

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2019 AND 2018

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.



資誠

ADATA TECHNOLOGY CO., LTD. AND ITS SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2019, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the companies that are required to be included in the consolidated financial statements of affiliates, are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standards No.10. If relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

ADATA TECHNOLOGY CO., LTD.

CHEN, LI PAI

March 27, 2020



資誠

Report of Independent Accountants Translated from Chinese

PWCR19000477

To the Board of Directors and Shareholders of Adata Technology Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Adata Technology Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants (please refer to the “Other matter” section of our report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits of the consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants”, “Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020” and generally accepted auditing standards in the Republic of China (ROC GAAS); and in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of

China (ROC GAAS) for our audits of the consolidated financial statements as of and for the year ended December 31, 2018. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and reports of other independent accountants, 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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters in relation to the consolidated financial statements for the year ended December 31, 2019, are outlined as follows:

Existence of sales revenue

Description

Please refer to Note 4(33) for accounting policies on recognition of revenue, Note 6(26) for details of operating revenue.

Fluctuation of top ten customers is due to the innovation of products and business development. Any new top ten customer might have material impact to the Group and sales revenue is high risk in nature. Therefore, we consider the existence of sales revenue from new top ten customers a key audit matter.

How our audit addressed the matter:

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

1. Obtained an understanding the internal controls over sales revenue and included sales transactions from new top ten customers in samples for test of controls.
2. We obtained management’ s evaluation of new top ten customers and agreed to

significant related information;

3. Tested the credit terms of new top ten customers have been approved appropriately.
4. Obtained and verified the sales details and relevant evidences.
5. Obtained and verified the subsequent collections details of accounts receivable and relevant evidences.

Valuation of inventory

Description

Please refer to Note 4(14) for the description of accounting policy on inventory valuation. Please refer to Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation. Please refer to Note 6(6) for details of inventory.

The Group is primarily manufacturing and selling DRAM and NAND Flash products. Due to highly competitive nature of the consumer electronics market, the Group's products have short life cycles and frequent fluctuation of price, causing higher risk of inventory market value decline. The Group estimates the net realisable value of inventory on the balance sheet date, and individually identifies each inventory at the lower of net realisable values and cost, also evaluates inventory ageing and its value in order to provide valuation loss.

As the evaluation of inventory requires critical judgement and the amount of inventory is significant, we consider the valuation of inventory a key audit matter.

How our audit addressed the matter:

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

1. Obtained the policies of inventory valuation and determined whether the policies have been applied consistently.
2. Performed physical inventory count at the end of period to identify whether there are obsolete, damaged or unsalable inventories.
3. Obtained aging reports of each kind of inventory and tested the changes in ages of inventory. Selected samples with inventory number and verified to changes record, checked the accuracy of classification range of inventory ages and the effect to inventory value.



4. Obtained net realisable value reports of each kind of inventory and checked whether the calculation formulas have been applied consistently. Tested relevant parameters to supporting documents and recalculated the allowance for valuation losses item by item.

Other matter – Report of other independent accountants

We did not audit the financial statements of certain consolidated subsidiaries that are included in the consolidated financial statements. Those financial statements were audited by other independent accountants, whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements and the information disclosed in Note 13 was based solely on the reports of other independent accountants. Total assets of NT\$1,186,254 thousand and NT\$ 1,249,374 thousand, constituted 4.8% and 5.6% of consolidated total assets as of December 31, 2019 and 2018. Total sales revenue of NT\$1,210,123 thousand and NT\$ 868,814 thousand, constituted 4.7% and 2.8% of consolidated total sales revenue for the years ended December 31, 2019 and 2018.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Adata Technology Co., Ltd., with an other matter paragraph, as at and for the years ended December 31, 2019 and 2018.



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Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor’s responsibilities for the audit of the consolidated financial statements

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

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



1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



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

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

Huang, Shih-Chun

Yeh, Tsui-Miao

For and on behalf of PricewaterhouseCoopers, Taiwan

March 27, 2020

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such consolidated financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers, Taiwan cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	6(1)	\$ 2,132,783	9	\$ 1,723,840	8
1110	Financial assets at fair value through profit or loss	6(2)	1,274,881	5	205,705	1
1150	Notes receivable, net	6(4)	3,503	-	38,063	-
1170	Accounts receivable, net	6(4)(5)	2,886,822	12	2,814,773	13
1180	Accounts receivable-related parties	6(4) and 7(2)	130,448	1	3,302	-
1200	Other receivables	6(5)	434,351	2	385,441	2
1210	Other receivables-related parties	7(2)	50,715	-	49,471	-
130X	Inventories	6(6)	4,912,938	20	2,916,728	13
1410	Prepayments		102,145	-	202,601	1
1470	Other current assets	6(7) and 8	<u>751,754</u>	<u>3</u>	<u>765,061</u>	<u>3</u>
11XX	Current assets		<u>12,680,340</u>	<u>52</u>	<u>9,104,985</u>	<u>41</u>
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income	6(3)	804,302	3	1,108,010	5
1550	Investments accounted for under equity method	6(8)	2,791,991	11	2,967,514	13
1600	Property, plant and equipment	6(9) and 8	5,506,264	23	5,580,248	25
1755	Right-of-use asset	6(10)	103,088	1	-	-
1760	Investment property	6(12)(14) and 8	1,296,119	5	2,173,388	10
1780	Intangible assets	6(13)	572,321	2	637,401	3
1830	Biological assets		450	-	216	-
1840	Deferred tax assets	6(32)	524,276	2	398,227	2
1900	Other non-current assets	6(4)(15)(20)	<u>186,014</u>	<u>1</u>	<u>338,716</u>	<u>1</u>
15XX	Non-current assets		<u>11,784,825</u>	<u>48</u>	<u>13,203,720</u>	<u>59</u>
1XXX	Total assets		<u>\$ 24,465,165</u>	<u>100</u>	<u>\$ 22,308,705</u>	<u>100</u>

(Continued)

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2019		December 31, 2018	
			Amount	%	Amount	%
Current liabilities						
2100	Short-term borrowings	6(16)	\$ 3,282,396	13	\$ 3,806,210	17
2110	Short-term notes and bills payable		700,000	3	600,000	3
2120	Financial liabilities at fair value through profit or loss	6(2)	468	-	-	-
2130	Contract liabilities	6(26)	8,888	-	17,710	-
2150	Notes payable		-	-	3,674	-
2170	Accounts payable		3,094,252	13	1,894,159	8
2200	Other payables	7(2)	631,500	3	586,213	3
2230	Current tax liabilities	6(32)	59,384	-	9,224	-
2250	Provisions	6(21)	17,472	-	23,026	-
2280	Lease liabilities		38,300	-	-	-
2300	Other current liabilities	6(17)	<u>174,771</u>	<u>1</u>	<u>4,936,169</u>	<u>22</u>
21XX	Current liabilities		<u>8,007,431</u>	<u>33</u>	<u>11,876,385</u>	<u>53</u>
Non-current liabilities						
2530	Corporate debt payable	6(18)	1,234,758	5	-	-
2540	Long-term borrowings	6(19)	6,805,226	28	2,470,274	11
2570	Deferred tax liabilities	6(32)	507,770	2	383,396	2
2580	Lease liabilities		22,490	-	-	-
2600	Other non-current liabilities	7(2)	<u>19,277</u>	<u>-</u>	<u>69,140</u>	<u>-</u>
25XX	Non-current liabilities		<u>8,589,521</u>	<u>35</u>	<u>2,922,810</u>	<u>13</u>
2XXX	Total liabilities		<u>16,596,952</u>	<u>68</u>	<u>14,799,195</u>	<u>66</u>
Equity attributable to owners of parent						
Share capital						
		6(22)				
3110	Common stock		2,237,943	9	2,197,254	10
Capital surplus						
		6(23)				
3200	Capital surplus		3,704,303	15	3,481,455	16
Retained earnings						
		6(24)				
3310	Legal reserve		886,364	4	886,364	4
3320	Special reserve		821,858	3	454,434	2
3350	Unappropriated retained earnings		1,302,954	5	1,303,446	6
Other equity interest						
		6(25)				
3400	Other equity interest		(1,088,512)	(4)	(821,857)	(4)
3500	Treasury stocks	6(22)	(126,986)	-	(126,986)	(1)
31XX	Equity attributable to owners of the parent		<u>7,737,924</u>	<u>32</u>	<u>7,374,110</u>	<u>33</u>
36XX	Non-controlling interest		<u>130,289</u>	<u>-</u>	<u>135,400</u>	<u>1</u>
3XXX	Total equity		<u>7,868,213</u>	<u>32</u>	<u>7,509,510</u>	<u>34</u>
Significant contingent liabilities and unrecognised contract commitments						
		9				
Significant events post balance sheet						
		11				
3X2X	Total liabilities and equity		<u>\$ 24,465,165</u>	<u>100</u>	<u>\$ 22,308,705</u>	<u>100</u>

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

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share)

	Items	Notes	Years ended December 31,			
			2019		2018	
			Amount	%	Amount	%
4000	Operating revenue	6(26) and 7(2)	\$ 25,596,853	100	\$ 31,457,377	100
5000	Operating costs	6(6)(30)	(22,770,761)	(89)	(29,554,052)	(94)
5900	Gross profit		<u>2,826,092</u>	<u>11</u>	<u>1,903,325</u>	<u>6</u>
	Operating expenses	6(30) and 7(2)				
6100	Selling expenses		(1,232,516)	(5)	(1,107,214)	(3)
6200	General and administrative expenses		(1,090,426)	(4)	(1,142,646)	(4)
6300	Research and development expenses		(321,841)	(1)	(374,002)	(1)
6450	Expected credit gain	12(2)	<u>8,777</u>	<u>-</u>	<u>2,157</u>	<u>-</u>
6000	Total operating expenses		(2,636,006)	(10)	(2,621,705)	(8)
6900	Operating profit (loss)		<u>190,086</u>	<u>1</u>	(718,380)	(2)
	Non-operating income and expenses					
7010	Other income	6(27) and 7(2)	198,893	1	156,523	-
7020	Other gains and losses	6(28)	114,941	1	(39,219)	-
7050	Finance costs	6(29)	(181,541)	(1)	(214,568)	(1)
7060	Share of profit of associates and joint ventures accounted for under equity method	6(8)	<u>328,496</u>	<u>1</u>	<u>566,979</u>	<u>2</u>
7000	Total non-operating income and expenses		<u>460,789</u>	<u>2</u>	<u>469,715</u>	<u>1</u>
7900	Profit (loss) before tax		650,875	3	(248,665)	(1)
7950	Income tax (expense) benefit	6(32)	(209,106)	(1)	<u>18,821</u>	<u>-</u>
8200	Profit (loss) for the year		<u>\$ 441,769</u>	<u>2</u>	<u>(\$ 229,844)</u>	<u>(1)</u>

(Continued)

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share)

Items	Notes	Years ended December 31,				
		2019		2018		
		Amount	%	Amount	%	
Other comprehensive income						
Components of other comprehensive income (loss) that will not be reclassified to profit or loss						
8311	Remeasurements of defined benefit plans	6(20)	1,053	- (\$	3,034)	-
8316	Unrealised gain (loss) on valuation of financial assets at fair value through other comprehensive income	6(25)	(29,988)	- (	314,779)	(1)
8320	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method, components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(25)	(29,558)	-	37,535	-
8349	Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(32)	(1,237)	-	84	-
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss		(59,730)	-	(280,194)	(1)
Components of other comprehensive income (loss) that may be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations	6(25)	(251,880)	(1)	(191,297)	-
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method - components of other comprehensive income (loss) that may be reclassified to profit or loss	6(25)	(1,203)	-	318	-
8399	Income tax related to components of other comprehensive income (loss) that may be reclassified to profit or loss	6(32)	49,084	-	45,346	-
8360	Components of other comprehensive income (loss) that may be reclassified to profit or loss		(203,999)	(1)	(145,633)	-
8300	Total other comprehensive income (loss) for the year		(\$ 263,729)	(1)	(\$ 425,827)	(1)
8500	Total comprehensive income (loss) for the year		\$ 178,040	1	(\$ 655,671)	(2)
Profit (loss), attributable to:						
8610	Owners of the parent		445,598	2	(\$ 178,971)	(1)
8620	Non-controlling interest		(\$ 3,829)	-	(\$ 50,873)	-
Comprehensive income (loss) attributable to:						
8710	Owners of the parent		\$ 189,530	1	(\$ 582,566)	(2)
8720	Non-controlling interest		(\$ 11,490)	-	(\$ 73,105)	-
9750	Basic earnings (loss) per share	6(33)	\$ 2.04		(\$ 0.82)	
9850	Diluted earnings (loss) per share	6(33)	\$ 1.88		(\$ 0.82)	

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

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of parent																						
		Retained Earnings					Other Equity Interest																	
							Cumulative translation differences of foreign operations		Unrealised gains (losses) of financial assets at fair value through other comprehensive income		Unrealized gain or loss on available-for-sale financial assets	Treasury stock	Total	Non-controlling interest	Total equity									
Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	foreign operations	comprehensive income	available-for-sale financial assets	Treasury stock	Total	Non-controlling interest	Total equity												
2018																								
	\$	2,241,724	\$	3,538,063	\$	700,393	\$	138,382	\$	3,364,730	-\$	320,835	\$	-	(\$	133,599)	(\$	265,166)	\$	9,263,692	\$	209,469	\$	9,473,161
		-	-	-	-	290,631	-	(433,979)	133,599	-	(9,749)	-	(9,749)	-	-	-	-	-	-	-	-	-	(9,749)	
		2,241,724	3,538,063	700,393	138,382	3,655,361	(320,835)	(433,979)	-	(265,166)	9,253,943	209,469	9,463,412											
		-	-	-	-	(178,971)	-	-	-	(178,971)	(50,873)	(229,844)												
		-	-	-	-	(2,557)	(123,401)	(277,637)	-	(403,595)	(22,232)	(425,827)												
		-	-	-	-	(181,528)	(123,401)	(277,637)	-	(582,566)	(73,105)	(655,671)												
Appropriations of 2017 net income																								
		-	-	185,971	-	(185,971)	-	-	-	-	-	-												
		-	-	-	316,052	(316,052)	-	-	-	-	-	-												
		-	-	-	-	(1,309,124)	-	-	-	(1,309,124)	-	(1,309,124)												
		-	-	-	-	(333,995)	-	333,995	-	-	-	-												
		-	19,476	-	-	(7,619)	-	-	-	11,857	(11,857)	-												
		(44,470)	(76,084)	-	-	(17,626)	-	-	-	138,180	-	-												
		-	-	-	-	-	-	-	-	-	10,893	10,893												
	\$	2,197,254	\$	3,481,455	\$	886,364	\$	454,434	\$	1,303,446	(\$	444,236)	(\$	377,621)	\$	-	(\$	126,986)	\$	7,374,110	\$	135,400	\$	7,509,510
2019																								
	\$	2,197,254	\$	3,481,455	\$	886,364	\$	454,434	\$	1,303,446	(\$	444,236)	(\$	377,621)	\$	-	(\$	126,986)	\$	7,374,110	\$	135,400	\$	7,509,510
		-	-	-	-	445,598	-	-	-	445,598	(3,829)	441,769												
		-	-	-	-	842	(196,338)	(60,572)	-	(256,068)	(7,661)	(263,729)												
		-	-	-	-	446,440	(196,338)	(60,572)	-	189,530	(11,490)	178,040												
Appropriations of 2018 net income																								
		-	-	-	367,424	(367,424)	-	-	-	-	-	-												
		-	-	-	-	(43,637)	-	-	-	(43,637)	-	(43,637)												
		-	58,800	-	-	-	-	-	-	58,800	-	58,800												
		40,689	163,674	-	-	-	-	-	-	204,363	-	204,363												
		-	374	-	-	-	-	-	-	374	-	374												
		-	-	-	-	(6,379)	-	-	-	(6,379)	6,379	-												
		-	-	-	-	(39,237)	-	-	-	(39,237)	-	(39,237)												
		-	-	-	-	9,745	-	(9,745)	-	-	-	-												
	\$	2,237,943	\$	3,704,303	\$	886,364	\$	821,858	\$	1,302,954	(\$	640,574)	(\$	447,938)	\$	-	(\$	126,986)	\$	7,737,924	\$	130,289	\$	7,868,213

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

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31,	
		2019	2018
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit (loss) before tax for the year		\$ 650,875	(\$ 248,665)
Adjustments			
Income and expenses having no effect on cash flows			
Depreciation on property, plant and equipment	6(30)	252,788	259,568
Depreciation on investment property	6(28)	8,573	9,275
Depreciation on right-of-use assets	6(30)	46,065	-
Amortisation expense on intangible assets	6(30)	69,400	28,852
Expected credit (gain) loss	12(2)	(8,777)	(2,157)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	6(28)	78,160	12,835
Interest expense	6(29)	181,541	214,568
Interest income	6(27)	(37,494)	(33,061)
Dividend income	6(27)	(41,215)	(42,555)
Share of profit of associates and joint ventures accounted for under equity method	6(8)	(328,496)	(566,979)
Loss (gain) on disposal of property, plant and equipment	6(28)	10,933	2,402
Gain on disposal of investment property	6(28)	(233,794)	-
Loss (gain) on disposal of intangible assets	6(28)	102	(247)
Gain on disposal of investment accounted for under equity method	6(28)	(1,023)	-
Impairment loss on investment accounted for under equity method	6(28)	21,143	41,518
Impairment loss on investment property	6(28)	172,246	125,453
Impairment loss on intangible assets	6(28)	10,193	-
Loss on disposal of biological assets		305	54
Gain on lease modification	6(28)	(242,678)	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss		(1,153,238)	192,218
Notes receivable, net		34,560	(34,525)
Accounts receivable, net		(157,824)	713,831
Accounts receivable-related parties, net		(127,146)	9,783
Other receivables		46,258	148,386
Other receivables-related parties		(1,244)	(2,557)
Inventories		(1,996,210)	3,811,529
Prepayments		100,456	(23,650)
Net changes in liabilities relating to operating activities			
Contract liabilities-current		(8,822)	(15,692)
Notes payable		(3,674)	(479)
Accounts payable		1,200,093	(1,510,852)
Other payables		44,093	98,605
Provisions-current		(5,554)	2,109
Other current liabilities		33,343	21,346
Other non-current liabilities		(42,204)	43,260
Cash (outflow) inflow generated from operations		(1,428,266)	3,254,173
Dividend received		491,215	374,065
Interest paid		(174,446)	(213,990)
Income tax paid		(108,966)	(402,789)
Net cash (used in) provided by operating activities		(1,220,463)	3,011,459

(Continued)

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31,	
		2019	2018
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at fair value through other comprehensive income-non-current		(\$ 326,902)	(\$ 804,360)
Proceeds from disposal of financial assets at fair value through other comprehensive income-non-current		634,613	65,056
Proceeds from capital reduction of financial assets at fair value through other comprehensive income		-	18,477
Acquisition of investments accounted for under equity method	7(2)	(80,665)	(122,738)
Proceeds from disposal of investments accounted for under equity method		8,864	-
Proceeds from capital reduction of investments accounted for under equity method	7(2)	18,711	141,810
Acquisition of property, plant and equipment	6(35)	(87,950)	(79,354)
Proceeds from disposal of property, plant and equipment		43,385	2,639
Proceeds from disposal of investment property		926,812	-
Acquisition of intangible assets	6(13)	(12,533)	(7,939)
Proceeds from disposal of intangible assets		-	881
Proceeds from disposal of right-of-use assets		289,028	-
Increase in refundable deposits		(39,722)	(32,385)
Decrease in refundable deposits		11,695	21,576
(Increase) decrease in other current assets		13,307	24,238
Increase in biological assets		(539)	(21)
Increase in other non-current assets		(141,893)	(6,091)
Interest received		37,654	33,352
Net cash provided by (used in) investing activities		1,293,865	(744,859)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase (decrease) in short-term borrowings	6(36)	(523,814)	(2,040,210)
Increase in short-term notes and bills payable	6(36)	100,000	400,000
Issuance of convertible bonds		1,495,000	-
Proceeds from long-term loans	6(36)	51,808,201	24,051,571
Repayment for long-term loans	6(36)	(52,267,990)	(23,828,931)
Increase in guarantee deposits received		31,954	1,174
Decrease in guarantee deposits received		(39,279)	(2,957)
Payments of lease liabilities	6(36)	(48,503)	-
Payment of cash dividends	6(24)	(43,637)	(1,309,124)
Changes in non-controlling interest		-	10,893
Net cash provided by (used in) by financing activities		511,932	(2,717,584)
Effects of changes in foreign exchange rates		(176,391)	(69,167)
Increase (decrease) in cash and cash equivalents		408,943	(520,151)
Cash and cash equivalents at beginning of the year		1,723,840	2,243,991
Cash and cash equivalents at end of the year		\$ 2,132,783	\$ 1,723,840

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

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

- (1) ADATA TECHNOLOGY CO., LTD. (the “Company”) was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) in May 2001. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacture of electronic components, wholesale, manufacture and export of electronic materials, investments, biotechnology development and agriculture.
- (2) The Company’s shares have been traded on the Taipei Exchange since October 2004.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 27, 2020.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRSs”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretation and amendments endorsed by FSC effective from 2019 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 9, ‘Prepayment features with negative compensation’	January 1, 2019
IFRS 16, ‘Leases’	January 1, 2019
Amendments to IAS 19, ‘Plan amendment, curtailment or settlement’	January 1, 2019
Amendments to IAS 28, ‘Long-term interests in associates and joint ventures’	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's consolidated financial condition and consolidated financial performance based on the Group's assessment.

