland	Sale of industrial network communications systems	-	US$ 39,481	-	-	-	(3,959)	(3,965)	Subsidiary
BBIE	ACZ	Czech Republic	Manufacturing automation	-	-	-	100.00	300,348	30,553	30,553	Subsidiary

Note A: The respective entity is an immaterial subsidiary; its financial statements have not been audited, which does not result in a significant impact on the Group's consolidated financial statements.

Note B: Refer to Table 9 for investments in mainland China.

Note C: All intercompany gains and losses from investment have been eliminated upon consolidation.

(Concluded)

TABLE 9

ADVANTECH CO., LTD.

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

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	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 (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Advantech Technology (China) Company Ltd. ("AKMC")	Production and sale of components of industrial automation products	US$ 43,750 thousand (Note F)	Indirect	$ 1,062,304 (US$ 37,300 thousand)	$ -	$ -	$ 1,062,304 (US$ 37,300 thousand)	$ 144,951	100	$ 133,356	$ 4,214,599	$ -
Beijing Yan Hua Xing Ye Electronic Science & Technology Co., Ltd. ("ACN")	Sale of industrial automation products	US$ 4,230 thousand	Indirect	151,855 (US$ 5,332 thousand)	-	-	151,855 (US$ 5,332 thousand)	461,170	100	467,667	1,938,541	319,887 (US$ 11,232 thousand
Shanghai Advantech Intelligent Services Co., Ltd. ("AiSC")	Production and sale of industrial automation products	US$ 8,000 thousand	Indirect	227,840 (US$ 8,000 thousand)	-	-	227,840 (US$ 8,000 thousand)	(8,514)	100	(8,515)	631,059	-
Xi'an Advantech Software Ltd. ("AXA")	Development and production of software products	US$ 1,000 thousand	Indirect	(Note C)	-	-	(Note C)	48	100	48	29,344	-
LNC Dong Guan Co., Ltd.	Production and sale of industrial automation products	US$ 4,000 thousand	Indirect	90,965 (US$ 3,194 thousand)	-	-	90,965 (US$ 3,194 thousand)	33,515	100	33,351	64,966	-
Shenzhen Cermate Technologies Inc.	Production and sale of human machine interface	RMB 2,000 thousand	Indirect	8,772 (US$ 308 thousand)	-	-	8,772 (US$ 308 thousand)	23,020	90	20,851	99,939	39,364 (US$ 717 thousand) (RMB 4,328 thousand)

(Continued)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type (e.g., Direct or Indirect)	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 (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note A)	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow						
Cermate Technologies (Shanghai) Inc.	Sale of human machine interface	US$ 520 thousand	Indirect	$ 16,291 (US$ 572 thousand)	$ -	$ -	$ 16,291 (US$ 572 thousand)	$ 8,571	100	$ 8,571	$ 42,742	$ -
Advantech Service-IoT (Shanghai) Co., Ltd.	Development, consulting and services in intelligent technology	RMB 15,000 thousand	Indirect	(Note F)	-	-	(Note F)	2,902	100	2,902	39,756	-
Shanghai Yanlo Co., Ltd.	Retail of intelligent technology	RMB 2,200 thousand	Other	(Note G)	-	-	(Note G)	(4,092)	100	(3,176)	5,193	-
Tianjin Anjie IOT Science And Technology Co., Ltd. ("Anjie")	Operation and maintenance for intelligent general equipment、consulting services for comprehensive energy issues	RMB 3,000 thousand	Other	(Note G)	-	-	(Note G)	(1)	20	-	2,625	-
GSD Environmental Technology Co., Ltd. ("GSD")	Development consulting, and services in the field of environmental technology	RMB 10,000 thousand	Indirect	16,604 (US$ 583 thousand)	-	-	16,604 (US$ 583 thousand)	(9,618)	40	(3,847)	9,904	-

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Allowable Limit on Investment
$1,580,326 (US$55,489 thousand) (Note D)	$2,255,046 (US$79,180 thousand)	$21,027,854 (Note I)

Note A: Except for the financial statements of AKMC and ACN, the respective entity is an immaterial subsidiary; its financial statements have not been audited, which does not result in a significant impact on the financial statements.

Note B: The significant events, prices, payment terms and unrealized gains or losses generated from trading between the Company and its investees in mainland China are described in Table 5.

Note C: Remittance by ACN.

Note D: Included the outflow of US$200 thousand on the investment in Yan Hua (Guang Zhou Bao Shui Qu) Co., Ltd. located in a free trade zone in Guangzhou. When this investee was liquidated in September 2005, the outward investment remittance ceased upon the approval of the Ministry of Economic Affairs (MOEA). For each future capital return, the Company will apply to the MOEA for the approval of the return as well as reduction in the accumulated investment amount by the return amount.

(Continued)

Note E: For AKMC, there was a capital increase of US$6,450 thousand out of earnings.

Note F: Remittance by AAC (BVI) and AiSC.

Note G: Remittance by AiSC; AiSC's investments in associate were accounted for using the equity method.

Note H: The exchange rate was US$1=NT$28.48 and RMB1=NT$4.377.

Note I: The maximum allowable limit on investment was 60% of the consolidated net asset value of the Company.

Note J: All intercompany gains and losses from investment have been eliminated upon consolidation.

(Concluded)

TABLE 10

ADVANTECH CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
ASUSTek Computer Inc.	110,677,983	14.33
K&M Investment Co., Ltd.	91,369,108	11.83
AIDC Investment Corp.	90,295,663	11.69

Note: The percentage of ownership of major shareholders included in the table should be more than 5%, which was calculated based on the total number of ordinary shares, preference shares and treasury shares owned in the last trading day of the quarter that were traded in and registered electronically and was prepared by the Taiwan Depository & Clearing Corporation. In addition, the share capital and the actual number of traded shares stated in the consolidated financial statements that have completed the dematerialized registration might vary due to different calculation basis.