IFRS 16, 'Leases':

- A. IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.
- B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' by \$134,006, increased 'lease liability' by \$50,267 and decreased other non-current assets by \$83,739 with respect to the lease contracts of lessees on January 1, 2019.
- C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:
 - (a) Reassessment as to whether a contract is, or contains, a lease is not required, instead, the application of IFRS 16 depends on whether or not the contracts were previously identified as leases applying IAS 17 and IFRIC 4.
 - (b) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of \$12,841 was recognised in 2019.
 - (c) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.
 - (d) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- D. The Group calculated the present value of lease liabilities by using the weighted average incremental borrowing interest rate range from 1.50% to 4.80%.
- E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

	<u>Amount</u>
Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	\$ 64,634
Less: Short-term leases	(12,841)
Less: Low-value assets	<u>(315)</u>
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	<u>\$ 51,478</u>
Incremental borrowing interest rate at the date of initial application	1.50%~4.80%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	<u>\$ 50,267</u>

(2)Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure Initiative-Definition of Material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020

The above standards and interpretations have no significant impact to the Group’s consolidated financial condition and consolidated financial performance based on the Group’s assessment.

(3)IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
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 International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2021

<u>New Standards, Interpretations and Amendments</u>	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s consolidated financial condition and consolidated financial performance based on the Group’s assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These consolidated financial statements of the Group are prepared in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets and liabilities at fair value through other comprehensive income.
- (c) Defined benefit liabilities are recognised based on the net amount of pension fund assets and the present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- (d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
ADATA TECHNOLOGY CO., LTD.	ZHAO-XING INVESTMENT CO., LTD.	General investments	100	100	-
ADATA TECHNOLOGY CO., LTD.	AVIP TECHNOLOGY CO., LTD.	Manufacturing and trading of electronic components and computer peripheral	100	100	-
ADATA TECHNOLOGY CO., LTD.	CI CAI GUANG AGRICULTURAL BIOTECHNOLOGY CO., LTD.	Agricultural biotech related business	100	100	-
ADATA TECHNOLOGY CO., LTD.	JIOU LONG AGRICULTURAL BIOTECHNOLOGY CO., LTD.	Agricultural biotech related business	100	100	-
ADATA TECHNOLOGY CO., LTD.	LONG TIAN AGRICULTURAL BIOTECHNOLOGY CO., LTD.	Agricultural biotech related business	100	100	-
ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (U.S.A.) CO., LTD.	Trading of electronic materials and components	100	100	-

Investor	Subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
ADATA TECHNOLOGY CO., LTD.	ADATA INTERNATIONAL (BVI) CO., LTD.	General investments	-	100	Note 6
ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY B.V.	Trading of electronic materials and components	100	100	-
ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (KOREA) CO., LTD.	Trading of electronic components and computer peripheral	100	100	-
ADATA TECHNOLOGY CO., LTD.	MACHDATA INTERMENDIACAO DE NEGOCIOS LTDA	Trading of electronic materials and components	100	100	-
ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (JAPAN) CO., LTD.	Trading of electronic materials and components	100	100	-
ADATA TECHNOLOGY CO., LTD.	ADATA HOLDINGS CO., LTD.	General investments	100	100	-
ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY MEXICO SDRL DE CV	Trading of electronic materials and components	100	100	-
ADATA TECHNOLOGY CO., LTD.	ALLIED TREASURE INC. LIMITED	General investments	100	100	-
ADATA TECHNOLOGY CO., LTD.	JET CASTLE LIMITED	Development and manufacture of earphone	100	100	-
ADATA TECHNOLOGY CO., LTD.	AROBOT INNOVATION (SAMOA) HOLDINGS CO., LTD.	General investments	74.63	74.63	Note 2
ZHAO-XING INVESTMENT CO., LTD.	AROBOT INNOVATION CO., LTD.	Other machinery manufacturing	52.46	31.93	Note 1
ADATA HOLDINGS CO., LTD.	ADATA TECHNOLOGY HOLDINGS CO., LTD.	General investments	100	100	-
ADATA HOLDINGS CO., LTD.	ADATA INVESTMENT CO., LTD.	General investments	100	100	-
ADATA HOLDINGS CO., LTD.	ADATA TECHNOLOGY (INDIA) PVT. LTD.	Trading of electronic components and computer peripheral	100	100	-
ADATA HOLDINGS CO., LTD.	ADATA CAPITAL CO., LTD.	General investments	100	100	-
ADATA INVESTMENT CO., LTD.	AROBOT INNOVATION (SAMOA) HOLDINGS CO., LTD.	General investments	25.37	25.37	Note 2
ADATA TECHNOLOGY HOLDINGS CO., LTD.	ADATA TECHNOLOGY (HK) CO., LTD.	Trading of electronic materials and components	100	100	-
ADATA TECHNOLOGY (HK) CO., LTD.	ADATA TECHNOLOGY (SUZHOU) CO., LTD.	Manufacturing of electronic components and computer peripheral	100	100	-
ADATA TECHNOLOGY (HK) CO., LTD.	ADVANCED DATA TECHNOLOGY (SUZHOU) CO., LTD.	Manufacturing of electronic components and computer peripheral	100	100	-
ADATA TECHNOLOGY (HK) CO., LTD.	ADATA ELECTRONICS (SHANGHAI) CO., LTD.	Trading of electronic materials and components	100	100	-

Investor	Subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2019	December 31, 2018	
ADATA TECHNOLOGY (HK) CO., LTD.	ADATA TECHNOLOGY (SHANDONG) CO., LTD.	Trading of electronic materials and components	100	100	Note 3
MACHDATA INTERMEDIACAO DE NEGOCIOS LTDA	ADATA INTEGRATION BRAZIL S/A	Design, manufacture and trading of semiconductor components	80.49	80.49	-
MACHDATA INTERMEDIACAO DE NEGOCIOS LTDA	ADATA ELECTRONICS BRAZIL S/A	Manufacturing of electronic components and computer components	80.49	80.49	-
JET CASTLE LIMITED	ERATO (CAYMAN) HOLDINGS CO., LTD.	General investments	-	100	Note 8
JET CASTLE LIMITED	ERATO (HK) CORPORATION LIMITED	Development and manufacture of earphone	100	-	Note 7
ERATO (CAYMAN) HOLDINGS CO., LTD.	ERATO WIRELESS AUDIO TECHNOLOGY CO., LTD	Development and manufacture of earphone	-	100	Note 5
ERATO (CAYMAN) HOLDINGS CO., LTD.	ERATO (HK) CORPORATION LIMITED	Development and manufacture of earphone	-	100	Note 7
ERATO (HK) CORPORATION LIMITED	ERATO (SZ) CORPORATION LIMITED	Development and manufacture of earphone	100	100	Note 4
AROBOT INNOVATION (SAMOA) HOLDINGS CO., LTD.	AROBOT INNOVATION (HK) CO., LTD.	General investments	100	100	-
AROBOT INNOVATION (HK) CO., LTD.	AROBOT INNOVATION CO., LTD.	Other machinery manufacturing	47.54	47.54	Note 1
AROBOT INNOVATION CO., LTD.	AROBOT ARTIFICIAL INTELLIGENCE TECHNOLOGY (SUZHOU) CO., LTD.	R&D, manufacturing and sales of robots and electronic components	-	100	Note 9

Aside from the subsidiaries, Adata Integration Brazil S/A and Adata Electronics Brazil S/A, were audited by other independent accountants, remaining subsidiaries were audited by the Company's appointed independent accountant.

Note 1: The Company's subsidiary, Arobot Innovation (HK) Co., Ltd. originally held 93.55% of Arobot Innovation Co., Ltd. In the third quarter of 2018, the Company non-proportionately participated in the capital increase raised by Arobot Innovation Co., Ltd. through the Company's subsidiary, Zhao-Xing Investment Co., Ltd., causing the Group's comprehensive shareholding ratio decreased to 60.08%. In the fourth quarter of 2018, the Company acquired Arobot Innovation Co., Ltd.'s non-controlling interest through the Company's subsidiary, Zhao-Xing Investment Co., Ltd., causing the Group's comprehensive shareholding ratio increased to 79.47%. In the second quarter of 2019, the Company acquired Arobot Innovation Co., Ltd.'s non-controlling interest through the Company's subsidiary, Zhao-Xing Investment Co., Ltd. in, causing the Group's comprehensive shareholding ratio increased to 100%.

Note 2: The Company originally held 74.63% equity interests in Arobot Innovation (Samoa) Holdings Co., Ltd. In the fourth quarter of 2018, the Company's subsidiary, Adata Investment Co., Ltd., transferred its held non-controlling interests in the subsidiary, Arobot Innovation (Samoa) Holdings Co., Ltd., to the Company without any consideration, and the Group's comprehensive shareholding ratio increased to 100%.

Note 3: Adata Technology (Suzhou) Co., Ltd. was approved to be deregistered by Rushan City's supervisory authority on April 26, 2017, and the investee was liquidated. On February 15, 2020, the deregistration was approved by the Investment Commission, MOEA.

Note 4: Erato (SZ) Corporation Limited was approved to be deregistered by Suzhou Industrial Park's supervisory authority on December 7, 2018, and the investee was liquidated. However, the deregistration is pending for approval from the Investment Commission, MOEA.

Note 5: Erato Wireless Audio Technology Co., Ltd. was approved to be deregistered by California Secretary of State on January 2, 2019, and the investee was liquidated.

Note 6: Adata International (Bvi) Co., Ltd. was approved to be deregistered by British Virgin Islands on July 22, 2019, and the investee was liquidated.

Note 7: The Company's subsidiary, Erato (Cayman) Holdings Co., Ltd., originally held 100% equity interests in Erato (HK) Corporation Limited. In the third quarter of 2019, the Group conducted organisational restructuring, therefore, a 100% equity interest of Erato (HK) Corporation Limited was held by the Company's subsidiary, Jet Castle Limited.

Note 8: Erato (Cayman) Holdings Co., Ltd. was approved to be deregistered by Cayman Islands on October 2, 2019, and the investee was liquidated.

Note 9: Arobot Artificial Intelligence Technology (Suzhou) Co., Ltd. was approved to be deregistered by Suzhou Industrial Park's supervisory authority on October 18, 2019, and the investee was liquidated. On November 6, 2019, the deregistration was approved by the Investment Commission, MOEA.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translations

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within other gains and losses.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the exchange rates prevailing at the date of that balance sheet;
- (b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
- (c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. 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.

(6) Cash and cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above definition and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

D. The Group recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

- B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.
- D. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(11) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Leasing arrangements (lessor)-operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using weighted-average method. The cost of finished goods and work-in-process comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item-by-item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(15) Investments accounted for under the equity method/associates and joint ventures

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.
- F. The Group's interest in joint ventures is accounted for in the consolidated financial statements using the equity method. Unrealised profits and losses arising from the transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. However, when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, all such losses shall be recognised immediately. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

(16) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each component of property, plant and equipment that is significant is depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20~50 years
Machinery and equipment	2~10 years
Office equipment	2~ 6 years
Others	1~10 years

(17) Leasing arrangements (lessee)-right-of-use assets/lease liabilities/leases (lessee)

Effective 2019

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

Prior to 2019

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(18) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(19) Intangible assets

Intangible assets, mainly computer software and acquired special technology, are amortised on a straight-line basis, and their estimated useful lives are as follows:

Computer software	1~10 years
Acquired special technology	10 years

(20) Biological assets

Biological assets shall be measured at fair value. However, biological assets may be measured at accumulated cost if the fair value can not be obtained from the active market, and the alternative estimation of the fair value is obviously not reliable. Accumulated cost includes the initial acquisition cost and the capitalised cultivation cost. Biological assets will be reclassified as inventory and measured at fair value when biological assets are available for sales.

(21) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognised in profit or loss. Such recovery of impairment loss shall not result to the asset's carrying amount greater than its amortised cost where no impairment loss was recognised.

(22) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings and other long-term and short-term loans. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(23) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(24) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(25) Convertible bonds payable

Convertible bonds issued by the Group contain conversion right (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options, and put options. The Group classifies the convertible bonds upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. Details as follows:

- A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation by using the effective interest method.
- C. The embedded conversion right which meet the definition of an equity instrument are initially recognised in 'capital surplus-share options' at the residual amount of total issuance proceed less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion right is not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion right, the liability component of the bonds (including bonds payable and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(26) Derecognition of financial liabilities

A financial liabilities is derecognised when the obligation under the liability specified in the contract is either discharged or cancelled or expires.

(27) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(28) Provisions for other liabilities

Provisions (including warranties and contingent liabilities from business combinations, etc.) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(29) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.
- ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(30) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(31) Share capital

- A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.
- B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(32) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(33) Revenue recognition

A. Sales of goods

- (a) The Group manufactures and sells memory and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- (b) Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales returns, volume discounts and sales discounts. Annual expected purchase and accumulated experience is used to estimate and provide for the volume discounts and sales discounts and allowances, which was recognised as refund liabilities, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date.
- (c) The sales usually are made with a credit term of cash on delivery and 90 days after monthly billings. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- (d) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.
- (e) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Sales of services

- (a) The Group provides LED instalment services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided up to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the proportion of contract costs incurred for services performed as of the financial reporting date to the estimated total costs for the service contract.
- (b) The Group's revenues, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

(34) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(35) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Investment property

The Group uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the own-use portion was immaterial.

(2) Critical accounting estimates and assumptions

A. Assessment of accounts receivable

The Company manages collections and assume the related credit risks for their receivables. Management assesses customers' credit quality and collections periodically and adjusts customers' credit policies accordingly. In addition, impairment assessment of accounts receivable was implemented in accordance with IFRS 9. The Group applies the modified approach using provision matrix to estimate expected credit loss under the provision matrix basis. The Group took into account factors that may influence customers' ability to pay, such as individual customer's past due period, financial status and economic condition at the balance sheet date and historical experience, and used the forecastability to assess the default possibility of accounts receivable.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

C. Impairment assessment of land

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets and the future possible income and expenses arising from the assets depending on how assets are utilised, valuation method and industrial characteristics, which may be changed because any changes of economic circumstances or estimates due to the change of Group strategy.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash on hand and revolving funds	\$ 717	\$ 848
Checking accounts and demand deposits	1,747,517	1,067,620
Time deposits	384,549	655,372
	<u>\$ 2,132,783</u>	<u>\$ 1,723,840</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Information about the cash and cash equivalents that was pledged to others as collaterals and listed as other current assets is provided in Note 6(7) and 8.

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
-Listed (TSE and OTC) stocks	\$ 1,015,386	\$ 212,214
-Beneficiary certificates	22,300	39,930
-Put and call options of convertible bonds	2,704	-
-Financial products	<u>370,456</u>	<u>-</u>
	1,410,846	252,144
Valuation adjustment	(135,965)	(46,439)
	<u>\$ 1,274,881</u>	<u>\$ 205,705</u>

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current items:		
Financial liabilities held for trading		
- Derivatives	<u>\$ 468</u>	<u>\$ -</u>

A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	<u>Years ended December 31, 2019</u>	
	<u>2019</u>	<u>2018</u>
<u>Financial assets and liabilities at fair value through profit or loss</u>		
-Listed stocks, beneficiary certificates and financial products	(\$ 97,480)	(\$ 36,923)
-Non-hedging derivatives	10,246	24,088
-Put and call options of convertible bonds	<u>9,074</u>	<u>-</u>
	<u>(\$ 78,160)</u>	<u>(\$ 12,835)</u>

B. The Group entered into contracts relating to derivative financial liabilities which were not accounted for under hedge accounting. The information is listed below:

	<u>December 31, 2019</u>	
	Contract amount (in thousands)	Contract period
<u>Derivative instruments</u>	<u>(notional principal)</u>	<u>Contract period</u>
Current items:		
Forward foreign exchange contracts		
Sell BRL/Buy USD	USD 1,000	December 12, 2019 to January 13, 2020

No such transaction was made as of December 31, 2018.

The Group entered into the forward foreign exchange contracts to hedge exchange rate risk. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

C. The Group has no financial assets at fair value through profit or loss pledged to others.

D. Information relating to credit risk is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Non-current items-equity instruments:		
-Listed stocks and emerging stocks	\$ 430,318	\$ 975,930
-Unlisted stocks, non-emerging stocks and capital contribution certificate	<u>797,325</u>	<u>520,386</u>
	1,227,643	1,496,316
Valuation adjustment	(423,341)	(388,306)
	<u>\$ 804,302</u>	<u>\$ 1,108,010</u>

A. The Group has elected to classify equity instruments that are considered to be strategic investments as financial assets at fair value through other comprehensive income.

B. Due to financial management, the Group sold equity investments at fair value amounting to \$634,613 and \$65,056 as well as recognised accumulated gains (losses) on disposal amounting to \$5,047 and (\$312,317) for the years ended December 31, 2019 and 2018, respectively.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Fair value change recognised in other comprehensive income	(\$ 29,988)	(\$ 314,779)
earnings		
due to derecognition	<u>\$ 5,047</u>	<u>(\$ 312,317)</u>
Dividend income recognised in profit or loss		
Held at end of year	\$ 6,355	\$ 35,105
Derecognised during the year	<u>23,634</u>	<u>1</u>
	<u>\$ 29,989</u>	<u>\$ 35,106</u>

D. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group was its carrying amount.

E. The Group's has no financial assets at fair value through other comprehensive income pledged to others as collateral.

F. Information relating to credit risk is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2019	December 31, 2018
Notes receivable	\$ 3,503	\$ 38,063
Accounts receivable	\$ 2,903,645	\$ 2,845,970
Accounts receivable-related parties	130,448	3,302
	<u>3,034,093</u>	<u>2,849,272</u>
Less: Allowance for uncollectible accounts	(16,823)	(31,197)
	<u>\$ 3,017,270</u>	<u>\$ 2,818,075</u>
Overdue receivables (shown as other non-current assets)	\$ 9,390	\$ 22,002
Less: Allowance for uncollectible accounts	(9,390)	(22,002)
	<u>\$ -</u>	<u>\$ -</u>

Overdue receivables refer to the amount that were outsourced for debt collections or were in debt litigations, or the balance at risk that were reported to insurance companies.

A. The ageing analysis of notes and accounts receivable is as follows:

	December 31, 2019		
	Notes receivable	Accounts receivable	Total
Note past due	\$ 3,503	\$ 2,612,277	\$ 2,615,780
1 to 90 days	-	419,029	419,029
Over 90 days	-	2,787	2,787
	<u>\$ 3,503</u>	<u>\$ 3,034,093</u>	<u>\$ 3,037,596</u>
	December 31, 2018		
	Notes receivable	Accounts receivable	Total
Note past due	\$ 38,063	\$ 2,525,575	\$ 2,563,638
1 to 90 days	-	302,324	302,324
Over 90 days	-	21,373	21,373
	<u>\$ 38,063</u>	<u>\$ 2,849,272</u>	<u>\$ 2,887,335</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2019 and 2018, notes and accounts receivable were all from contracts with customers. And as of January 1, 2018, the balance of notes and accounts receivables from contracts with customers amounted to \$3,538 and \$3,740,956, respectively.

C. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable held by the Group were their carrying amounts.

D. No collateral was held by the Group for above mentioned notes and accounts receivable.

E. Information relating to credit risk is provided in Note 12(2).

(5) Transfer of financial assets

For the years ended December 31, 2019 and 2018, the Group entered into a factoring agreement with banks to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognised the transferred accounts receivable, and the related information is as follows:

(USD amounts in thousands)

December 31, 2019						
Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Amount available for advance	Interest rate of amount advanced
Mega International Commercial Bank	\$ 244,320 (USD 8,149)	\$ 244,320 (USD 8,149)	USD 28,000	\$ 219,889 (USD 7,335)	\$ - (USD -)	Note 1
Bank of Taiwan	292,362 (USD 9,752)	292,362 (USD 9,752)	USD 26,000	263,126 (USD 8,777)	- (USD -)	Note 1
Bank of Taiwan	54,635	54,635	\$ 155,100	49,172	-	Note 1
Standard Chartered Bank	120,579 (USD 4,022)	120,579 (USD 4,022)	USD 9,500	108,521 (USD 3,620)	- (USD -)	Note 1
CTBC Bank	120,701 (USD 4,026)	120,701 (USD 4,026)	USD 12,000	96,561 (USD 3,220)	- (USD -)	Note 1
	<u>\$ 832,597</u>	<u>\$ 832,597</u>		<u>\$ 737,269</u>	<u>\$ -</u>	

(USD amounts in thousands)

December 31, 2018

Purchaser of accounts receivable	Accounts receivable transferred	Amount derecognised	Facilities	Amount advanced	Amount available for advance	Interest rate of amount advanced
Mega International Commercial Bank	\$ 233,661 (USD 7,607)	\$ 233,661 (USD 7,607)	USD 30,000	\$ 210,295 (USD 6,847)	\$ - (USD -)	Note 2
O-Bank	146,398 (USD 4,766)	146,398 (USD 4,766)	USD 9,500	131,759 (USD 4,290)	- (USD -)	Note 2
Bank of Taiwan	111,147 (USD 3,619)	111,147 (USD 3,619)	USD 23,000	100,033 (USD 3,257)	- (USD -)	Note 2
Bank of Taiwan	60,712	60,712	\$ 152,300	54,641	-	Note 2
Standard Chartered Bank	20,926 (USD 681)	20,926 (USD 681)	USD 3,500	18,833 (USD 613)	- (USD -)	Note 2
CTBC Bank	281,042 (USD 9,150)	281,042 (USD 9,150)	USD 12,000	224,834 (USD 7,320)	- (USD -)	Note 2
	<u>\$ 853,886</u>	<u>\$ 853,886</u>		<u>\$ 740,395</u>	<u>\$ -</u>	

As of December 31, 2019 and 2018, the Group has retention for the factoring of accounts receivable (shown as "Other receivables") amounting to \$95,328 and \$113,491, respectively.

Note 1: The advanced amount carried the interest rate of 1.227%~2.791% as at December 31, 2019.

Note 2: The advanced amount carried the interest rate of 1.227%~4.123% as at December 31, 2018.

(6) Inventories

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 1,210,482	(\$ 18,380)	\$ 1,192,102
Work in progress	2,043,869	(4,187)	2,039,682
Semi-finished goods	84,105	(1,256)	82,849
Finished goods	1,676,406	(78,101)	1,598,305
	<u>\$ 5,014,862</u>	<u>(\$ 101,924)</u>	<u>\$ 4,912,938</u>

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 674,838	(\$ 29,432)	\$ 645,406
Work in progress	839,353	(9,396)	829,957
Semi-finished goods	68,034	(2,752)	65,282
Finished goods	1,451,050	(74,967)	1,376,083
	<u>\$ 3,033,275</u>	<u>(\$ 116,547)</u>	<u>\$ 2,916,728</u>

A. Inventories are not pledged as collateral.

B. The cost of inventories recognised as expense for the year:

	<u>Years ended Decmeber 31,</u>	
	<u>2019</u>	<u>2018</u>
Cost of goods sold	\$ 22,724,763	\$ 29,467,958
(Gain on reversal of) loss on decline in market value	(13,340)	(260)
Others	<u>59,338</u>	<u>86,354</u>
	<u>\$ 22,770,761</u>	<u>\$ 29,554,052</u>

Gain on reversal was caused by the decrease in allowance for valuation loss arising from sales of inventories with allowance for valuation loss.

(7) Other current assets

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Restricted deposit	\$ 637,477	\$ 637,801
Other financial assets	-	16,099
Time deposit mature in excess of three months	25,830	-
Others	<u>91,447</u>	<u>111,161</u>
	<u>\$ 754,754</u>	<u>\$ 765,061</u>

Please refer to Note 8 for details of other current assets pledged as collaterals.

(8) Investments accounted for using the equity method

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Associates:		
LIWANLI Innovation Co., Ltd.	\$ 1,055,326	\$ 1,132,744
IROC CO., LTD.	530,481	521,713
Others	<u>290,271</u>	<u>303,336</u>
	1,876,078	1,957,793
Joint ventures:		
Taiwan Sports Lottery Co., Ltd.	<u>915,913</u>	<u>1,009,721</u>
	<u>\$ 2,791,991</u>	<u>\$ 2,967,514</u>

The investment gain accounted for using the equity method for the years ended December 31, 2019 and 2018 amounted to \$328,496 and \$566,979, respectively, based on the audited financial statements.

In addition, movement of the Group's investment accounted for using equity method is provided in table 9 and 10.

A. Associates

(a) The basic information of the associates that are material to the Group is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Methods of measurement
		December 31, 2019	December 31, 2018		
LIWANLI Innovation Co., Ltd.	Taiwan	49.28%	45.67%	Associates	Equity method

(b) The summarised financial information of the associates, LIWANLI Innovation Co., Ltd. that are material to the Group is as follows:

i. Balance sheet

	LIWANLI Innovation Co., Ltd.	
	December 31, 2019	December 31, 2018
Current assets	\$ 708,791	\$ 525,525
Non-current assets	425,207	702,856
Current liabilities	(161,463)	(32,584)
Non-current liabilities	(6,748)	(4,424)
Total net assets	<u>\$ 965,787</u>	<u>\$ 1,191,373</u>
Share in associate's net assets	\$ 475,940	\$ 544,100
Adjustment on unrealised (losses) gains	(8,486)	(1)
Adjustment on investment property to fair value	93,269	94,042
Goodwill	<u>494,603</u>	<u>494,603</u>
Carrying amount of the associate	<u>\$ 1,055,326</u>	<u>\$ 1,132,744</u>

ii. Statement of comprehensive income

	LIWANLI Innovation Co., Ltd.	
	Years ended December 31,	
	2019	2018
Revenue	<u>\$ 129,782</u>	<u>\$ 185,512</u>
Profit for the period from continuing operations	\$ 2,782	\$ 891
Other comprehensive loss, net of tax	(61,800)	(48,185)
Total comprehensive loss	<u>(\$ 59,018)</u>	<u>(\$ 47,294)</u>
Dividends received from associates	<u>\$ -</u>	<u>\$ 22,101</u>

(c) The Group's material associate LIWANLI Innovation Co., Ltd. has quoted market prices. As of December 31, 2019 and 2018, the fair value were \$1,171,547 and \$1,093,444, respectively.

(d) The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of December 31, 2019 and 2018, the carrying amount of the Group's individually immaterial associates amounted to \$820,752 and \$825,049, respectively.

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Loss for the year	(\$ 28,296)	(\$ 62,381)
Other comprehensive (loss) income, net of tax	(458)	569
Total comprehensive loss	<u>(\$ 28,754)</u>	<u>(\$ 61,812)</u>

B. Joint venture

(a) The basic information of the joint ventures that are material to the Group is as follows:

<u>Company name</u>	<u>Principal place of business</u>	<u>Shareholding ratio</u>		<u>Nature of relationship</u>	<u>Methods of measurement</u>
		<u>December 31, 2019</u>	<u>December 31, 2018</u>		
Taiwan Sports Lottery Co., Ltd.	Taiwan	47.62%	47.62%	Joint venture	Equity method

(b) The summarised financial information of the joint ventures, Taiwan Sports Lottery Co., Ltd., that are material to the Group is as follows:

i. Balance sheet

	<u>Taiwan Sports Lottery Co., Ltd.</u>	
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash and cash equivalents	\$ 1,528,296	\$ 1,806,296
Other current assets	179,368	370,187
Current assets	<u>1,707,664</u>	<u>2,176,483</u>
Non-current assets	719,560	702,958
Total assets	<u>\$ 2,427,224</u>	<u>\$ 2,879,441</u>
Current financial liabilities (Note)	(\$ 118,655)	(\$ 388,921)
Other current liabilities	(293,778)	(313,540)
Current liabilities	<u>(412,433)</u>	<u>(702,461)</u>
Non-current liabilities	(91,413)	(56,609)
Total liabilities	<u>(\$ 503,846)</u>	<u>(\$ 759,070)</u>
Total net assets	<u>\$ 1,923,378</u>	<u>\$ 2,120,371</u>
Share in joint venture's net assets	\$ 915,913	\$ 1,009,721
Carrying amount of the joint venture	<u>\$ 915,913</u>	<u>\$ 1,009,721</u>

Note: It was excluding accounts payable, other payables and provision.

ii. Statement of comprehensive income

	<u>Taiwan Sports Lottery Co., Ltd.</u>	
	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Revenue	\$ 2,768,320	\$ 2,723,448
Depreciation and amortisation	(\$ 69,061)	(\$ 53,887)
Interest income	\$ 314	\$ 278
Profit before income tax	\$ 950,091	\$ 1,553,983
Income tax expense	(202,084)	(309,438)
Profit for the year from continuing operations	<u>\$ 748,007</u>	<u>\$ 1,244,545</u>
Total comprehensive income	<u>\$ 748,007</u>	<u>\$ 1,244,545</u>
Dividends received from joint venture	<u>\$ 450,000</u>	<u>\$ 300,000</u>

(c) The Group's principal joint venture, Taiwan Sports Lottery Co., Ltd., has no quoted market prices.

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(9) Property, plant and equipment

	Land	Buildings and structures			Machinery and equipment	Office equipment	Others	Construction in progress and equipment to be inspected	
	Owner -occupied	Owner -occupied	Lease	Subtotal	Owner -occupied	Owner -occupied	Owner -occupied	Owner -occupied	Total
At January 1, 2019									
Cost	\$ 2,864,907	\$ 2,455,865	\$ 43,302	\$ 2,499,167	\$ 974,559	\$ 118,418	\$ 576,490	\$ 947	\$ 7,034,488
Accumulated depreciation	-	(679,325)	(11,578)	(690,903)	(420,749)	(77,747)	(264,841)	-	(1,454,240)
	<u>\$ 2,864,907</u>	<u>\$ 1,776,540</u>	<u>\$ 31,724</u>	<u>\$ 1,808,264</u>	<u>\$ 553,810</u>	<u>\$ 40,671</u>	<u>\$ 311,649</u>	<u>\$ 947</u>	<u>\$ 5,580,248</u>
<u>2019</u>									
Opening net book amount as at January 1	\$ 2,864,907	\$ 1,776,540	\$ 31,724	\$ 1,808,264	\$ 553,810	\$ 40,671	\$ 311,649	\$ 947	\$ 5,580,248
Additions	-	1,582	-	1,582	42,282	12,801	33,525	1,150	91,340
Disposals	-	(43,065)	-	(43,065)	(691)	(2,836)	(7,726)	-	(54,318)
Transfers for the year (Note)	-	(2,784)	2,784	-	92,309	981	137,035	(2,044)	228,281
Depreciation charge	-	(99,117)	(1,377)	(100,494)	(81,477)	(13,054)	(57,763)	-	(252,788)
Net exchange differences	(926)	(46,352)	(540)	(46,892)	(23,855)	(1,152)	(13,621)	(53)	(86,499)
Closing net book amount as at December 31	<u>\$ 2,863,981</u>	<u>\$ 1,586,804</u>	<u>\$ 32,591</u>	<u>\$ 1,619,395</u>	<u>\$ 582,378</u>	<u>\$ 37,411</u>	<u>\$ 403,099</u>	<u>\$ -</u>	<u>\$ 5,506,264</u>
At December 31, 2019									
Cost	\$ 2,863,981	\$ 2,313,901	\$ 47,432	\$ 2,361,333	\$ 1,061,545	\$ 118,489	\$ 694,705	\$ 947	\$ 7,101,000
Accumulated depreciation	-	(727,097)	(14,841)	(741,938)	(479,167)	(81,078)	(291,606)	(947)	(1,594,736)
	<u>\$ 2,863,981</u>	<u>\$ 1,586,804</u>	<u>\$ 32,591</u>	<u>\$ 1,619,395</u>	<u>\$ 582,378</u>	<u>\$ 37,411</u>	<u>\$ 403,099</u>	<u>\$ -</u>	<u>\$ 5,506,264</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
At January 1, 2018							
Cost	\$ 3,049,718	\$ 2,583,198	\$ 1,014,199	\$ 117,739	\$ 610,371	\$ -	\$ 7,375,225
Accumulated depreciation	-	(597,416)	(375,282)	(77,048)	(223,561)	-	(1,273,307)
	<u>\$ 3,049,718</u>	<u>\$ 1,985,782</u>	<u>\$ 638,917</u>	<u>\$ 40,691</u>	<u>\$ 386,810</u>	<u>\$ -</u>	<u>\$ 6,101,918</u>
<u>2018</u>							
Opening net book amount as at January 1	\$ 3,049,718	\$ 1,985,782	\$ 638,917	\$ 40,691	\$ 386,810	\$ -	\$ 6,101,918
Additions	-	2,452	40,919	14,434	16,250	947	75,002
Disposals	-	-	(3,532)	(244)	(1,265)	-	(5,041)
Transfers for the year (Note)	(186,014)	(44,221)	11,814	754	2,882	-	(214,785)
Depreciation charge	-	(108,589)	(82,464)	(12,361)	(56,154)	-	(259,568)
Net exchange differences	1,203	(27,160)	(51,844)	(2,603)	(36,874)	-	(117,278)
Closing net book amount as at December 31	<u>\$ 2,864,907</u>	<u>\$ 1,808,264</u>	<u>\$ 553,810</u>	<u>\$ 40,671</u>	<u>\$ 311,649</u>	<u>\$ 947</u>	<u>\$ 5,580,248</u>
At December 31, 2018							
Cost	\$ 2,864,907	\$ 2,499,167	\$ 974,559	\$ 118,418	\$ 576,490	\$ 947	\$ 7,034,488
Accumulated depreciation	-	(690,903)	(420,749)	(77,747)	(264,841)	-	(1,454,240)
	<u>\$ 2,864,907</u>	<u>\$ 1,808,264</u>	<u>\$ 553,810</u>	<u>\$ 40,671</u>	<u>\$ 311,649</u>	<u>\$ 947</u>	<u>\$ 5,580,248</u>

Note : Including amount traferred from prepayment for equipment (shown as ‘Other non-current assets’) and amount transferred to investment property.

Note A: No property, plant and equipment were capitalized interest

Note B: Information about the property, plant and equipment that were pledged to others as collaterals is provided in Note 8.

(10) Leasing arrangements-lessee

Effective 2019

A. The Group leases various assets including land, buildings and transportation equipment. Rental contracts are typically made for periods of 1 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be sold, subleased, lent to the third party or granted to the third party in any circumstance.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	Land	Buildings	Transportation equipment	Total
Balance, January 1, 2019	\$ 83,739	\$ 43,915	\$ 6,352	\$ 134,006
Additions	-	61,973	3,124	65,097
Depreciation	(2,199)	(40,153)	(3,713)	(46,065)
Disposals	(35,494)	(10,856)	-	(46,350)
Net exchange differences	(3,061)	(538)	(1)	(3,600)
Balance, December 31, 2019	<u>\$ 42,985</u>	<u>\$ 54,341</u>	<u>\$ 5,762</u>	<u>\$ 103,088</u>

C. Information on profit or loss relating to lease contracts is as follows:

	Year ended December 31, 2019
<u>Items affecting profit or loss</u>	
Interest expense on lease liabilities	\$ 926
Expense on short-term lease contracts	44,497
Expense on leases of low-value assets	339
	<u>\$ 45,762</u>

D. Principal repayment of lease liability for the year ended December 31, 2019 amounted to \$48,503.

E. The Group considered facts and circumstances affecting economic incentive in determining whether to exercise extension options or not. The reassessment would be made when a significant event occurs

(11) Leasing arrangements-lessor

Effective 2019

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 1 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be sold, subleased, lent to the third party or granted to the third party in any circumstance

B. For the year ended December 31, 2019, the Group recognised rent income in the amount of \$28,156 based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2019</u>
Next 1 year	\$ 5,164
Next 2 years	<u>1,159</u>
	<u>\$ 6,323</u>

(12) Investment property

	<u>Land</u>	<u>Buildings and structures</u>	<u>Total</u>
<u>At January 1, 2019</u>			
Cost	\$ 2,095,936	\$ 325,609	\$ 2,421,545
Accumulated depreciation	-	(32,844)	(32,844)
Accumulated impairment	(215,313)	-	(215,313)
	<u>\$ 1,880,623</u>	<u>\$ 292,765</u>	<u>\$ 2,173,388</u>
<u>2019</u>			
Opening net book amount as at January 1	\$ 1,880,623	\$ 292,765	\$ 2,173,388
Disposals	(487,775)	(205,243)	(693,018)
Depreciation charge	-	(8,573)	(8,573)
Impairment loss	(172,246)	-	(172,246)
Net exchange differences	-	(3,432)	(3,432)
Closing net book amount as at December 31	<u>\$ 1,220,602</u>	<u>\$ 75,517</u>	<u>\$ 1,296,119</u>
<u>At December 31, 2019</u>			
Cost	\$ 1,608,161	\$ 83,603	\$ 1,691,764
Accumulated depreciation	-	(8,086)	(8,086)
Accumulated impairment	(387,559)	-	(387,559)
	<u>\$ 1,220,602</u>	<u>\$ 75,517</u>	<u>\$ 1,296,119</u>

	Land	Buildings and structures	Total
At January 1, 2018			
Cost	\$ 1,909,922	\$ 272,318	\$ 2,182,240
Accumulated depreciation	-	(19,281)	(19,281)
Accumulated impairment	(89,860)	-	(89,860)
	<u>\$ 1,820,062</u>	<u>\$ 253,037</u>	<u>\$ 2,073,099</u>
<u>2018</u>			
Opening net book amount as at January 1	\$ 1,820,062	\$ 253,037	\$ 2,073,099
Reclassifications	186,014	51,013	237,027
Depreciation charge	-	(9,275)	(9,275)
Impairment loss	(125,453)	-	(125,453)
Net exchange differences	-	(2,010)	(2,010)
Closing net book amount as at December 31	<u>\$ 1,880,623</u>	<u>\$ 292,765</u>	<u>\$ 2,173,388</u>
At December 31, 2018			
Cost	\$ 2,095,936	\$ 325,609	\$ 2,421,545
Accumulated depreciation	-	(32,844)	(32,844)
Accumulated impairment	(215,313)	-	(215,313)
	<u>\$ 1,880,623</u>	<u>\$ 292,765</u>	<u>\$ 2,173,388</u>

A. Rental income from the investment property and direct operating expenses arising from the investment property are shown below:

	Years ended December 31,	
	2019	2018
Rental income from investment property	<u>\$ 25,304</u>	<u>\$ 37,764</u>
Direct operating expenses arising from the investment property that generated rental income for the year	<u>\$ 8,573</u>	<u>\$ 9,275</u>

B. The fair value of the investment property held by the Group as at December 31, 2019 and 2018 was \$1,445,358 and \$2,455,866, respectively. The above fair value is assessed based on evaluation of independent appraisers semi-annually. Valuations were made using the comparative approach and land development analysis, which is categorised within Level 3 in the fair value hierarchy.

C. No investment property were capitalised interest.

D. Information about the investment property that was pledged to others as collateral is provided in Note 8.

(13) Intangible assets

	<u>Patent</u>	<u>Software</u>	<u>Technical skills</u>	<u>Others</u>	<u>Total</u>
At January 1, 2019					
Cost	\$ 6,905	\$ 182,303	\$ 564,783	\$ 10,443	\$ 764,434
Accumulated amortisation and impairment	(6,905)	(116,439)	(3,689)	-	(127,033)
	<u>\$ -</u>	<u>\$ 65,864</u>	<u>\$ 561,094</u>	<u>\$ 10,443</u>	<u>\$ 637,401</u>
<u>2019</u>					
At January 1	\$ -	\$ 65,864	\$ 561,094	\$ 10,443	\$ 637,401
Additions	-	12,533	-	-	12,533
Disposals	-	(102)	-	-	(102)
Transfers for the year	8,680	3,158	-	-	11,838
Amortisation charge	(1,210)	(23,653)	(44,537)	-	(69,400)
Impairment loss	-	-	-	(10,193)	(10,193)
Net exchange differences	52	(338)	(9,220)	(250)	(9,756)
December 31	<u>\$ 7,522</u>	<u>\$ 57,462</u>	<u>\$ 507,337</u>	<u>\$ -</u>	<u>\$ 572,321</u>
At December 31, 2019					
Cost	\$ 14,427	\$ 195,412	\$ 554,413	\$ 10,193	\$ 774,445
Accumulated amortisation and impairment	(6,905)	(137,950)	(47,076)	(10,193)	(202,124)
	<u>\$ 7,522</u>	<u>\$ 57,462</u>	<u>\$ 507,337</u>	<u>\$ -</u>	<u>\$ 572,321</u>
	<u>Patent</u>	<u>Software</u>	<u>Technical skills</u>	<u>Others</u>	<u>Total</u>
At January 1, 2018					
Cost	\$ 6,905	\$ 176,343	\$ -	\$ 10,118	\$ 193,366
Accumulated amortisation and impairment	(6,905)	(94,208)	-	-	(101,113)
	<u>\$ -</u>	<u>\$ 82,135</u>	<u>\$ -</u>	<u>\$ 10,118</u>	<u>\$ 92,253</u>
<u>2018</u>					
At January 1	\$ -	\$ 82,135	\$ -	\$ 10,118	\$ 92,253
Additions	-	7,939	-	-	7,939
Disposals	-	(634)	-	-	(634)
Transfers for the year	-	2,513	564,783	-	567,296
Amortisation charge	-	(25,230)	(3,622)	-	(28,852)
Net exchange differences	-	(859)	(67)	325	(601)
December 31	<u>\$ -</u>	<u>\$ 65,864</u>	<u>\$ 561,094</u>	<u>\$ 10,443</u>	<u>\$ 637,401</u>
At December 31, 2018					
Cost	\$ 6,905	\$ 182,303	\$ 564,783	\$ 10,443	\$ 764,434
Accumulated amortisation and impairment	(6,905)	(116,439)	(3,689)	-	(127,033)
	<u>\$ -</u>	<u>\$ 65,864</u>	<u>\$ 561,094</u>	<u>\$ 10,443</u>	<u>\$ 637,401</u>

A. Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2019	2018
Operating costs	\$ 53,874	\$ 7,904
Selling expenses	399	293
General & administrative expenses	7,265	11,703
Research and development expenses	7,862	8,952
	<u>\$ 69,400</u>	<u>\$ 28,852</u>

B. No intangible assets were capitalised interest.

C. The Group has no intangible assets pledged to others.

(14) Impairment of non-financial assets

Details of the Group's impairment loss are as follows:

	Years ended December 31,			
	2019		2018	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss-investment property-land (Note)	(\$ 172,246)	\$ -	(\$ 125,453)	\$ -
Impairment loss-intangible assets-others	(10,193)	-	-	-
	<u>(\$ 182,439)</u>	<u>\$ -</u>	<u>(\$ 125,453)</u>	<u>\$ -</u>

Note: The investment properties mainly are land and buildings in Taipei. The impairment losses arising in 2019 and 2018 was due to the land investment in Shihlin District, Taipei City. The management assessed impairment valuation based on the report prepared by independent real estate appraisers and market prices and recognised the difference between fair value and carrying amount as impairment losses.

(15) Other non-current assets

	December 31, 2019	December 31, 2018
Land-use right	\$ -	\$ 83,739
Refundable deposits	61,412	33,385
Prepayments for equipment	46,931	145,282
Others	77,671	76,310
	<u>\$ 186,014</u>	<u>\$ 338,716</u>

(16) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2019</u>	<u>Interest rate range</u>	<u>Collateral</u>
Unsecured loans	<u>\$ 3,282,396</u>	1.05%~7.44%	None

<u>Type of borrowings</u>	<u>December 31, 2018</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured bank loans	\$ 4,964	9.60%	Please refer to Note 8
Unsecured loans	<u>3,801,246</u>	1.07%~9.60%	None
	<u>\$ 3,806,210</u>		

Information on interest expense recognised in profit or loss is provided in Note 6(29).

(17) Other current liabilities

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Refund liabilities	\$ 64,157	\$ 31,978
Current portion of long-term borrowings	91,129	4,885,870
Others	<u>19,485</u>	<u>18,321</u>
	<u>\$ 174,771</u>	<u>\$ 4,936,169</u>

(18) Bonds payable

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Bonds payable	\$ 1,287,600	\$ -
Less: Discount on bonds payable	(52,842)	-
	<u>\$ 1,234,758</u>	<u>\$ -</u>

A. Domestic convertible bonds issued by the Company

- (a) The terms of the 6th domestic secured convertible bonds issued by the Company are as follows:
- The regulatory authority has approved the 6th domestic secured convertible bonds issued by the Company. The total issuance amount is \$1,500,000 with coupon rate of 0%, covering a 5-year period of issuance and a circulation period from May 8, 2019 to May 8, 2024. The convertible bonds will be settled by cash with principal value at maturity. The bonds were listed on the Taipei Exchange on May 8, 2019.
 - The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from three months after the bonds issuance date to the maturity date, except for the suspended transfer period as specified in the terms of the bonds or the regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

- iii. The conversion price is set up based on the pricing model specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution triggered subsequently. The conversion price was NT\$52.2 per share at issuance.
 - iv. The bondholders have the right to redeem the bonds at the price of the bonds' principal value plus 1.51% interests upon three years after the issuance date.
 - v. The Company may repurchase all the outstanding bonds in cash at the bonds' principal value in the following 30 trading days when the closing price of the Company's common shares is above the conversion price by 30% for 30 consecutive trading days during the period from the date after three months of the bonds issuance to 40 days before the maturity date.
 - vi. The Company may repurchase all the outstanding bonds in cash at the bonds' principal value at any time when the outstanding balance of the bonds is less than 10% of total initial issuance amount during the period from the date after three months of the bonds issuance to 40 days before the maturity date.
 - vii. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), repaid and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- (b) As of December 31, 2019, the convertible bonds of \$212,400 had been converted into 4,068,946 shares of common stocks.
- (c) As of December 31, 2019, the convertible bonds of \$0 had been repurchased by the Company from the Taipei Exchange.
- B. When issuance of convertible bonds, the equity conversion right amounting to \$58,800 were separated from the liability component and were recognised in 'capital surplus—share options' in accordance with IAS 32. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective annual interest rates of the bonds after separation is 0.9724%.

(19) Long-term borrowings

<u>Borrowings</u>	<u>Borrowings period and repayment term</u>	<u>Collateral</u>	<u>December 31, 2019</u>
Bank borrowings			
Bank syndicated loans (Note)	Borrowing period is from August 21, 2017 to August 21, 2022; interest is repayable monthly, principal paid at maturity, revolving credit	None	\$ 4,800,000
Secured borrowings	Borrowing period is from May 15, 2019 to May 15, 2021; interest is repayable monthly, principal paid at maturity, revolving credit	Please refer to Note 8	710,000
Secured borrowings	Borrowing period is from May 30, 2019 to May 30, 2022; interest is repayable monthly, principal paid at maturity, revolving credit	Please refer to Note 8	668,000
Secured borrowings	Borrowing period is from July 7, 2017 to July 7, 2024; interest and principal are repayable monthly, non-revolving credit	Please refer to Note 8	138,155
Unsecured borrowings	Borrowing period is from May 15, 2019 to May 15, 2021; interest is repayable monthly, principal paid at maturity, revolving credit	None	290,000
Unsecured borrowings	Borrowing period is from May 30, 2019 to May 30, 2022; interest is payable monthly; principal is repayable at maturity, revolving credit	None	132,000
Unsecured borrowings	Borrowing period is from September 18, 2017 to September 18, 2020; interest and principal are repayable every three months	None	45,286
Unsecured borrowings	Borrowing period is from May 7, 2019 to May 7, 2021; interest is repayable every three months, principal is repayable every six months	None	<u>112,914</u>
			6,896,355
Less: Current portion (shown as other current liabilities)			(<u>91,129</u>)
			<u>\$ 6,805,226</u>

The long-term borrowings carried interest rate of 1.300%~3.908% as at December 31, 2019.

<u>Borrowings</u>	<u>Borrowings period and repayment term</u>	<u>Collateral</u>	<u>December 31, 2018</u>
Bank borrowings			
Bank syndicated loans (Note)	Borrowing period is from August 21, 2017 to August 21, 2022; interest is repayable monthly, principal paid at maturity, revolving credit	None	\$ 4,800,000
Secured borrowings	Borrowing period is from September 25, 2018 to September 25, 2020; interest is repayable monthly, principal paid at maturity, revolving credit	Please refer to Note 8	710,000
Secured borrowings	Borrowing period is from May 3, 2017 to May 3, 2020; interest is repayable monthly, principal paid at maturity, revolving credit	Please refer to Note 8	700,000
Secured borrowings	Borrowing period is from July 7, 2017 to July 7, 2024; interest and principal are repayable monthly, non-revolving credit	Please refer to Note 8	168,298
Secured borrowings	Borrowing period is from August 28, 2017 to August 28, 2020; interest is repayable monthly, principal paid at maturity, revolving credit	Please refer to Note 8	586,000
Unsecured borrowings	Borrowing period is from September 18, 2017 to September 18, 2020; interest is repayable monthly, principal is repayable every three months	None	101,846
Unsecured borrowings	Borrowing period is from September 25, 2018 to September 25, 2020; interest is repayable monthly, principal paid at maturity, revolving credit	None	<u>290,000</u>
			7,356,144
Less: Current portion (shown as other current liabilities)			(<u>4,885,870</u>)
			<u>\$ 2,470,274</u>

The long-term borrowings carried interest rate of 1.250%~4.800% as at December 31, 2018.

Note: Bank syndicated loans

In August 2017, the Company entered into a five-year syndicated loan agreement with 13 banks-Bank of Taiwan and as the lead bank and managing bank-and obtained a credit line in the amount of \$4,800,000. The loan agreement specifies that the financial ratios, including current ratio, the gearing ratio and interest coverage, and tangible net equity based on its annual consolidated financial statements audited by independent auditors and semi-annual consolidated financial statements reviewed by independent auditors shall conform to the terms and conditions.

The financial ratio in the consolidated financial statements for the year ended December 31, 2018, does not meet commitments stipulated in the aforementioned syndicated loan agreement and hence the outstanding payment amounting to \$4,800,000 was transferred to current liabilities (shown as other current liabilities). However, the Company received a waiver letter from the bank consortium on February 25, 2019, stating that if the Company reclassified the syndicated loans' long-term borrowings expiring over a year amounting to \$4,800,000 to non-current liabilities on December 31, 2018, the current ratio will increase to 87% from 55%.

(20) Pension plan

A. Defined benefit pension plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Present value of defined benefit obligations	(\$ 26,417)	(\$ 26,214)
Fair value of plan assets	<u>31,039</u>	<u>28,849</u>
Net defined benefit assets (shown as other non-current assets)	<u>\$ 4,622</u>	<u>\$ 2,635</u>

(c) Movements in net defined benefit assets are as follows:

	Present value of defined benefit obligations	Fair value of Plan assets	Net defined benefit asset (liability)
Year ended December 31, 2019			
Balance at January 1	(\$ 26,214)	\$ 28,849	\$ 2,635
Interest (expense) income	(277)	310	33
	<u>(26,491)</u>	<u>29,159</u>	<u>2,668</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	979	979
Change in financial assumptions	(1,094)	-	(1,094)
Experience adjustments	1,168	-	1,168
	<u>74</u>	<u>979</u>	<u>1,053</u>
Pension fund contribution	-	901	901
Balance at December 31	<u>(\$ 26,417)</u>	<u>\$ 31,039</u>	<u>\$ 4,622</u>
Year ended December 31, 2018			
Balance at January 1	(\$ 22,174)	\$ 26,869	\$ 4,695
Interest (expense) income	(277)	342	65
	<u>(22,451)</u>	<u>27,211</u>	<u>4,760</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	729	729
Change in financial assumptions	(722)	-	(722)
Experience adjustments	(3,041)	-	(3,041)
	<u>(3,763)</u>	<u>729</u>	<u>(3,034)</u>
Pension fund contribution	-	909	909
Balance at December 31	<u>(\$ 26,214)</u>	<u>\$ 28,849</u>	<u>\$ 2,635</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the

earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2019	2018
Discount rate	0.76%	1.06%
Future salary increases	4.50%	4.50%

Mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2019				
Effect on present value of defined benefit obligation	<u>(\$ 1,743)</u>	<u>(\$ 1,902)</u>	<u>\$ 1,770</u>	<u>(\$ 1,664)</u>
December 31, 2018				
Effect on present value of defined benefit obligation	<u>(\$ 1,809)</u>	<u>\$ 1,992</u>	<u>\$ 1,861</u>	<u>(\$ 1,730)</u>

The sensitivity analysis above is based on one assumption which changed while the other conditions that remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2020 amounts to \$895.

(g) As of December 31, 2019, the weighted average duration of the retirement plan is 12.7 years.

B. Defined contribution pension plan

- (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The Company’s Mainland China subsidiaries, ADATA TECHNOLOGY (SUZHOU) CO., LTD., and ADATA ELECTRONICS (SHANGHAI) CO., LTD., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2019 and 2018 were both 13%~20%. Other than the monthly contributions, the Group has no further obligations.
- (c) The Company’s subsidiary, ADATA TECHNOLOGY (KOREA) Co., Ltd. has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the Republic of Korea are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (d) The Company’s subsidiaries, ADATA INTEGRATION BRAZIL S/A. and ADATA ELECTRONICS BRAZIL S/A. have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the Brazil are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.
- (e) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2019 and 2018 were \$58,199 and \$52,549, respectively.

(21) Provisions for liabilities

	Warranty	Marketing subsidy	Total
At January 1, 2019	\$ 21,427	\$ 1,599	\$ 23,026
Additional provisions	87,080	-	87,080
Used during the year	(91,035)	(1,599)	(92,634)
At December 31, 2019	<u>\$ 17,472</u>	<u>\$ -</u>	<u>\$ 17,472</u>

	<u>Warranty</u>	<u>Marketing subsidy</u>	<u>Total</u>
At January 1, 2018	\$ 5,650	\$ 15,267	\$ 20,917
Additional provisions	108,917	201,347	310,264
Used during the year	(93,140)	(215,015)	(308,155)
At December 31, 2018	<u>\$ 21,427</u>	<u>\$ 1,599</u>	<u>\$ 23,026</u>

Analysis of total provisions:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Current	<u>\$ 17,472</u>	<u>\$ 23,026</u>

The Group's provisions for contingent service cost and provision for marketing subsidy are related to the sale of memory-chip-related products. The amount of provision for contingent service cost is estimated based on the product history of contingent service costs, and the provision for marketing subsidy is estimated based on the customers' expectation of promotion activities.

(22) Share capital

A. As of December 31, 2019, the Company's authorised capital was \$4,000,000, consisting of 400,000,000 shares of ordinary stock (including 25,000,000 shares reserved for employee stock options), and the paid-in capital was \$2,237,943 with a par value of \$10 (in dollars) per share, equivalent to 223,794,320 shares. The Company's actual outstanding shares was 222,256,320 shares, net of treasury shares. All proceeds from shares issued have been collected. Movements in the number of the Company's ordinary shares outstanding, excluding treasury stock, are as follows: (unit: shares)

	<u>2019</u>	<u>2018</u>
At January 1	218,187,374	218,187,374
Conversion of convertible	4,068,946	-
At December 31	<u>222,256,320</u>	<u>218,187,374</u>

B. Conversion of convertible bonds

For the year ended December 31, 2019, the Company issued 4,068,946 shares of ordinary shares as a result of conversion of secured convertible bonds. The registration for the issuance of conversation was completed.

C. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

		December 31, 2019	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	1,538,000	\$ 126,986

		December 31, 2018	
Name of company holding the shares	Reason for reacquisition	Number of shares	Carrying amount
The Company	To be reissued to employees	1,538,000	\$ 126,986

(b) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Law, treasury stock should not be pledged as collateral and is not entitled to dividends before it is reissued to the employees.

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury stocks should be reissued to the employees within three years and shares not reissued within the three-year period are to be retired.

(e) Details of repurchasing outstanding shares:

Year	Shares	Amount	Final termination for reissuance
2015(7 th)	2,147,000	\$ 87,914	July 2018
2015(8 th)	8,000,000	247,737	September 2018
2017(9 th)	5,623,000	464,268	November 2020

i. 2015(7th)

On November 23, 2017, the Board of Directors has resolved to transfer the 7th of repurchase outstanding shares to employees for 2,100,000 shares with transfer price of \$40.95 per share, the grant date is December 1, 2017, and the total amount is \$85,737 net of securities transactions tax. On December 15, 2017, those shares had been transferred to employees. On August 10, 2018, the Board of Directors of the Company resolved to retire remaining shares repurchased in 2015 (7th) in the shares of 47,000, and the registration for the retirement was completed on August 28, 2018.

ii. 2015(8th)

On September 29, 2016, the Board of Directors of the Company resolved to transfer the 8th of repurchase outstanding shares to employees for 3,600,000 shares with transfer price of \$31 per share, the grant date is October 3, 2016, and the total amount is \$111,264 net of securities transactions tax. On November 9, 2016, those shares had been transferred to employees. On November 7, 2018, the Board of Directors of the Company resolved to retire remaining shares repurchased in 2015 (8th) in the shares of 4,400,000, and the registration for the retirement was completed on November 23, 2018.

iii. 2017(9th)

On November 23, 2017, the Board of Directors has resolved to transfer the 9th of repurchase outstanding shares to employees for 4,085,000 shares with transfer price of \$82.57 per share, the grant date is December 1, 2017, and the total amount is \$336,288 net of securities transactions tax. On December 15, 2017, those shares had been transferred to employees. The Company held shares repurchased in 2017 (9th) in the shares of 1,538,000.

(23) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2019					
	Share premium	Treasury share transactions	Employee stock options	Changes in ownership interests in subsidiaries	Donated assets	Total
At January 1, 2019	\$ 3,457,654	\$ -	\$ -	\$ 23,801	\$ -	\$ 3,481,455
Issuance of convertible bonds	-	-	58,800	-	-	58,800
Conversion of convertible bonds	172,000	-	(8,326)	-	-	163,674
Unclaimed dividends transferred to capital surplus	-	-	-	-	374	374
At December 31, 2019	\$ 3,629,654	\$ -	\$ 50,474	\$ 23,801	\$ 374	\$ 3,704,303

2018

	Share premium	Treasury share transactions	Employee stock options	Changes in ownership interests in subsidiaries	Donated assets	Total
At January 1, 2018	\$ 3,526,883	\$ 6,855	\$ -	\$ 4,325	\$ -	\$ 3,538,063
Changes in ownership interests in subsidiaries	-	-	-	19,476	-	19,476
Retirement of treasury stock	(69,229)	(6,855)	-	-	-	(76,084)
At December 31, 2018	\$ 3,457,654	\$ -	\$ -	\$ 23,801	\$ -	\$ 3,481,455

(24) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the accumulated legal reserve reaches the Company's total capital. Then, set aside or reverse special reserve based on the related regulations.

Appropriation of the Company's earnings shall be proposed by the Board of Directors and resolved by the stockholders based on the foregoing remaining earnings after distribution of remuneration to the directors and supervisors and bonuses to the employees plus the prior year's unappropriated retained earnings. Based on consistent and balanced principles, the Company's dividend policy is adopted taking into consideration the Company's operating results, financial structure and future operational plans. According to the dividend policy, cash dividends shall account for at least 10% of the total dividends distributed.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

C. Unappropriated earnings

(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve of \$138,382 on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. Distribution of earnings

(a) The appropriations of earnings of years 2018 and 2017 as resolved by the shareholders on June 14, 2019 and June 15, 2018 are as follows:

	Years ended December 31,			
	2018		2017	
	Amount	Dividends (in dollars)	Amount	Dividends (in dollars)
Legal reserve appropriated	\$ -		\$ 185,971	
Special reserve appropriated	367,424		316,052	
Cash dividends	<u>43,637</u>	0.2	<u>1,309,124</u>	6.0
	<u>\$ 411,061</u>		<u>\$ 1,811,147</u>	

(b) The appropriation of earnings of year 2019 as resolved by the Board of Directors on March 27, 2020 is as follows:

	Year ended December 31, 2019	
	Amount	Dividends (in dollars)
	Legal reserve appropriated	\$ 41,057
Special reserve appropriated	266,654	
Cash dividends	<u>311,159</u>	1.4
	<u>\$ 618,870</u>	

E. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(31).

(25) Other equity items

	2019		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	(\$ 444,236)	(\$ 377,621)	(\$ 821,857)
Revaluation-gross:			
-Group	-	(29,988)	(29,988)
-Tax on Group	-	(1,026)	(1,026)
-Associates	-	(29,558)	(29,558)
Revaluation transferred to retained earnings-gross			
-Group	-	(5,047)	(5,047)
-Associates	-	(4,698)	(4,698)
Currency translation differences:			
-Group	(244,219)	-	(244,219)
-Tax on Group	49,084	-	49,084
-Associates	(1,203)	-	(1,203)
At December 31	<u>(\$ 640,574)</u>	<u>(\$ 447,938)</u>	<u>(\$ 1,088,512)</u>

	2018		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	(\$ 320,835)	(\$ 133,599)	(\$ 454,434)
Effect from modified retrospective approach	-	(300,380)	(300,380)
Modified amount at January 1	(320,835)	(433,979)	(754,814)
Revaluation-gross:			
-Group	-	(314,779)	(314,779)
-Tax on Group	-	(393)	(393)
-Associates	-	37,535	37,535
Revaluation transferred to retained earnings-gross			
-Group	-	312,317	312,317
-Associates	-	21,678	21,678
Currency translation differences:			
-Group	(169,065)	-	(169,065)
-Tax on Group	45,346	-	45,346
-Associates	318	-	318
At December 31	<u>(\$ 444,236)</u>	<u>(\$ 377,621)</u>	<u>(\$ 821,857)</u>

(26) Operating revenue

A. The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

<u>Year ended December 31, 2019</u>	<u>Contract revenue</u>					
	<u>Country T</u>	<u>Country C</u>	<u>Country A</u>	<u>Country J</u>	<u>Others</u>	<u>Total</u>
Timing of revenue recognition						
At a point in time	\$ 3,693,885	\$ 9,421,240	\$ 6,877,371	\$ 1,491,628	\$ 4,078,142	\$ 25,562,266
Over time	9,020	25,567	-	-	-	34,587
	<u>\$ 3,702,905</u>	<u>\$ 9,446,807</u>	<u>\$ 6,877,371</u>	<u>\$ 1,491,628</u>	<u>\$ 4,078,142</u>	<u>\$ 25,596,853</u>

<u>Year ended December 31, 2018</u>	<u>Contract revenue</u>					
	<u>Country T</u>	<u>Country C</u>	<u>Country A</u>	<u>Country J</u>	<u>Others</u>	<u>Total</u>
Timing of revenue recognition						
At a point in time	\$ 3,280,304	\$ 16,042,272	\$ 6,430,708	\$ 1,371,370	\$ 4,309,787	\$ 31,434,441
Over time	22,359	577	-	-	-	22,936
	<u>\$ 3,302,663</u>	<u>\$ 16,042,849</u>	<u>\$ 6,430,708</u>	<u>\$ 1,371,370</u>	<u>\$ 4,309,787</u>	<u>\$ 31,457,377</u>

B. Contract liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>January 1, 2018</u>
Contract liabilities:			
Sales revenue and service revenue contract	<u>\$ 8,888</u>	<u>\$ 17,710</u>	<u>\$ 33,402</u>

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Sales revenue and service revenue contract	<u>\$ 16,052</u>	<u>\$ 33,402</u>

(27) Other income

	Years ended December 31,	
	2019	2018
Interest income:		
Interest income from bank deposits	\$ 37,411	\$ 33,023
Other interest income	83	38
Dividend income	41,215	42,555
Rental revenue	28,156	37,764
Other income	92,028	43,143
	<u>\$ 198,893</u>	<u>\$ 156,523</u>

(28) Other gains and losses

	Years ended December 31,	
	2019	2018
Net losses on financial assets and liabilities at fair value through profit or loss	(\$ 78,160)	(\$ 12,835)
Net currency exchange (losses) gains	(22,328)	198,290
Losses on disposal of property, plant and equipment	(10,933)	(2,402)
(Losses) gains on disposal of intangible assets	(102)	247
Impairment loss on intangible assets	(10,193)	-
Gain on disposal of investment accounted for using equity method	1,023	-
Impairment loss on investments accounted for using equity method	(21,143)	(41,518)
Gain on disposal of investment property	233,794	-
Depreciation charges on investment property	(8,573)	(9,275)
Impairment loss recognised in profit or loss, investment property	(172,246)	(125,453)
Profit from lease modification	242,678	-
Others	(38,876)	(46,273)
	<u>\$ 114,941</u>	<u>(\$ 39,219)</u>

(29) Finance costs

	Years ended December 31,	
	2019	2018
Interest expense:		
Bank borrowings	\$ 171,099	\$ 214,441
Lease liabilities	926	-
Amortization of bond discount	9,291	-
Others	225	127
	<u>\$ 181,541</u>	<u>\$ 214,568</u>

(30) Expenses by nature

	Years ended December 31,	
	2019	2018
Employee benefit expense	\$ 1,519,146	\$ 1,497,670
Depreciation charges on property, plant and equipment	\$ 252,788	\$ 259,568
Depreciation charges on right-of-use assets	\$ 46,065	\$ -
Amortisation charges on intangible assets	\$ 69,400	\$ 28,852

(31) Employee benefit expenses

	Years ended December 31,	
	2019	2018
Wages and salaries	\$ 1,229,058	\$ 1,255,924
Labour and health insurance fees	112,979	105,456
Pension costs	58,166	52,484
Directors' remuneration	45,378	14,702
Other personnel expenses	73,565	69,104
	<u>\$ 1,519,146</u>	<u>\$ 1,497,670</u>

A. The Company's Articles of Incorporation provides that, if the Company has any profit for the current year, the Company ratio shall not be lower than 1% for employees' compensation in the form of shares or in cash as resolved by the Board of Directors. For employees of subsidiaries of the company meeting certain specific requirements can share the distribution, the qualification requirements are set by the Chairman of the Board. The Group can distribute directors' and supervisors' remuneration no higher than 1%.

A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. However, if a company has accumulated deficit, earnings should be used in offsetting losses, then distributed as the employees' compensation and directors' and supervisors' remuneration in

accordance with above mentioned proportion.

B. For the years ended December 31, 2019 and 2018, employees' compensation was accrued at \$27,532 and \$0, respectively; directors' and supervisors' remuneration was accrued at \$5,507 and \$0, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 5% and 1% of distributable profit of current year for the year ended December 31, 2019.

Employees' compensation and directors' and supervisors' remuneration of 2018 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2018 financial statements.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(32) Income tax

A. Income tax expense (benefit)

(a) Components of income tax (benefit) expense:

	Years ended December 31,	
	2019	2018
Current tax:		
Current income tax (assets) liabilities	\$ 59,384	\$ 9,224
Prior year tax refunded (paid)	6,376	(6,145)
Prepaid income tax	99,776	115,464
Prior year income tax (over) under estimation	(6,410)	6,646
Effect on exchange rate	3,808	(763)
Total current tax	<u>162,934</u>	<u>124,426</u>
Deferred tax:		
Origination and reversal of temporary differences	<u>46,172</u>	<u>(191,228)</u>
Other:		
Impact of change in tax rate	-	47,981
Income tax expense (benefit)	<u>\$ 209,106</u>	<u>(\$ 18,821)</u>

(b) The Group did not have income tax charged/(credited) to equity. The income tax benefit (expense) relating to components of other comprehensive income is as follows:

	Years ended December 31,	
	2019	2018
Changes in fair value of financial assets at fair value through other comprehensive income	\$ 1,026	\$ 641
Changes in fair value of financial assets at fair value through other comprehensive income-impact of change in tax rate	-	(248)
Currency translation differences	(49,084)	(33,751)
Currency translation differences-impact of change in tax rate	-	(11,595)
Remeasurement of defined benefit obligations	211	(606)
Remeasurement of defined benefit obligations -impact of change in tax rate	-	129
	<u>(\$ 47,847)</u>	<u>(\$ 45,430)</u>

B. Reconciliation between income tax (benefit) expense and accounting profit

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Tax calculated based on profit (loss) before tax and statutory tax rate (Note)	371,767	(\$ 21,341)
Gain on investments accounted for using equity method	(166,385)	(117,682)
Tax-exemption of domestic dividend income	(7,790)	(7,809)
Impairment loss on investment property	34,449	25,091
Impairment loss on investments accounted for using equity method	3,837	5,872
Taxable loss not recognised as deferred tax assets	599	31,351
Prior year income tax (over) under estimation	(6,410)	6,646
Effect from changes in tax regulation	-	47,981
Others	(20,961)	11,070
Income tax expense (benefit)	<u>\$ 209,106</u>	<u>(\$ 18,821)</u>

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences and tax loss are as follows:

	<u>January 1</u>	<u>Recognised in profit or loss</u>	<u>comprehensive income</u>	<u>December 31</u>
Deferred income tax assets:				
-Temporary differences:				
Loss on inventory	\$ 16,043	(\$ 97)	\$ -	\$ 15,946
Amount of allowance for bad debts that exceed the limit for tax purpose	10,163	-	-	10,163
Unrealised gross profit from sales	10,610	(4,002)	-	6,608
Payable for unpaid annual leave	3,616	610	-	4,226
Provisions for liabilities	4,286	(792)	-	3,494
Unrealised gain (loss) on valuation of financial assets	7,932	-	(1,026)	6,906
Unrealised loss on domestic investments accounted for using equity method	43,063	31,628	-	74,691
Unrealised loss on biological assets	53	(2)	-	51
Currency translation differences	111,058	-	49,084	160,142
Unrealised foreign exchange loss	-	6,263	-	6,263
Others	3,131	17,073	-	20,204
-Tax losses	<u>188,272</u>	<u>27,310</u>	<u>-</u>	<u>215,582</u>
Subtotal	<u>398,227</u>	<u>77,991</u>	<u>48,058</u>	<u>524,276</u>
Deferred tax liabilities:				
-Temporary differences:				
Net defined benefit asset	(527)	(186)	(211)	(924)
Unrealised foreign exchange gain	(2,150)	2,150	-	-
Unrealised gains on valuation	(1,211)	(2,932)	-	(4,143)
Unrealised gain on investments	(379,508)	(123,195)	-	(502,703)
Subtotal	<u>(383,396)</u>	<u>(124,163)</u>	<u>(211)</u>	<u>(507,770)</u>
Total	<u>\$ 14,831</u>	<u>(\$ 46,172)</u>	<u>\$ 47,847</u>	<u>\$ 16,506</u>

	2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
-Temporary differences:				
Loss on inventory	\$ 12,450	\$ 3,593	\$ -	\$ 16,043
Amount of allowance for bad debts that exceed the limit for tax purpose	5,371	4,792	-	10,163
Unrealised gross profit from sales	14,895	(4,285)	-	10,610
Payable for unpaid annual leave	2,472	1,144	-	3,616
Provisions for liabilities	3,194	1,092	-	4,286
Unrealised gains (losses) on valuation of financial assets	8,325	-	(393)	7,932
Sales revenue at destination of international trades	1,226	(1,226)	-	-
Impairment loss recognised in profit or loss, investment property	15,276	27,787	-	43,063
Unrealised loss on biological assets	49	4	-	53
Currency translation differences	65,712	-	45,346	111,058
Others	(435)	3,566	-	3,131
-Taxable loss	24,888	163,384	-	188,272
Subtotal	<u>153,423</u>	<u>199,851</u>	<u>44,953</u>	<u>398,227</u>
Deferred tax liabilities:				
-Temporary differences:				
Net defined benefit assets	(798)	(206)	477	(527)
Unrealised foreign exchange gain	(725)	(1,425)	-	(2,150)
Unrealised gains on valuation	-	(1,211)	-	(1,211)
Unrealised investment income	(324,702)	(54,806)	-	(379,508)
Cost of sales at destination of international trades	(1,044)	1,044	-	-
Subtotal	<u>(327,269)</u>	<u>(56,604)</u>	<u>477</u>	<u>(383,396)</u>
Total	<u>(\$ 173,846)</u>	<u>\$ 143,247</u>	<u>\$ 45,430</u>	<u>\$ 14,831</u>

D. Expiration dates of unused taxable loss and amounts of unrecognised deferred tax assets are as follows:

December 31, 2019						
	Year incurred	Amount		Unrecognised	Expiry year	
		filed/assessed	Unused amount	deferred tax assets		
The Company	2018 (filed)	\$ 783,370	\$ 783,370	\$ -	2028	
	2019 (filed)	168,719	168,719	-	2029	
Zhao-Xing Investment Co., Ltd.	2014 (assessed)	24,356	24,356	24,356	2024	
	2016 (assessed)	962	962	962	2026	
	2017 (assessed)	33,642	33,642	33,642	2027	
	2018 (filed)	101,908	101,908	101,908	2028	
	2010 (assessed)	3,370	3,370	3,370	2020	
AVIP Technology Co., Ltd.	2011 (assessed)	969	969	969	2021	
	2012 (assessed)	192	192	192	2022	
	2013 (assessed)	109	109	109	2023	
	2014 (assessed)	116	116	116	2024	
	2015 (assessed)	86	86	86	2025	
	2017 (assessed)	1,872	1,872	1,872	2027	
	2018 (assessed)	1,316	1,316	1,316	2028	
	2019 (filed)	1,706	1,706	1,706	2029	
	CI CAI GUANG Biotechnology Agricultural Co., Ltd.	2013 (assessed)	1,750	1,750	1,750	2023
		2014 (assessed)	11,168	11,168	11,168	2024
2015 (assessed)		6,202	6,202	6,202	2025	
2016 (assessed)		3,400	3,400	3,400	2026	
2017 (assessed)		2,767	2,767	2,767	2027	
2018 (filed)		2,269	2,269	2,269	2028	
2019 (filed)		4,186	4,186	4,186	2029	
Adata Technology (HK) Co., Ltd.	-	217,330	217,330	113,328	Unlimited duration	
Jiou Long Agricultural Biotechnology Co., Ltd.	2013 (assessed)	502	502	502	2023	
	2014 (assessed)	570	570	570	2024	
	2015 (assessed)	149	149	149	2025	
	2016 (assessed)	174	174	174	2026	
	2017 (assessed)	168	168	168	2027	
	2018 (filed)	207	207	207	2028	
	2019 (filed)	172	172	172	2029	
Long Tian Agricultural Biotechnology Co., Ltd.	2013 (assessed)	1,976	1,976	1,976	2023	
	2014 (assessed)	9,979	9,979	9,979	2024	
	2015 (assessed)	6,482	6,482	6,482	2025	
	2016 (assessed)	5,205	5,205	5,205	2026	
	2017 (assessed)	4,113	4,113	4,113	2027	
	2018 (filed)	3,181	3,181	3,181	2028	
	2019 (filed)	2,395	2,395	2,395	2029	
Arobot Innovation Co., Ltd.	2018 (filed)	35,608	35,608	35,608	2028	
Adata Integration	2017 (filed)	85,729	85,729	85,729	Unlimited duration	
	2018 (filed)	81,467	81,467	81,467	Unlimited duration	
	2019 (filed)	18,081	18,081	18,081	Unlimited duration	
Adata Electronics	2018 (filed)	<u>43,142</u>	<u>43,142</u>	<u>43,142</u>	Unlimited duration	
		<u>\$ 1,671,065</u>	<u>\$ 1,671,065</u>	<u>\$ 614,974</u>		

December 31, 2018					
	Year incurred	Amount		Unrecognised deferred tax	
		filed/assessed	Unused amount	assets	Expiry year
The Company	2018 (filed)	\$ 813,192	\$ 813,192	\$ -	2028
ZHAO-XING INVESTMENT CO., LTD.	2009 (assessed)	15,485	15,485	15,485	2019
	2014 (assessed)	24,356	24,356	24,356	2024
	2016 (assessed)	962	962	962	2026
	2017 (filed)	33,642	33,642	33,642	2027
	2018 (filed)	107,558	107,558	107,558	2028
AVIP TECHNOLOGY CO., LTD.	2009 (assessed)	1,842	1,842	1,842	2019
	2010 (assessed)	3,370	3,370	3,370	2020
	2011 (assessed)	969	969	969	2021
	2012 (assessed)	192	192	192	2022
	2013 (assessed)	109	109	109	2023
	2014 (assessed)	116	116	116	2024
	2015 (assessed)	86	86	86	2025
	2017 (filed)	1,872	1,872	1,872	2027
	2018 (filed)	1,052	1,052	1,052	2028
CI CAI GUANG AGRICULTURAL BIOTECHNOLOGY CO., LTD.	2013 (assessed)	1,750	1,750	1,750	2023
	2014 (assessed)	11,168	11,186	11,168	2024
	2015 (assessed)	6,202	6,202	6,202	2025
	2016 (assessed)	3,400	3,400	3,400	2026
	2017 (filed)	2,767	2,767	2,767	2027
	2018 (filed)	2,269	2,269	2,269	2028
ADATA TECHNOLOGY (HK) CO., LTD.	-	223,835	223,835	119,833	Unlimited duration
JIOU LONG AGRICULTURAL	2013 (assessed)	502	502	502	2023
	2014 (assessed)	570	570	570	2024
	2015 (assessed)	149	149	149	2025
	2016 (assessed)	174	174	174	2026
	2017 (filed)	168	168	168	2027
	2018 (filed)	207	207	207	2028
LONG TIAN AGRICULTURAL	2013 (assessed)	1,976	1,976	1,976	2023
	2014 (assessed)	9,979	9,979	9,979	2024
	2015 (assessed)	6,482	6,482	6,482	2025
	2016 (assessed)	5,205	5,205	5,205	2026
	2017 (filed)	4,113	4,113	4,113	2027
	2018 (filed)	3,181	3,181	3,181	2028
AROBOT INNOVATION CO., LTD.	2018 (filed)	42,489	42,489	42,489	2028
		<u>\$ 1,331,389</u>	<u>\$ 1,331,407</u>	<u>\$ 414,195</u>	

E. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Deductible temporary differences	<u>\$ 128,125</u>	<u>\$ 126,468</u>

F. The information of the Group's income tax assessment is as follows:

	<u>Assessment status</u>
The Company	Assessed till 2017 (Unassessed in 2016)
ZHAO-XING INVESTMENT CO., LTD. 、ABROBOT INNOVATION CO., LTD. 、CI CAI GUANG AGRICULTURAL BIOTECHNOLOGY CO., LTD. 、JIOU LONG AGRICULTURAL 、LONG TIAN AGRICULTURAL	Assessed till 2017
AVIP TECHNOLOGY CO., LTD.	Assessed till 2018

G. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(33) Earnings (losses) per share

	<u>Year ended December 31, 2019</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 445,598	218,285	2.04
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent Assumed conversion of all dilutive potential or dinary shares	\$ 445,598	218,285	
-Employees' compensation	-	401	
-Convertible bonds	216	18,656	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 445,814	237,342	1.88

	<u>Year ended December 31, 2018</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (share in thousands)</u>	<u>Losses per share (in dollars)</u>
<u>Basic losses per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 178,971)	218,187	(\$ 0.82)
<u>Diluted losses per share</u>			
Loss attributable to ordinary shareholders of the parent Assumed conversion of all dilutive potential or dinary shares	(\$ 178,971)	218,187	
-Employee's compensation	-	-	
Loss attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	(\$ 178,971)	218,187	(\$ 0.82)

(34) Operating leases

Prior to 2019

A. The Group leases certain land and buildings to others under non-cancellable operating lease agreements. The lease have terms expiring between 2014 and 2024. Rental revenues of \$37,764 was recognised for these leases in profit or loss for the years ended December 31, 2018. The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

	<u>December 31, 2018</u>
Not later than one year	\$ 33,053
Later than one year but not later than five years	66,621
Later than five years	17,765
	<u>\$ 117,439</u>

B. The Group leases in buildings under non-cancellable operating lease agreements. The lease terms are between years 2016 and 2021, and all these lease agreements are renewable at the end of the lease period. Rental is increased every year to reflect market rental rates. Partial leases are charged extra rents following the changes of local price indexes. The Group recognised rental expenses of \$80,786 for these leases in profit or loss for the year ended December 31, 2018. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	<u>December 31, 2018</u>
Not later than one year	\$ 43,698
Later than one year but not later than five years	20,936
	<u>\$ 64,634</u>

(35) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2019	2018
Purchase of property, plant and equipment	\$ 91,340	\$ 75,002
Add: Opening balance of payable on equipment	4,471	8,823
Less: Ending balance of payable on equipment	(7,861)	(4,471)
Cash paid during the year	<u>\$ 87,950</u>	<u>\$ 79,354</u>

B. Financing activities with no cash flow effects:

	Years ended December 31,	
	2019	2018
Acquisition of right-of-use assets	\$ 65,097	\$ -
Less: Additional lease liabilities during the year	(65,097)	-
Cash paid during the year	<u>\$ -</u>	<u>\$ -</u>

#	December 31, 2019	December 31, 2018
Convertible bonds converted to capital stocks	<u>\$ 40,689</u>	<u>\$ -</u>

(36) Changes in liabilities from financing activities

	Short-term		Bonds payable	Long-term		Liabilities from financing activities-gross
	Short-term borrowings	notes and bill payable		borrowings (including current portion)	Leas liabilities (current/non-current)	
At January 1, 2019	\$ 3,806,210	\$ 600,000	\$ -	\$ 7,356,144	\$ 50,267	\$ 11,812,621
Increase in cash flow from financing activities	-	100,000	1,495,000	51,808,201	-	53,403,201
Decrease in cash flow from financing activities	(523,814)	-	-	(52,267,990)	(48,503)	(52,840,307)
Increase in lease liabilities	-	-	-	-	65,097	65,097
Amortisation of discounts on bonds payable	-	-	9,291	-	-	9,291
Changes in other non-cash items	-	-	(269,533)	-	(6,071)	(275,604)
At December 31, 2019	<u>\$ 3,282,396</u>	<u>\$ 700,000</u>	<u>\$ 1,234,758</u>	<u>\$ 6,896,355</u>	<u>\$ 60,790</u>	<u>\$ 12,174,299</u>

	Short-term borrowings	Short-term notes and bill payable	Bonds payable	Long-term borrowings (including current portion)	Leas liabilities (current/non-current)	Liabilities from financing activities-gross
At January 1, 2018	\$ 5,846,420	\$ 200,000	\$ -	\$ 7,133,504	\$ -	\$ 13,179,924
Increase in cash flow from financing activities	-	400,000	-	24,051,571	-	24,451,571
Decrease in cash flow from financing activities	(2,238,087)	-	-	(23,828,931)	-	(26,067,018)
At December 31, 2018	\$ 3,608,333	\$ 600,000	\$ -	\$ 7,356,144	\$ -	\$ 11,564,477

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Liwanli Innovation Co., Ltd.	Associates
IROC Co., Ltd.	Associates
Weili Health Medical Technology Co., Ltd.	Associates
Master Acoustics International Corp. Limited	Associates
Master Acoustics Innovation Company Limited	Associates
Shandong Function Real Estate Co., Ltd.	Associates
Function (Qingdao) Marine Technology Co., Ltd.	Associates
Taiwan Sports Lottery Co., Ltd.	Joint ventures
ATESTINC CO., LTD.	Other related party
Pao.Da. Investment Co.,LTD.	Other related party
Esmond Natural (Taiwan) Co., Ltd.	Other related party
All directors and officials above vice general manager	The Group's key management and governance body

(2) Significant related party transactions and balances

A. Sales transation

(a) Operating revenue:

Operating revenue arising from sales to related parties is as follows:

	Years ended December 31,	
	2019	2018
Associates	\$ 272,226	\$ 10,650
Other related parties	2	24
Joint ventures	32	28
	<u>\$ 272,260</u>	<u>\$ 10,702</u>

Sales price to related parties are based on market price. The collection terms were paid upon receipt of goods to 90 days and within 30 days for other related parties.

(b) Accounts receivable

Details of accounts receivable from related parties are as follows:

	December 31, 2019	December 31, 2018
Associates	\$ 130,448	\$ 3,301
Other related parties	-	1
	<u>\$ 130,448</u>	<u>\$ 3,302</u>

B. Property transactions

Sales of property

Proceeds from the Group's property, plant and equipment sold to related parties and gain (loss) on disposal are as follows:

	Years ended December 31,			
	2019		2018	
	Disposal proceeds	Gain (loss) on disposal	Disposal proceeds	Gain (loss) on disposal
Associates	\$ 336	\$ 15	\$ -	\$ -

As of December 31, 2019 and 2018, the other receivables arising from sales of property were both \$0.

C. Lease and miscellaneous transactions

(a) Other income

The rent income and other income arising from lease, maintenance, repair, selling packaging material and rendering services are as follows:

	Years ended December 31,	
	2019	2018
Associates	\$ 2,679	\$ 1,889
Other related parties	14	-
	<u>\$ 2,693</u>	<u>\$ 1,889</u>

(b) Other receivables

Other receivables arising from the aforementioned transactions and payments on behalf of others are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Associates	\$ 216	\$ 147
Other related parties	<u>15</u>	<u>15</u>
	<u>\$ 231</u>	<u>\$ 162</u>

(c) Other non-current liabilities

Details of guarantee deposits paid arising from above transactions are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Associates	<u>\$ 253</u>	<u>\$ 253</u>

D. Issuance of lottery

Other receivables

In order to obtain the issuance right for sports lottery, the Company wrote a performance guarantee of \$2,000,000. The guarantee period is 10.5 years. As of December 31, 2019 and 2018, the information of other receivables from related parties arising from guaranteed expenses, interest expenses and payments on behalf of others is as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Joint ventures	<u>\$ 39,569</u>	<u>\$ 37,912</u>

Additionally, in order to commit to the above performance guarantee, the amounts of collateral, which consists of a time deposit provided by joint ventures, were both \$100,610 as of December 31, 2019 and 2018.

E. Lottery management revenue

(a) Other income

Other income arising from rendering management services to related parties are as follows:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Joint ventures	<u>\$ 10,395</u>	<u>\$ 10,854</u>

(b) Other receivables

Details of other receivables arising from above transactions are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Joint ventures	<u>\$ 10,915</u>	<u>\$ 11,397</u>

F. Acquisition of financial assets

No financial assets were acquired for the year ended December 31, 2019.

Counterparty	Accounts	No. of shares	Objects	Year ended
				December 31, 2018
				Consideration
Function (Qingdao) Marine Technology Co., Ltd.	Investments accounted for using equity method	5,000,000	Capital contribution certificate of Function (Qingdao) Marine Technology Co., Ltd.	\$ 22,803
Shandong Function Real Estate Co., Ltd.	Investments accounted for using equity method	16,406,250	Capital contribution certificate of Shandong Function Real Estate Co., Ltd.	59,803
Master Acoustics International Corp. Limited	Investments accounted for using equity method	153,000	Stocks	<u>24,748</u>
				<u>\$ 107,354</u>

G. Other transactions

(a) Operating expenses/other payables

Research and development expense arising from rendering research and development services to related parties are as follows:

	Years ended December 31,	
	2019	2018
Associates	\$ 22	\$ -
Other related parties	-	910
	<u>\$ 22</u>	<u>\$ 910</u>

As of December 31, 2019 and 2018, the other payables arising from aforementioned transactions were both \$0.

(b) Deduction of investments accounted for using equity method/other receivables

Deduction of investments accounted for using equity method arising from proceeds from capital reduction of associates is as follows:

	Years ended December 31,	
	2019	2018
Associates	\$ 18,711	\$ 141,810

As of December 31, 2019 and 2018, the other receivables arising from aforementioned transactions were both \$0.

(c) Other payables

Other payables arising from payments on behalf of related parties are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Associates	\$ <u>295</u>	\$ <u>185</u>

H. Dividend income

(a) Investments accounted for using equity method

Dividend income arising from investment in associates (shown as deduction of investment accounted for using equity method) is as follows:

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Joint ventures	\$ 450,000	\$ 300,000
Associates	-	31,507
	<u>\$ 450,000</u>	<u>\$ 331,507</u>

(b) Other receivables

As of December 31, 2019 and 2018, other receivables arising from aforementioned transactions were both \$0.

I. Guarantee

The Group entered into a loan agreement with banks. Part of the loan is collateralised by a related party.

(3) Key management compensation

	<u>Years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	\$ 108,190	\$ 99,969
Post-employment benefits	1,071	1,087
Employees' compensation and directors' remuneration	<u>47,619</u>	<u>14,704</u>
	<u>\$ 156,880</u>	<u>\$ 115,760</u>

8. PLEGDED ASSETS

The Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>	
Other current assets -Restricted bank deposits	\$ 634,477	\$ 637,801	Pledged to Sports Affairs Council, Industrial Development Bureau, performance bond and credit facility
Property, plant and equipment	3,215,443	2,353,203	Credit facility
Investment property	1,122,108	1,902,555	Credit facility
	<u>\$ 4,972,028</u>	<u>\$ 4,893,559</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

- A. As of December 31, 2019 and 2018, the Group issued promissory notes for borrowing facilities, accounts receivable factorings facilities, project guarantee and government subsidy program amounting to \$20,263,250 and \$19,420,687, respectively.
- B. As of December 31, 2019 and 2018, the amount of commitments for expanding and improving factory buildings was \$11,279 and \$11,717, respectively.
- C. As of December 31, 2019 and 2018, the amount of outstanding letters of credit for inventory purchases of the Group were \$569,740 and \$741,440, respectively.
- D. In order to obtain the issuance right for sports lottery in 2013, the Company issued a performance guarantee of \$2,000,000 and used its subsidiaries' land as collateral. As of December 31, 2019 and 2018, the amount of collateral in both years was both \$708,178.
- E. Operating lease commitments: Please refer to Note 6(34).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- A. On March 19, 2020, the Board of Directors of the Company resolved to repurchase of its own shares in the amount of 6 million shares from market. The forecasting price ranged between NT\$27.5 and NT\$101.3 (in dollars).

- B. On March 27, 2020, the Board of Directors of the Company resolved to issue employee restricted stock of 2,500,000 shares for no consideration. However, the actual issuance date is pending for determining by chairman as authorised by the shareholders.
- C. Details of the appropriation of 2019 earnings as proposed by the Board of Directors on March 27, 2020 are provided in Note 6(24).
- D. Due to the outbreak of COVID-19 virus in Mainland China in January 2020, which is rapidly spreading in the world, governments adopted several anti-epidemic measures subsequently resulting to the workdays decrease. The Company promptly adjusted the production capacity accordingly, therefore, the impact to the Group's production and sales are remote. The Company adopted the response activities, including the communication with customers and suppliers and enhancing employees' health management, to reduce the impact to the operation. However, the actual degree of the impact will depend on the subsequent situation of the epidemic.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the debt ratio. This ratio is calculated as total liabilities divided by total assets.

During the year ended December 31, 2019, the Group's strategy, was unchanged from 2018. As of December 31, 2019 and 2018, the debt to assets ratio was 68% and 66%, respectively.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 1,274,881	\$ 205,705
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	804,302	1,108,010
Financial assets at amortised cost		
Cash and cash equivalents	2,132,783	1,723,840
Notes receivable	3,503	38,063
Accounts receivable	2,886,822	2,814,773
Accounts receivable-related parties	130,448	3,302
Other receivables	434,351	385,441
Other receivables-related parties	50,715	49,471
Other current assets- restricted deposits	634,477	637,801
Other current assets-other financial assets	-	16,099
Other current assets-time deposits with maturity date over 3 months	25,830	-
Other non-current assets- guarantee deposits paid	61,412	33,385
	<u>\$ 8,439,524</u>	<u>\$ 7,015,890</u>
	<u>December 31, 2019</u>	<u>December 31, 2018</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	\$ 468	\$ -
Financial liabilities at amortised cost		
Short-term borrowings	3,282,396	3,806,210
Short-term notes and bills payable	700,000	600,000
Notes payable	-	3,674
Accounts payable	3,094,252	1,894,159
Other accounts payable	631,500	586,213
Bonds payable	1,234,758	-
Long-term borrowings (including current portion)	6,896,355	7,356,144
Other non-current liabilities-guarantee deposits received	18,397	25,722
	<u>\$ 15,858,126</u>	<u>\$ 14,272,122</u>
Lease liabilities-current	\$ 38,300	\$ -
Lease liabilities-non-current	22,490	-
	<u>\$ 60,790</u>	<u>\$ -</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

(i) The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

(ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

(iii) The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2019		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 124,968	29.9800	\$ 3,746,541
USD:RMB	157,626	6.9640	4,725,627
USD:HKD	15,869	7.7890	475,753
JPY:NTD	170,846	0.2760	47,153
<u>Non-monetary items</u>			
USD:NTD	\$ 1,337	29.9800	\$ 40,083
HKD:NTD	1,147	3.8490	4,415
USD:HKD	2,421	7.7890	72,581
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 151,453	29.9800	\$ 4,540,561
USD:RMB	150,187	6.9640	4,502,606
USD:HKD	27,529	7.7890	825,319
USD:BRL	10,885	4.0026	326,332

	December 31, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 125,219	30.7150	\$ 3,846,102
USD:RMB	140,873	6.8683	4,326,914
USD:HKD	15,009	7.8335	461,001
<u>Non-monetary items</u>			
USD:NTD	\$ 1,118	30.7150	\$ 34,339
HKD:NTD	6,046	3.9210	23,706
USD:HKD	2,617	7.8335	80,396
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 123,478	30.7150	\$ 3,792,627
USD:RMB	77,389	6.8683	2,377,003
USD:HKD	21,306	7.8335	654,414
USD:BRL	6,911	3.8709	212,271

(iv) The total exchange (loss) gain, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2019 and 2018, amounted to (\$22,328) and \$198,290, respectively.

(v) Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2019			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 37,465	\$ -
USD:RMB	1%	47,256	-
USD:HKD	1%	4,758	-
JPY:NTD	1%	472	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(45,406)	\$ -
USD:RMB	1%	(45,026)	-
USD:HKD	1%	(8,253)	-
USD:BRL	1%	(3,263)	-

Year ended December 31, 2018			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 38,461	\$ -
USD:RMB	1%	43,269	-
USD:HKD	1%	4,610	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	(37,926)	\$ -
USD:RMB	1%	(23,770)	-
USD:HKD	1%	(6,544)	-
USD:BRL	1%	(2,123)	-

ii. Price risk

- (i) The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
- (ii) The Group's investments in equity securities comprise shares, open-end funds and financial products issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2019 and 2018 would have increased/decreased by \$12,749 and \$2,057, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by \$8,043 and \$11,080, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

- (i) The Group's main interest rate risk arises from long-term and short-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2019 and 2018, the Group's borrowings at variable rate were mainly denominated in New Taiwan dollars and US dollars.
- (ii) The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.
- (iii) If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2019 and 2018 would have increased/decreased by \$108,788 and \$117,624, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss.

- ii. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. Credit risk of investments in debt instruments at amortised cost refers to the risk of financial loss to the Group arising from default by the counterparties on the contract obligations. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- iv. Based on historical experience, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Group adopts the assumptions under historical experience, the default occurs when the contract payments are past due over 90 days.
- vi. The Group classifies customers' accounts receivable in accordance with geographic area and the nature of customer risk. The Group applies the simplified approach using provision matrix to estimate expected credit loss under the provision matrix basis.
- vii. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:
 - (i) It becomes probable that the issuer will enter bankruptcy or other financial reorganisation due to their financial difficulties;
 - (ii) The disappearance of an active market for that financial asset because of financial difficulties;
 - (iii) Default or delinquency in interest or principal repayments;
 - (iv) Adverse changes in national or regional economic conditions that are expected to cause a default.
- viii. In terms of default financial assets, the Group will continue executing the recourse procedures to secure their rights. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures.

ix. The Group used the forecastability of future economic situation to adjust historical and timely information to assess the default possibility of notes and accounts receivable and overdue receivables. The provision matrix is as follows:

	<u>Not past due</u>	<u>Up to 90 days past due</u>	<u>Over 90 days past due</u>	<u>Individual assessment</u>	<u>Total</u>
<u>December 31, 2019</u>					
Expected loss rate	0.05%-0.29%	1.01%-58.59%	100%	100%	
Total book value	<u>\$ 2,615,780</u>	<u>\$ 419,029</u>	<u>\$ 2,787</u>	<u>\$ 9,390</u>	<u>\$ 3,046,986</u>
Loss allowance	<u>(\$ 2,754)</u>	<u>(\$ 11,282)</u>	<u>(\$ 2,787)</u>	<u>(\$ 9,390)</u>	<u>(\$ 26,213)</u>
	<u>Not past due</u>	<u>Up to 90 days past due</u>	<u>Over 90 days past due</u>	<u>Individual assessment</u>	<u>Total</u>
<u>December 31, 2018</u>					
Expected loss rate	0.05%-0.29%	1.01%-58.59%	100%	100%	
Total book value	<u>\$ 2,563,638</u>	<u>\$ 302,324</u>	<u>\$ 21,373</u>	<u>\$ 22,002</u>	<u>\$ 2,909,337</u>
Loss allowance	<u>(\$ 3,106)</u>	<u>(\$ 6,718)</u>	<u>(\$ 21,373)</u>	<u>(\$ 22,002)</u>	<u>(\$ 53,199)</u>

x. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts and overdue receivables are as follows:

	<u>2019</u>		
	<u>Accounts receivable</u>	<u>Overdue receivables</u>	<u>Total</u>
At January 1	(\$ 31,197)	(\$ 22,002)	(\$ 53,199)
Expected credit impairment (loss) gain	(1,539)	10,316	8,777
Reclassifications	15,366	(15,366)	-
Derecognised	-	17,433	17,433
Effect of exchange rate changes	547	229	776
At December 31	<u>(\$ 16,823)</u>	<u>(\$ 9,390)</u>	<u>(\$ 26,213)</u>
	<u>2018</u>		
	<u>Accounts receivable</u>	<u>Overdue receivables</u>	<u>Total</u>
At January 1_IAS 39	(\$ 29,283)	(\$ 47,754)	(\$ 77,037)
Adjustments under new standards	(9,749)	-	(9,749)
At January 1_IFRS 9	(39,032)	(47,754)	(86,786)
Expected credit impairment gain (loss)	7,935	(5,778)	2,157
Derecognised	796	31,781	32,577
Effect of exchange rate changes	(896)	(251)	(1,147)
At December 31	<u>(\$ 31,197)</u>	<u>(\$ 22,002)</u>	<u>(\$ 53,199)</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 6(26)) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As at December 31, 2019 and 2018, the Group held aforementioned investments (excluding cash and cash equivalent) position of \$1,274,881 and \$205,705, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Floating rate:		
Expiring within one year	\$ 10,272,911	\$ 10,153,552
Expiring beyond one year	<u>89,940</u>	<u>100,000</u>
	<u>\$ 10,362,851</u>	<u>\$ 10,253,552</u>

The facilities expiring within one year are annual facilities subject to review at various dates during 2020.

- iv. The Group's derivative financial liabilities and non-derivative financial liabilities are analysed based on the remaining period at the balance sheet date to the contractual maturity date. Except for those listed in the table below, the Company's non-derivative financial liabilities will expire within 1 year and the amount of the Company's non-derivative financial liabilities were in line with the amount recognised in the balance sheet. The contractual undiscounted cash flows are disclosed as follow:

(i) Non-derivative financial liabilities

<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Lease liabilities (current/non-current)	\$ 38,864	\$ 22,710	\$ 61,574
Bonds payable	-	1,287,600	1,287,600
Long-term borrowings (including current portion)	92,678	6,805,541	6,898,219
<u>December 31, 2018</u>	<u>1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Long-term borrowings (including current portion)	\$ 4,888,313	\$ 2,470,273	\$ 7,358,586

(ii) Derivative financial liabilities

<u>December 31, 2019</u>	<u>Less than 1 year</u>	<u>Over 1 year</u>	<u>Total</u>
Financial liabilities held for trading	\$ 468	\$ -	\$ 468

The Group has no derivative financial liabilities as of December 31, 2018.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in unlisted stocks Forward exchange contracts, financial products and issuance of put and call options and put options of convertible bonds is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The Group's investment in biological assets and private placement shares are included.

B. Fair value information of investment property at cost is provided in Note 6(12).

C. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables (including related parties), other current assets-restricted bank deposits, other non-current assets-refundable deposits, short-term borrowings, short-term notes and bills payable, notes payable, accounts payable (including related parties), other payables, lease liabilities (current/non-current), bonds payable, long-term borrowings (include cerement portion) and other non-current liabilities-guarantee deposits received) are approximate to their fair values.

D. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

(a) The related information of natures of the assets and liabilities is follows:

<u>December 31, 2019</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets (liabilities) at fair value through profit or loss				
- Equity securities, beneficiary certificates and financial products	\$ 895,306	\$ 376,871	\$ -	\$ 1,272,177
- Put and call options of convertible bonds	-	2,704	-	2,704
- Derivative instruments	-	(468)	-	(468)
Financial assets at fair value through other comprehensive income				
- Equity securities	350,461	443,808	10,033	804,302
Biological assets	-	-	450	450
	<u>\$ 1,245,767</u>	<u>\$ 822,915</u>	<u>\$ 10,483</u>	<u>\$ 2,079,165</u>
<u>December 31, 2018</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
- Equity securities and beneficiary certificates	\$ 205,705	\$ -	\$ -	\$ 205,705
Financial assets at fair value through other comprehensive income				
- Equity securities	876,232	210,908	20,870	1,108,010
Biological assets	-	-	216	216
	<u>\$ 1,081,937</u>	<u>\$ 210,908</u>	<u>\$ 21,086</u>	<u>\$ 1,313,931</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>	<u>Open-end fund</u>
Market quoted price	Closing price	Net asset value

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the years ended December 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3:

	<u>2019</u>		
	<u>Financial assets at fair value through other comprehensive income</u>	<u>Biological assets</u>	<u>Total</u>
At January 1	\$ 20,870	\$ 216	\$ 21,086
Acquired during the year	-	525	525
Gains recognized in profit or loss (Note)	-	14	14
Recognised in other comprehensive loss	(10,837)	-	(10,837)
Scrapped during the year	-	(305)	(305)
At December 31	<u>\$ 10,033</u>	<u>\$ 450</u>	<u>\$ 10,483</u>

	2018		
	Financial assets at fair value through other comprehensive income	Biological assets	Total
At January 1	\$ 79,407	\$ 249	\$ 79,656
Gains recognized in profit or loss (Note)	-	21	21
Recognised in other comprehensive loss	(58,537)	-	(58,537)
Scrapped during the year	-	(54)	(54)
At December 31	<u>\$ 20,870</u>	<u>\$ 216</u>	<u>\$ 21,086</u>

Note: Recorded as non-operating income and expense.

G. For the years ended December 31, 2019 and 2018, there was no transfer into or out from Level 3.

H. Investment segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
	December 31, 2019	December 31, 2018				
Biological assets	\$ 450	\$ 216	Comparison method (Market appraisal)	Not applicable	Not applicable	Not applicable
Private placement shares	10,033	20,870	Market comparable companies	Discount for lack of marketability	35%~37%	The higher the discount for lack of marketability, the lower the fair value

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in difference measurement. For December 31, 2019 and 2018, there will be no significant effect on other comprehensive income from financial assets and liabilities categorised within Level 3 if the value of net assets increased and decreased by 1%.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

- A. Loans to others: Please refer to table 1.
- B. Provision of endorsements and guarantees to others: Please refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Please refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: Please refer to table 5
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 6.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2).
- J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 11.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry related to memory module and flash memory products. The Chief Operating Decision-Maker, which allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The Chief Operating Decision-Maker assesses the performance of the operating segments based on the operating income. This measurement basis includes operating revenue completion percentage, gross profit completion percentage, operating income completion percentage, etc.. The Chief Operating Decision-Maker reviews the conditions of overspending or underspending monthly, so as to assess the rationality of resource usage.

(3) Information about segment profit or loss, assets and liabilities

The Group has only one reportable operating segment. The accounting policies and accounting estimations of the reportable segment are consistent with summary of significant accounting policies, significant accounting estimates and assumptions as described in Notes 4 and 5.

(4) Reconciliation for segment asset/liability/profit (loss)

The revenue, asset and liability from external parties reported to the Chief Operating Decision-Maker are measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment profit to income before tax and continued operations for the years ended December 31, 2019 and 2018 is provided as follows:

	Years ended December 31,	
	2019	2018
Reportable segment income/(loss)	\$ 190,086	(\$ 718,380)
Other income	198,893	156,523
Other gains and losses	114,941	(39,219)
Finance costs	(181,541)	(214,568)
Share of loss of associates and joint ventures accounted for under equity method	328,496	566,979
Income (loss) before tax from continuing operations	<u>\$ 650,875</u>	<u>(\$ 248,665)</u>

(5) Information on products and services

The external customer revenue is mainly from product R&D, manufacturing, and selling of memory modules and flash memory products. Breakdown of revenue from all sources is as follows:

	Years ended December 31,	
	2019	2018
Sales revenue	\$ 25,562,266	\$ 31,434,441
Service revenue	34,587	22,936
	<u>\$ 25,596,853</u>	<u>\$ 31,457,377</u>

(6) Geographical information

Geographical information for the years ended December 31, 2019 and 2018 is as follows:

	Years ended December 31,			
	2019		2018	
	Revenue	Non-current assets	Revenue	Non-current assets
T Country	\$ 3,702,905	\$ 4,910,338	\$ 3,302,663	\$ 5,684,674
C Country	9,446,807	1,941,379	16,042,849	2,283,580
A Country	6,877,371	716,449	6,430,708	689,237
J Country	1,491,628	7,532	1,371,370	2,119
Others	4,078,142	22,524	4,309,787	34,339
	<u>\$ 25,596,853</u>	<u>\$ 7,598,222</u>	<u>\$ 31,457,377</u>	<u>\$ 8,693,949</u>

Note: Non-current assets exclude financial assets, deferred tax assets, pension plan assets, and rights under insurance contracts.

(7) Major customer information

The details of the Group's major customers in relation to the revenues from a single customer accounting for more than 10% of the consolidated total net operating revenue are as follows:

	Years ended December 31,	
	2019	2018
10999	<u>\$ 913,678</u>	<u>\$ 3,267,361</u>

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Loans to others
Year ended December 31, 2019

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
0	ADATA TECHNOLOGY CO., LTD.	ADATA INTEGRATION BRAZIL S/A (AI SEMICONDUTORES S/A)	Other receivables due from related parties	Y	\$ 299,800	\$ 299,800	\$ -	4.5%	Short-term financing	\$ -	Operations	\$ -	None	\$ -	\$ 773,792	\$ 2,321,377	Note 1 and 2

Note 1: In accordance with Article 4 of the Operational Procedures for Loans to Others:

- (1) The Company's total lending amount must not exceed 40% of the net assets disclosed in the Company's latest financial statements, and not exceed 30% for short-term financing purpose.
- (2) The loans to each company entity whom the Company has transactions with, the lending amount must not exceed the higher of the Company's purchases from or sales to the counterparty.
- (3) The loans to each entity for short-term financing purpose must not exceed 10% of the net assets disclosed in the Company's latest financial statements.
- (4) Limit on the loans to others provided by the foreign companies whose voting rights are 100% owned directly and indirectly by the Company or limit on loans for financing granted by and to subsidiaries of which the ultimate parent directly or indirectly holds 100% of its voting shares is not applicable for the limit of 40% of the creditor's net assets. However, limit on the total loans to others and the individual loan must not exceed 40% of the Company's net assets disclosed in the Company's latest financial statements. Loans shall be matured in 1 year, which can be expended based on the actual situation under the approval from the Board of Directors. The abovementioned limit on the total loans to others and individual loans do not apply the following (2) and (3).

Note 2: Abovementioned net assets amount is based on the recent audited or reviewed financial report attested by the accountant.

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2019

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Endorser/guarantor	Party being endorsed/guaranteed		Limit on endorsements/guarantees provided for a single party	Maximum outstanding endorsement/guarantee amount as of	Outstanding endorsement/guarantee amount at	Actual amount drawn down	Amount of endorsements/guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements/guarantees provided	Provision of endorsements/guarantees by parent company to subsidiary	Provision of endorsements/guarantees by subsidiary to parent company	Provision of endorsements/guarantees to the party in Mainland China	Footnote
		Company name	Relationship with the endorser/guarantor		December 31, 2019	December 31, 2019								
0	ADATA TECHNOLOGY CO., LTD.	ADATA INTEGRATION BRAZIL S/A (AI SEMICONDUTORES S/A)	Note 2	\$ 773,792	\$ 794,470	\$ 569,620	\$ 464,661	\$ 44,970	7.36	\$ 3,868,962	Y	N	N	Note 3
0	ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (HK) CO., LTD.	Note 2	1,547,585	378,840	-	-	-	-	3,868,962	Y	N	N	Note 3
1	LONG TIAN AGRICULTURAL BIOTECHNOLOGY CO., LTD.	ADATA TECHNOLOGY CO., LTD.	Note 1	771,000	708,178	708,178	708,178	708,178	96.01	771,000	N	Y	N	Note 4
2	CI CAI GUANG AGRICULTURAL BIOTECHNOLOGY CO., LTD.	ADATA TECHNOLOGY CO., LTD	Note 1	750,000	697,659	697,659	697,659	697,659	97.21	750,000	N	Y	N	Note 4
3	JIOU LONG AGRICULTURAL BIOTECHNOLOGY CO., LTD.	ADATA TECHNOLOGY CO., LTD	Note 1	181,000	175,292	175,292	175,292	175,292	97.92	181,000	N	Y	N	Note 4
4	MACHDATA INTERMEDIACAO DE NEGOCIOS LTDA.	ADATA INTERGRATION BRAZIL S/A	Note 2	57,981	37,451	37,451	-	37,451	6.56	289,907	N	N	N	Note 3

Note 1: The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.

Note 2: The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.

Note 3: In accordance with Article 4 of Operational Procedures for Provision of Endorsements and Guarantees to Others, the ceiling on total amount of endorsements/guarantees provided is:

(1) Less than 50% of the Company's net assets for total endorsements/guarantees provided for others

(2) Less than 10% of the Company's net assets for endorsements/guarantees provided for each entity the ceiling does not apply in each subsidiary to which the Company directly and indirectly has 100% voting rights but must not exceed 20% of the Company's net assets.

(3) The ceiling amount of endorsements/guarantees provided for each entity whom the Company has transactions with must not exceed the higher of the Company's purchases from or sales to the counterparty in addition to the aforementioned limitations.

Note 4: According to the Company's procedures for endorsement, the limits for endorsement amount are as follows:

(1) The total amount of external endorsement may not exceed the Company's paid-in capital.

(2) The total amount of endorsement to one company may not exceed 50% of the Company's paid-in capital, and the total amount of endorsement to the parent company or a subsidiary holding 100% of direct or indirect voting rights may not exceed the Company's paid-in capital.

(3) Besides the abovementioned limits, the amount of endorsement for any company that have business with the Company may not exceed the amount traded in-between. The amount traded in-between refers to the higher amount of either purchases or sales.

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
ADATA TECHNOLOGY CO., LTD.	Beneficiary Certificates - Capital Global Financial Bond Fund A Acc	Not applicable	Financial assets at fair value through profit or loss-current	630,000	\$ 6,270	-	\$ 6,270	-
ADATA TECHNOLOGY CO., LTD.	Beneficiary Certificates - FSITC Global Wealthy Nations Bond Fund A (without bearing interest)	Not applicable	Financial assets at fair value through profit or loss-current	1,600,000	16,005	-	16,005	-
ADATA TECHNOLOGY CO., LTD.	Beneficiary Certificates - Fubon S&P 500 VIX Short-Term Futures ETF.	Not applicable	Financial assets at fair value through profit or loss-current	11,000,000	32,670	-	32,670	-
ADATA TECHNOLOGY CO., LTD.	Domestic non-listed common stock - Egis Technology Inc.	None	Financial assets at fair value through profit or loss-current	1,620,000	383,130	2.27	383,130	-
ADATA TECHNOLOGY CO., LTD.	Domestic non-listed common stock - ITEQ CORPORATION	None	Financial assets at fair value through profit or loss-current	300,000	38,250	0.10	38,250	-
ADATA TECHNOLOGY CO., LTD.	Domestic non-listed common stock\	None	Financial assets at fair value through profit or loss-current	220,000	97,570	0.01	97,570	-
ADATA TECHNOLOGY CO., LTD.	Domestic non-listed common stock - ELITE SEMICONDUCTOR MEMORY TECHNOLOGY INC.	None	Financial assets at fair value through profit or loss-current	4,027,000	<u>156,650</u>	1.41	<u>156,650</u>	-
					<u>\$ 730,545</u>		<u>\$ 730,545</u>	
ADATA TECHNOLOGY CO., LTD.	Domestic emerging private placement common stock - NANOPLUS LTD.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	1,257,232	\$ 10,033	0.86	\$ 10,033	-
ADATA TECHNOLOGY CO., LTD.	Domestic listed common stock - ATRACK TECHNOLOGY INC.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	5,632,731	308,674	17.08	308,674	-
ADATA TECHNOLOGY CO., LTD.	Domestic non-listed common stock - Media Development Co., Ltd.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	3,000,000	-	15.87	-	-
ADATA TECHNOLOGY CO., LTD.	Domestic non-listed common stock - Abico Asia Capital Corp.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	2,500,000	11,850	1.30	11,850	-
ADATA TECHNOLOGY CO., LTD.	Domestic non-listed common stock - Taiwan Biomedical Company	None	Financial assets at fair value through other comprehensive profit or loss-non-current	1,300,000	-	13.00	-	-
ADATA TECHNOLOGY CO., LTD.	Domestic non-listed common stock -TAIWAN ESPORTS LEAGUE CO., LTD.	The Company's chairman is the company's directors	Financial assets at fair value through other comprehensive profit or loss-non-current	605,000	3,751	5.00	3,751	-
ADATA TECHNOLOGY CO., LTD.	Domestic non-listed common stock -Caliway Biopharmaceuticals Co., Ltd.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	400,000	<u>1,318</u>	1.73	<u>1,318</u>	-
					<u>\$ 335,626</u>		<u>\$ 335,626</u>	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
ZHAO-XING INVESTMENT CO., LTD.	Domestic listed common stock - Lemtech Holdings Co., Ltd.	None	Financial assets at fair value through profit or loss-current	856,315	\$ 93,338	1.80	\$ 93,338	-
ZHAO-XING INVESTMENT CO., LTD.	Domestic listed common stock - Egis Technology Inc.	None	Financial assets at fair value through profit or loss-current	302,000	71,423	0.42	71,423	-
					<u>\$ 164,761</u>		<u>\$ 164,761</u>	
ZHAO-XING INVESTMENT CO., LTD.	Domestic non-listed common stock - Leadconn Co., Ltd.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	327,683	\$ -	5.38	\$ -	-
ZHAO-XING INVESTMENT CO., LTD.	Domestic non-listed common stock - Abomen Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	8,568	-	0.03	-	-
ZHAO-XING INVESTMENT CO., LTD.	Domestic non-listed preferred stock - Whistle Sports, Inc.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	600,000	34,717	0.81	34,717	-
ZHAO-XING INVESTMENT CO., LTD.	Domestic listed common stock - ATrack Technology Inc.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	762,539	41,787	2.31	41,787	-
ZHAO-XING INVESTMENT CO., LTD.	Domestic non-listed common stock - Polyface Investment Co., Ltd.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	5,536,083	4,104	20.50	4,104	-
ZHAO-XING INVESTMENT CO., LTD.	Foreign non-listed preferred stock - JANUS TECHNOLOGY GROUP, INC.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	864,052	-	5.86	-	-
ZHAO-XING INVESTMENT CO., LTD.	Domestic non-listed common stock - Alpha Crystal Technology Corp.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	16,462	-	0.19	-	-
ZHAO-XING INVESTMENT CO., LTD.	Domestic non-listed common stock - Embestor Technology Inc.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	500,000	5,915	1.92	5,915	-
ZHAO-XING INVESTMENT CO., LTD.	Domestic non-listed common stock - ACLOUD INTELLIGENCE SERVICES CORP. LTD.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	1,000,000	5,030	16.67	5,030	-
ZHAO-XING INVESTMENT CO., LTD.	Domestic non-listed common stock - MEGA GROWTH VENTURE CAPITAL CO., LTD.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	3,000,000	14,040	2.36	14,040	-
ZHAO-XING INVESTMENT CO., LTD.	Foreign non-listed common stock - Joy capital Ltd.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	800,000	7,435	11.76	7,435	-
ZHAO-XING INVESTMENT CO., LTD.	Domestic non-listed common stock - TransWorld Production Co.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	120,000	624	1.25	624	-
ZHAO-XING INVESTMENT CO., LTD.	Domestic non-listed common stock - Yi Sheng Security Service Co., Ltd.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	1,000,000	-	9.35	-	-
ZHAO-XING INVESTMENT CO., LTD.	Domestic non-listed common stock - Mucho International Co., Ltd.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	2,000,000	-	17.08	-	-
					<u>\$ 113,652</u>		<u>\$ 113,652</u>	

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
ADATA INVESTMENT COMPANY LIMITED	Foreign non-listed company Capital Contribution Certificate - Golden Crown Green Energy Ltd.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	3,522,440	\$ -	0.67	\$ -	-
ADATA INVESTMENT COMPANY LIMITED	Foreign non-listed company Capital Contribution Certificate - Vantage Metro Limited	None	Financial assets at fair value through other comprehensive profit or loss-non-current	166,670	-	2.38	-	-
					\$ -		\$ -	
ADATA CAPITAL CO., LTD.	Foreign non-listed company Capital Contribution Certificate - NEXT SYSTEM LTD.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	2,807,186	\$ 13,466	14.26	\$ 13,466	-
					\$ 13,466		\$ 13,466	
ADATA TECHNOLOGY (INDIA) PRIVATE LTD.	Foreign non-listed company Capital Contribution Certificate - Leaf Technologies Ltd.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	250	\$ -	1.60	\$ -	-
					\$ -		\$ -	
ADATA TECHNOLOGY (HK) CO., LTD.	Foreign non-listed company Capital Contribution Certificate - LANGOGO GLOBAL LIMITED	None	Financial assets at fair value through other comprehensive profit or loss-non-current	10,257,355	\$ 98,917	11.44	\$ 98,917	-
					\$ 98,917		\$ 98,917	
ADVANCED DATA TECHNOLOGY (SUZHOU) CO., LTD.	CHINA MINSHENG BANK SUZHOU BARNCH - Special asset management dy king of public to B finance product	Not applicable	Financial assets at fair value through profit or loss-current	-	\$ 2,371	-	\$ 2,371	-
ADVANCED DATA TECHNOLOGY (SUZHOU) CO., LTD.	CHINA MINSHENG BANK SUZHOU BRANCH - Special asset management increasing returns day financial product to Public	Not applicable	Financial assets at fair value through profit or loss-current	-	129,164	-	129,164	-
					\$ 131,535		\$ 131,535	
ADATA TECHNOLOGY (SUZHOU) CO., LTD.	CHINA MINSHENG BANK SUZHOU BRANCH - Special asset management increasing returns day financial product to Public	Not applicable	Financial assets at fair value through profit or loss-current	-	\$ 56,227	-	\$ 56,227	-
ADATA TECHNOLOGY (SUZHOU) CO., LTD.	CHINA MINSHENG BANK SUZHOU BRANCH - Special asset Cizhu 2W financial products on Tuesday public enjoy 01	Not applicable	Financial assets at fair value through profit or loss-current	-	66,511	-	66,511	-
ADATA TECHNOLOGY (SUZHOU) CO., LTD.	CHINA CONSTRUCTION BANK SUZHOU INDUSTRIAL PARK BARNCH - Qianyuan xinyi jiangnan (by the day) open financial products	Not applicable	Financial assets at fair value through profit or loss-current	-	100,721	-	100,721	-

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2019				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
ADATA TECHNOLOGY (SUZHOU) CO., LTD.	CHINA MINSHENG BANK SUZHOU BRANCH - Special asset Cizhu 5W financial products on Thursday public enjoyment of 03	Not applicable	Financial assets at fair value through profit or loss-current	-	21,877	-	21,877	-
					\$ 245,336		\$ 245,336	
ADATA TECHNOLOGY (SUZHOU) CO., LTD.	Foreign non-listed company Capital Contribution Certificate - Beijing Function Capital Management Co., Ltd.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	100,000	\$ 4,305	10.00	\$ 4,305	-
ADATA TECHNOLOGY (SUZHOU) CO., LTD.	Foreign non-listed company Capital Contribution Certificate - Shanghai Shanguang Investment Co.,Ltd.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	323,778	63,510	1.44	63,510	-
ADATA TECHNOLOGY (SUZHOU) CO., LTD.	Foreign non-listed company Capital Contribution Certificate - SuZhou Qdreamer Technology Co.,Ltd	None	Financial assets at fair value through other comprehensive profit or loss-non-current	69,534	6,766	4.79	6,766	-
ADATA TECHNOLOGY (SUZHOU) CO., LTD.	Foreign non-listed company Capital Contribution Certificate - Shenzhen Visualdeep Co. ,Ltd.	None	Financial assets at fair value through other comprehensive profit or loss-non-current	3,609,079	38,905	24.00	38,905	-
ADATA TECHNOLOGY (SUZHOU) CO., LTD.	Foreign non-listed company Capital Contribution Certificate - Qingdao Nuotai Biotechnology co. LTD	None	Financial assets at fair value through other comprehensive profit or loss-non-current	2,307,692	129,155	18.75	129,155	-
					\$ 242,641		\$ 242,641	

Note: The fair value of listed stocks, OTC stocks, and closed-end mutual funds are based on latest quoted fair prices of accounting period. Open-end and balanced mutual funds are based on the net assets value at the balance sheet date. Unlisted stocks are measured at fair value based on the Company's evaluation.

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2019

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2019		Addition		Disposal			Balance as at December 31, 2019		
					Number of shares (Units)	Amount	Number of shares (Units)	Amount	Number of shares (Units)	Selling price	Book value	Gain (loss) on disposal	Number of shares (Units)	Amount
ADATA TECHNOLOGY CO., LTD.	Egis Technology Inc.	Financial assets at fair value through profit or loss-current	-	-	-	\$ -	5,261,000	\$ 1,318,247	3,641,000	\$ 905,662	\$ 872,096	\$ 33,566	1,620,000	\$ 383,130
ADATA TECHNOLOGY CO., LTD.	Fubon S&P 500 VIX Short - Term Futures ETF.	Financial assets at fair value through profit or loss-current	-	-	-	-	74,590,000	402,952	63,590,000	304,883	357,391	(52,508)	11,000,000	32,670
ADATA TECHNOLOGY CO., LTD.	ITEQ CORPORATION - common stocks	Financial assets at fair value through profit or loss-current	-	-	-	-	2,831,000	404,554	2,531,000	367,007	361,196	5,811	300,000	38,250
ADATA TECHNOLOGY CO., LTD.	MediaTek Inc. - common stocks	Financial assets at fair value through profit or loss-current	-	-	-	-	1,070,000	442,121	850,000	342,625	341,192	1,433	220,000	97,570
ADATA TECHNOLOGY CO., LTD.	National Petroleum Co., Ltd. ordinary shares	Financial assets at fair value through other comprehensive profit or loss-non-current	-	-	15,131,000	610,536	-	-	15,131,000	613,971	598,526	15,445	-	-

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year ended December 31, 2019

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate disposed by	Real estate	Transaction date or date of the event (Note 1)	Date of acquisition	Book value	Disposal amount	Status of collection of proceeds	Gain (loss) on disposal	Counterparty	Relationship with the seller	Reason for disposal	Basis or reference used in setting the price (Note 2)	Other commitments
ADATA TECHNOLOGY CO., LTD.	Investment property-land and buildings and structures	April 2019	May 2014	\$ 294,135	\$ 306,623	100% consideration received	\$ 12,488	Eastern Home Shopping & Leisure Co., Ltd.	None	Adjustment for operating requirement and activating assets	Based on appraisal report issued by the real estate appraisal firm (NT\$302,197 thousand)	None
ADATA TECHNOLOGY CO., LTD.	Investment property-land and buildings and structures	August 2019	June 2014	311,586	322,630	100% consideration received	11,044	POWER WIND HEALTH INDUSTRY INC.	None	Adjustment for operating requirement and activating assets	Based on appraisal report issued by the real estate appraisal firm (NT\$318,982 thousand)	None
ADATA TECHNOLOGY (SUZHOU) CO., LTD.	Investment property-land and buildings and structures	January 2019	October 2015	87,297	297,559	100% consideration received	210,262	Yixuan Holding Group co. LTD	None	Adjustment for operating requirement and activating assets	Based on appraisal report issued by the real estate appraisal firm (RMB 79,500 thousand)	None

Note 1: Date of the event referred to herein is the date of contract signing, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Note 2: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate disposed of should be appraised pursuant to the regulations.

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Year ended December 31, 2019

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance		Percentage of total notes/accounts receivable (payable)
ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (HK) CO., LTD.	The Company's Subsidiary	Sales	(\$ 4,355,214) (	18)	Collection within 90 days after sale	None	None	\$ 778,832	24	-
ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (U.S.A.) CO., LTD.	The Company's Subsidiary	Sales	(5,142,554) (	21)	Collection terms are 90 days	None	None	868,405	27	-
ADATA TECHNOLOGY CO., LTD.	ADATA ELECTRONICS (SHANHAI) CO., LTD.	The Company's Subsidiary	Sales	(335,921) (	1)	Collection within 90 days after sale	None	None	59,989	2	-
ADATA TECHNOLOGY CO., LTD.	LIWANLI Innovation Co., Ltd.	Associates	Sales	(163,119) (	1)	Collection within 30 days after sale	None	None	107,127	3	-
ADATA TECHNOLOGY CO., LTD.	IROC CO., Ltd.	Associates	Sales	(108,026) (	0)	Collection within 30 days after sale	None	None	23,316	1	-
ADATA INTEGRATION BRAZIL S/A	ADATA ELECTRONICS BRAZIL S/A	The Company's Subsidiary	Sales	(553,245) (	82)	Collection terms are 90 days	None	None	283,367	100	-
ADATA TECHNOLOGY (HK) CO., LTD.	ADATA TECHNOLOGY CO., LTD.	The Company	Purchases	4,355,214	96	Collection within 90 days after sale	None	None	(778,832) (	99)	-
ADATA TECHNOLOGY (U.S.A.) CO., LTD.	ADATA TECHNOLOGY CO., LTD.	The Company	Purchases	5,142,554	98	Collection terms are 90 days	None	None	(868,405) (	99)	-
ADATA ELECTRONICS (SHANHAI) CO., LTD.	ADATA TECHNOLOGY CO., LTD.	The Company	Purchases	335,921	100	Collection within 90 days after sale	None	None	(59,989) (	98)	-
ADATA ELECTRONICS BRAZIL S/A	ADATA INTEGRATION BRAZIL S/A	The Company's Subsidiary	Purchases	553,245	46	Collection terms are 90 days	None	None	(283,367) (	74)	-

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more
 Year ended December 31, 2019

Table 7

Expressed in thousands of NTD
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2019	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (HK) CO., LTD.	The Company's Subsidiary	\$ 778,832	6.28	\$ -	Not applicable	\$ 778,832	\$ -
ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (U.S.A.) CO., LTD.	The Company's Subsidiary	868,405	5.61	-	Not applicable	539,879	-
ADATA TECHNOLOGY CO., LTD.	LIWANLI Innovation Co., Ltd.	Associates	107,127	3.05	-	Not applicable	107,127	-
ADATA TECHNOLOGY (SUZHOU) CO., LTD.	ADATA TECHNOLOGY CO., LTD.	The Company	2,340,451	7.65	-	Not applicable	515,022	-
ADATA INTEGRATION BRAZIL S/A	ADATA ELECTRONICS BRAZIL S/A	The Company's Subsidiary	283,367	2.27	-	Not applicable	43,411	-

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Significant inter-company transactions during the reporting periods
Year ended December 31, 2019

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship	Transaction			Percentage of consolidated total operating revenues or total assets (Note 2)
				General ledger account	Amount	Transaction terms	
0	ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (U.S.A.) CO., LTD.	Parent company to subsidiary company	Sales	\$ 5,142,554	Note 3	20
0	ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (U.S.A.) CO., LTD.	Parent company to subsidiary company	Accounts receivable	868,405	Note 4	4
0	ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (HK) CO., LTD.	Parent company to subsidiary company	Sales	4,355,214	Note 3	17
0	ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (HK) CO., LTD.	Parent company to subsidiary company	Accounts receivable	778,832	Note 4	3
0	ADATA TECHNOLOGY CO., LTD.	ADATA ELECTRONICS (SHANHAI) CO., LTD.	Parent company to subsidiary company	Sales	335,921	Note 3	1
0	ADATA TECHNOLOGY CO., LTD.	ADATA ELECTRONICS (SHANHAI) CO., LTD.	Parent company to subsidiary company	Accounts receivable	59,989	Note 4	-
0	ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (SUZHOU) CO., LTD.	Parent company to subsidiary company	Process expense	2,143,240	Note 5	8
0	ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (SUZHOU) CO., LTD.	Parent company to subsidiary company	Accounts payable	2,340,451	Note 5	10
1	ADATA INTEGRATION BRAZIL S/A	ADATA ELECTRONICS BRAZIL S/A	Subsidiary company to subsidiary company	Sales	553,245	Note 3	2
1	ADATA INTEGRATION BRAZIL S/A	ADATA ELECTRONICS BRAZIL S/A	Subsidiary company to subsidiary company	Accounts receivable	283,367	Note 4	1

Note 1: The parent company is numbered "0". The subsidiaries are numbered in order starting from '1'.

Note 2: Regarding the ratio of transaction amount to consolidated total operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet accounts and based on accumulated amount in the interim to consolidated total operating revenues for income statement accounts.

Note 3: The sale prices were similar to those given to third parties.

Note 4: The credit terms made to the third party were cash on delivery and 90 days after monthly billings. The credit terms made to the related party were cash on delivery and 90 days after delivery.

Note 5: Processing price and payment terms to the related party are available to the third party.

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES
The related information on investees are as follows (not including investees in Mainland China)
Year ended December 31, 2019

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
ADATA TECHNOLOGY CO., LTD.	CI CAI GUANG AGRICULTURAL BIOTECHNOLOGY CO., LTD.	Republic of China	Herb cultivation and farm business	\$ 750,000	\$ 740,000	75,000,000	100.00	\$ 717,675	(\$ 4,176)	(\$ 4,176)	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	ZHAO-XING INVESTMENT CO., LTD.	Republic of China	General Investment	705,001	705,001	71,000,000	100.00	298,014	(29,244)	(29,244)	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	AVIP TECHNOLOGY CO., LTD.	Republic of China	Manufacture and trade of electronic components and computer peripherals	14,000	14,000	1,400,000	100.00	4,597	(8,176)	(8,176)	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	JIOU LONG AGRICULTURAL BIOTECHNOLOGY CO., LTD.	Republic of China	Herb cultivation and farm business	181,000	192,000	18,100,000	100.00	179,021	(172)	(172)	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	LONG TIAN AGRICULTURAL BIOTECHNOLOGY CO., LTD.	Republic of China	Herb cultivation and farm business	771,000	765,000	77,100,000	100.00	737,606	(2,395)	(2,395)	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	ADATA HOLDINGS CO., LTD.	British Cayman Islands	General Investment	2,486,092	2,497,387	77,937,598	100.00	4,811,009	610,852	610,852	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (U.S.A.) CO., LTD.	U.S.A.	Trading of electronic material and components	66,637	66,637	200,000	100.00	367,007	59,061	59,061	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY B.V.	Netherlands	Trading of electronic material and components	16,570	30,557	300,020	100.00	6,203	850	850	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	ADATA INTERNATIONAL (BVI) CO., LTD.	British Virgin Islands	General Investment	-	333,124	-	-	-	(4,215)	(4,215)	Note 1(1) and 4
ADATA TECHNOLOGY CO., LTD.	ADATA TECHNOLOGY (KOREA) CO., LTD.	Korea	Trading of electronic components and computer peripherals	2,880	2,880	1,100,000	100.00	4,666	686	686	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	MACHDATA INTERMEDIACAO DE NEGOCIOS LTDA.	Brazil	Trading of electronic material and components	1,077,019	1,077,019	111,431,325	100.00	570,861	(7,972)	(7,972)	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	ADATA Technology (Japan) Co., Ltd.	Japan	Trading of electronic material and components	7,977	7,977	600	100.00	13,320	1,229	1,229	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	ADATA Technology Mexico, SDRL De CV.	Mexico	Trading of electronic material and components	6,872	223	6,872	100.00	8,893	767	767	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	ALLIED TREASURE INC. LIMITED	Hong Kong	General Investment	744,985	744,985	178,776,000	100.00	583,558	(50,913)	(50,913)	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	JET CASTLE LIMITED	Hong Kong	General Investment	48,135	48,135	1,500,000	100.00	3,013	6,700	6,700	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	AROBOT INNOVATION (SAMOA) HOLDINGS CO., LTD.	Samoa Islands	General Investment	30,150	30,150	1,000,000	74.63	7,912	(8,490)	(6,336)	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	LIWANLI Innovation Co., Ltd.	Republic of China	Trading of electronic material and components and sales of biotechnology	1,126,091	1,126,091	41,106,931	49.28	1,055,326	2,782	600	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	IROC CO., Ltd.	Republic of China	Trading of electronic material and components and sales of biotechnology	545,437	523,203	8,765,882	24.66	530,481	(66,856)	(11,766)	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	Weili Health Medical Technology Co., Ltd.	Republic of China	Portal website operation	18,000	18,000	600,000	32.79	13,936	(146)	(48)	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	Master Acoustics International Corp. Limited	Hong Kong	The sales of sound optimised resonator, sound optimised coating and bioacoustics	6,037	24,748	153,000	33.41	4,414	(479)	(160)	Note 1(1)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2019			Net profit (loss) of the investee for the year ended December 31, 2019	Investment income (loss) recognised by the Company for the year ended December 31, 2019	Footnote
				Balance as at December 31, 2019	Balance as at December 31, 2018	Number of shares	Ownership (%)	Book value			
ZHAO-XING INVESTMENT CO., LTD.	Mucho Herb Biotech Co., Ltd.	Republic of China	Developing, marketing, and selling of Herb related products	\$ 55,000	\$ 55,000	5,500,000	23.50	\$ -	-\$ 15,451	-\$ 3,631	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	Taiwan Sports Lottery Co., Ltd.	Republic of China	Issuing or selling of Sports Lottery	250,000	250,000	25,000,000	47.62	915,913	748,007	356,192	Note 1(1)
ADATA TECHNOLOGY CO., LTD.	Mucho Herb Biotech Co., Ltd.	Republic of China	Developing, marketing, and selling of Herb related products	15,000	15,000	1,500,000	6.41	-	(15,451)	-	Note 1 (1) and 2
ZHAO-XING INVESTMENT CO., LTD.	AROBOT INNOVATION CO., LTD.	Republic of China	Other machinery manufacturing	24,485	19,475	3,200,000	52.46	10,880	4,389	-	Note 1 (1) and 2
ADATA HOLDINGS CO., LTD.	ADATA TECHNOLOGY HOLDINGS CO., LTD.	British Cayman Islands	General Investment	1,847,058	1,865,989	57,928,317	100.00	4,741,683	625,937	-	Note 1 (1) and 2
ADATA HOLDINGS CO., LTD.	ADATA TECHNOLOGY (INDIA) PVT. LTD.	India	Trading of electronic components and computer peripherals	65,424	65,424	2,287,207	100.00	33,475	991	-	Note 1 (1) and 2
ADATA HOLDINGS CO., LTD.	ADATA INVESTMENT COMPANY LIMITED	Samoa Islands	General Investment	130,024	130,024	4,186,944	100.00	10,943	(4,786)	-	Note 1 (1) and 2
ADATA HOLDINGS CO., LTD.	ADATA CAPITAL CO.,LTD.	Samoa Islands	General Investment	55,742	48,107	1,850,322	100.00	17,566	(10,840)	-	Note 1 (1) and 2
ADATA INVESTMENT COMPANY LIMITED	AROBOT INNOVATION (SAMOA) Holdings Co., Ltd.	Samoa Islands	General Investment	10,251	10,251	340,000	25.37	8,071	(8,490)	-	Note 1 (1) and 2
ADATA TECHNOLOGY HOLDINGS CO., LTD.	ADATA TECHNOLOGY (HK) CO., LTD.	Hong Kong	Trading of electronic material and components	1,846,495	1,865,427	449,376,284	100.00	4,741,667	625,936	-	Note 1 (1) and 2
MACHDATA INTERMEDIACAO DE NEGOCIOS LTDA.	ADATA INTEGRATION BRAZIL S/A	Brazil	Design, manufacture and trading of semiconductor components	948,929	948,929	101,102,323	80.49	513,260	(18,907)	-	Note 1 (2) and 2
MACHDATA INTERMEDIACAO DE NEGOCIOS LTDA.	ADATA ELECTRONICS BRAZIL S/A	Brazil	Manufacture and trading of electronic components	46,491	46,491	4,951,800	80.49	23,739	7,035	-	Note 1 (2) and 2
ALLIED TREASURE INC. LIMITED	Alwin Co., Ltd.	Samoa Islands	Research, development, sales and manufacture of earphones	130,520	130,520	4,000,000	40.00	72,570	(15,213)	-	Note 1 (1) and 2
JET CASTLE LIMITED	ERATO (CAYMAN) Holdings Co., LTD.	British Cayman Islands	Research, development, sales and manufacture of earphones	-	46,514	-	-	-	7,165	-	Note 1(1), 2 and 6
JET CASTLE LIMITED	ERATO (HK) CORPORATION LIMITED	Hong Kong	Research, development, sales and manufacture of earphones	16,215	-	500,000	100.00	1,551	(6,772)	-	Note 1 (1), 2 and 5
ERATO (CAYMAN) Holdings Co., LTD.	ERATO WIRELESS AUDIO TECHNOLOGY CO., LTD	U.S.A.	Research, development, sales and manufacture of earphones	-	16,215	-	-	-	13,579	-	Note 1(1), 2 and 3
ERATO (CAYMAN) Holdings Co., Ltd.	ERATO (HK) CORPORATION LIMITED	Hong Kong	Research, development, sales and manufacture of earphones	-	16,215	-	-	(6,772)	-	-	Note 1(1), 2 and 5
AROBOT INNOVATION (SAMOA) HOLDINGS CO., LTD.	AROBOT INNOVATION (HK) CO., LTD.	Hong Kong	General Investment	29,618	29,618	984,000	100.00	10,190	2,049	-	Note 1(1) and 2
AROBOT INNOVATION (HK) CO., LTD.	AROBOT INNOVATION CO., LTD.	Republic of China	Other machinery manufacturing	29,000	29,000	2,900,000	47.54	9,741	4,389	-	Note 1(1) and 2

Note 1: Indicate the basis for investment income (loss) recognition in the number of one of the following two categories:

- (1) Financial statements audited by the independent accountants appointed by the Company
- (2) Financial statements audited by other independent accountants.

Note 2: The investment income was recognised by a subsidiary company.

Note 3: Erato Wireless Audio Technology Co., Ltd. was liquidated in June 2019.

Note 4: Adata International (BVI) Co., Ltd. was liquidated in July 2019.

Note 5: Erato (Cayman) Holdings Co., Ltd. originally held a 100% equity interest in Erato (HK) Corporation Limited. In the third quarter of 2019, the Group conducted organisational restructuring, therefore, a 100% equity interest of Erato (HK) Corporation Limited was held by the Company's subsidiary, Jet Castle Limited.

Note 6: Erato (Cayman) Holdings Co., Ltd. was liquidated in October 2019.

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
Year ended December 31, 2019

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2019	to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2019		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Net income of investee as of December 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2019 (Note 2)	Book value of investments in Mainland China as of December 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2019	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
ADATA TECHNOLOGY (SUZHOU) CO., LTD.	Manufacture and trade of electronic components and computer peripherals	\$ 1,299,223	2	\$ 1,299,223	\$ -	\$ -	\$ 1,299,223	\$ 308,131	100.00	\$ 308,131	\$ 4,068,305	\$ -	Notes 2(1) and 3
ADVANCED DATA TECHNOLOGY (SUZHOU) CO., LTD.	Manufacture and trade of electronic components and computer peripherals	592,704	2	592,704	-	-	592,704	280,199	100.00	280,199	754,998	-	Notes 2(1) and 4
ADATA ELECTRONICS (SHANGHAI) CO., LTD.	Trading of electronic material and components	131,134	2	131,134	-	-	131,134	(2,801)	100.00	(2,801)	55,059	-	Notes 2(1) and 5
ADATA TECHNOLOGY (SHANDONG) CO., LTD.	Manufacture and trade of electronic components and computer peripherals	48,150	2	48,150	-	-	48,150	-	100.00	-	-	-	Notes 2(1) and 6
ERATO (SZ) CORPORATION LTD.	Research, development, sales and manufacture of earphones	3,019	2	3,019	-	-	3,019	-	100.00	-	-	-	Notes 2(1) and 7
AROBOT ARTIFICIAL INTELLIGENCE TECHNOLOGY (SUZHOU) CO., LTD.	R&D, manufacturing and sales of robots and electronic components	8,906	1	8,906	(8,906)	(8,906)	(1,663)	(1,663)	100.00	(1,663)	-	-	Notes 2(1) and 8
Suzhou Golden Crown New Energy Co., Ltd.	Manufacture and sale of solar cell, li-ion battery, battery	963,516	2	7,547	-	-	7,547	-	0.67	-	-	-	Notes 10
Beijing Function Capital Management Co., Ltd.	Consulting for investments and consulting service for business management	51,673	3	-	-	-	-	-	10.00	-	4,305	-	Notes 11
Shandong Function Real Estate Co., Ltd.	Consulting for investments and consulting service for business management	406,613	3	-	-	-	-	1,360	33.75	459	127,457	-	Notes 2(1) and 12
Function (Qingdao) Marine Technology Co., Ltd.	The research and development and trading of biotechnology products	91,860	3	-	-	-	(16,160)	(16,160)	25.00	(4,040)	15,437	-	Notes 2(1) and 13
Shanghai shangguang Investment Co.,Ltd.	Consulting for investments and consulting service for business management	93,700	3	-	-	-	-	-	1.44	-	63,510	-	Notes 14
SuZhou Qdreamer Technology Co.,Ltd	The internet technology research and development and services and computer software and hardware research and development	6,169	3	-	-	-	-	-	4.79	-	6,766	-	Notes 15
Shenzhen Visualdeep Co. ,Ltd.	Development of network technology, providing network technology service and development and sales of software	64,738	3	-	-	-	-	-	24.00	-	38,905	-	Note 16
Ningbo Xinrou Rrotein Technology co. LTD	Research and development, producing, wholesale and retailing of food	34,848	3	-	-	-	(7,991)	(7,991)	30.00	(2,035)	56,455	-	Note 2 (1) and 17
Qingdao Nuotai Biotechnology co. LTD	Producing and sales of marine biomaterial and research and development of biological products	53,612	3	-	-	-	-	-	18.75	-	129,155	-	Note 18

Note 1: Investment methods are classified into the following three categories:

- (1) Directly invest in a company in Mainland China.
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others.

Note 2: The investment gain and loss on investees were recognized based on the follows:

- (1) Same period financial statements were audited by independent auditors.
- (2) Same period financial statements were not audited by independent auditors.

Note 3: ADATA TECHNOLOGY (SUZHOU) CO., LTD. is a 100% owned subsidiary of ADATA TECHNOLOGY (HK) CO., LTD. ADATA TECHNOLOGY (HK) CO., LTD. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is USD 40,000 thousand. The case was approved by investment commission.

Note 4: ADVANCED DATA TECHNOLOGY (SUZHOU) CO., LTD. is a 100% owned subsidiary of ADATA TECHNOLOGY (HK) CO., LTD. ADATA TECHNOLOGY (HK) CO., LTD. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is USD 26,500 thousand. The case was approved by investment commission.

Note 5: ADATA ELECTRONICS (SHANGHAI) CO., LTD. is a 100% owned subsidiary of ADATA TECHNOLOGY (HK) CO., LTD. ADATA TECHNOLOGY (HK) CO., LTD. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is USD 4,000 thousand. The case was approved by investment commission.

Note 6: ADATA TECHNOLOGY (SHANDONG) CO., LTD. is a 100% owned subsidiary of ADATA TECHNOLOGY (HK) CO., LTD. ADATA TECHNOLOGY (HK) CO., LTD. is an indirect wholly-owned subsidiary of the Company. Total membership contribution is USD 1,500 thousand. The case was approved by investment commission. Adata Technology (Suzhou) Co., Ltd. was approved to be deregistered by Ruzhou City's supervisory authority on April 26, 2017, and the investee was liquidated. On February 15, 2020, the deregistration was approved by the Investment Commission, MOEA.

Note 7: ERATO (SZ) CORPORATION LTD. is a 100% owned subsidiary of ERATO (HK) CORPORATION LIMITED. ERATO (HK) CORPORATION LIMITED is an indirect wholly-owned subsidiary of the Company. Total membership contribution is USD100 thousand. The case was approved by investment commission. Erato (SZ) Corporation Limited was approved to be deregistered by Suzhou Industrial Park's supervisory authority on December 7, 2018, and the investee was liquidated. However, the deregistration is pending for approval from the Investment Commission, MOEA.

Note 8: AROBOT ARTIFICIAL INTELLIGENCE TECHNOLOGY(SUZHOU) CO., LTD. is a 100% owned subsidiary of AROBOT INNOVATION CO., LTD. The Company indirectly held 100% ownership of AROBOT INNOVATION CO., LTD. Total membership contribution is USD300 thousand. The case was approved by investment commission. Erato (SZ) Corporation Limited was approved to be deregistered by Suzhou Industrial Park's supervisory authority on October 18, 2019, and the investee was liquidated. On November 6, 2019, the deregistration was approved by the Investment Commission, MOEA.

Note 9: Through the Company's indirect wholly-owned subsidiary- ADATA INVESTMENT CO., LTD., the Company instructed BVI Success-Field Investment Ltd. to sell 3.57% ownership of GOLDEN CROWN GREEN ENERGY LTD. and indirectly acquired the ownership of Golden Crown Energy Co. and Dongguan Hunag Jiang Qing Cheng Electronics Factory. Total membership contribution was USD1,031 thousand. The case was approved by the Investment Commission. Golden Crown Energy Co. and Dongguan Hunag Jiang Qing Cheng Electronics Factory filed cancellation registration to PRC on July 9, and March 2, 2012, respectively, the cancellation of investment was approved by investment commission on November 21, 2012. However, the facility of investment in Mainland China has not been released.

Note 10: Through the Company's indirect wholly-owned subsidiary- ADATA INVESTMENT CO., LTD., the Company instructed BVI Success-Field Investment Ltd. to sell 0.67% ownership of GOLDEN CROWN GREEN ENERGY LTD. and indirectly acquired the ownership of Suzhou Golden Crown New Energy Co., Ltd.. Total membership contribution was USD 248 thousand. The case was approved by the Investment Commission.

Note 11: The Company acquired a 10% equity interest in Beijing Function Capital Management Co.,Ltd. in the amount of RMB 1,000 thousand through the Company's indirectly wholly-owned investee, Adata Technology (Suzhou) Co., Ltd

Note 12: The Company acquired a 33.75% equity interest in Shandong Function Real Estate Co., Ltd.(formerly named LIANGXU ASSET MANAGEMENT (SHANGHAI) CO.,LTD) in the amount of RMB 29,531 thousand through the Company's indirectly wholly-owned investee, Adata Technology (Suzhou) Co., Ltd

Note 13: The Company acquired a 25% equity interest in Function (Qingdao) Marine Technology Co., Ltd. in the amount of RMB 5,000 thousand through the Company's indirectly wholly-owned investee, Adata Technology (Suzhou) Co., Ltd

Note 14: The Company acquired a 1.44% equity interest in Shanghai Shanguang Investment Co.,Ltd. in the amount of RMB 12,999 thousand through the Company's indirectly wholly-owned investee, Adata Technology (Suzhou) Co., Ltd.

Note 15: The Company acquired a 4.79% equity interest in SuZhou Qdreamer Technology Co.,Ltd in the amount of RMB 5,000 thousand through the Company's indirectly wholly-owned investee, Adata Technology (Suzhou) Co., Ltd.

Note 16: The Company acquired a 24% equity interest in Shenzhen Visualdeep Co., Ltd. in the amount of RMB14,385 thousand through the Company's indirectly wholly-owned investee, Adata Technology (Suzhou) Co., Ltd

Note 17: The Company acquired a 30% equity interest in Ningbo Xinrou Rrotein Technology co. LTD in the amount of RMB 13,573 thousand through the Company's indirectly wholly-owned investee, Adata Technology (Suzhou) Co., Ltd.

Note 18: The Company acquired a 18.75% equity interest in Qingdao Nuotai Biotechnology co. LTD in the amount of RMB 30 million through the Company's indirectly wholly-owned investee, Adata Technology (Suzhou) Co., Ltd.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2019	Investment amount approved	
		by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
ADATA TECHNOLOGY CO., LTD.	\$ 2,114,970	\$ 2,402,877	\$ 4,642,754
AROBOT INNOVATION CO., LTD.	-	-	12,453

Note 1: The limitation is 60% of net worth.

Note 2: As of December 31, 2019, investment in Mainland China approved by the Investment Commission of the Ministry of Economic Affairs amounted to US\$74,879 thousand.

Note 3: As of December 31, 2019, Arobot Innovation Co., Ltd.'s investment in Mainland China approved by the Investment Commission of the Ministry of Economic Affairs amounted to US\$0.

ADATA TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area
Year ended December 31, 2019

Table 11

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing					
	Amount	%	Amount	%	Balance at December 31, 2019	%	Balance at December 31, 2019	Purpose	Maximum balance during the year ended December 31, 2019	Balance at December 31, 2019	Interest rate	Interest during the year ended December 31, 2019	Others	
ADATA TECHNOLOGY (SUZHOU) CO., LTD.	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	-	\$ -	-	Note
ADATA ELECTRONICS (SHANGHAI) CO., LTD.	335,921	1	-	-	59,989	2	-	-	-	-	-	-	-	-

Note: The processing fees of the Company and Adata Technology (Suzhou) Co., Ltd. for the year ended December 31, 2019 amounted to \$2,143,240. Accounts payable of \$2,340,451 was recognised as of December 31, 2019.