TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2020 AND 2019

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.

INDEPENDENT AUDITORS’ REPORT

TRANSLATED FROM CHINESE

PWCR20000306

To the Board of Directors and Shareholders of Teco Image Systems Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Teco Image Systems Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2020 and 2019, 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 auditors (please refer to 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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 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. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2020 consolidated financial statements are stated as follows:

Valuation of inventories

Description

For accounting policies adopted for the valuation of inventories, please refer to Note 4(13). For the significant judgements applied in the accounting policies adopted for the valuation of inventories, please refer to Note 5(2). For details of inventories, please refer to Note 6(5).

Before producing new types of multiple-function printers, the Group will prepare sufficient materials based on the sales forecast. If the actual sales are lower than the expected results, the materials in storage will be excessive and be consumed slowly. The Group estimates net present value of inventories on the balance sheet date, and then writes down inventory cost to net present value. As the valuation of inventories involve judgements, and the valuation amounts are material, we identified the valuation of inventories as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in relation to the key audit matter:

1. Obtained the policies for inventory valuation and determined whether the policies applied in provision of allowance for inventory valuation losses in the different periods are in agreement.
2. Performed physical inventory count at the end of period to identify whether there are obsolete, damaged or unsalable inventories.
3. Obtained aging statements for each kind of inventory and tested the changes in ages of inventory. For selected samples with inventory number, we verified to changes record and expiration dates, checked the accuracy of classification range of inventory ages and valued the effects on inventories.

4. Obtained net realizable value statement of each kind of inventory and checked whether the applied calculation logic was in agreement for all inventory. Tested relevant parameters and relevant estimate document. Checked and compared allowance for valuation losses that the Group should provision at the lower of cost and net realizable value.

Existence of sales revenue

Description

For accounting policies adopted for the recognition of revenue, please refer to Note 4(29). For details of revenue, please refer to Note 6(15).

The Group mainly traded with established and reputable customers over the years. Since the changes in new top ten customers may materially affect the consolidated financial statements of the Group and sales revenue is high-risk in nature, we identified the existence of sales revenue from new top ten customers as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures in relation to the key audit matter:

1. Understood the internal controls over sales.
2. Verified the appraisal report of new top ten customers by checking relevant information on them.
3. Tested whether the credit terms of new top ten customers have been approved appropriately.
4. Obtained and verified the details of sales and relevant supporting documents.
5. Performed sampling confirmation procedures to new top ten customers to ascertain the existence and accuracy of the receivables.
6. Obtained and verified the subsequent collections details of accounts receivable and relevant supporting documents.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain investments accounted for using the equity method that are included in the consolidated financial statements. The balance of investments accounted for using equity method was NT$70,907 thousand and NT$68,867 thousand, constituting 2.98% and 2.79% of the consolidated total assets as of December 31, 2020 and 2019, respectively. The balance of comprehensive income (loss) was NT $2,040 thousand and NT$429 thousand for the years ended December 31, 2020 and 2019, constituting (3.61%) and 0.24% of the consolidated total comprehensive income (loss), respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other auditors.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter paragraph on the parent company only financial statements of Teco Image Systems Co., Ltd. as at and for the years ended December 31, 2020 and 2019.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and 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.

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

Yeh, Tsai Miao Huang, Shih Chun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 17, 2021

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 review of such 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 independent auditors' report 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.

TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 430,751	18	$ 526,465	21
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	113,894	5
1170	Accounts receivable, net	6(4)	337,731	14	406,078	17
1200	Other receivables		7,741	1	4,190	-
1220	Current income tax assets	6(21)	2,887	-	3,144	-
130X	Inventories, net	6(5)	148,975	6	148,293	6
1410	Prepayments	7(2)	45,914	2	32,945	1
11XX	**Current Assets**		973,999	41	1,235,009	50
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non - current	6(3)	1,253,306	53	1,068,723	43
1550	Investments accounted for under the equity method	6(6)	70,907	3	68,867	3
1600	Property, plant and equipment, net	6(7)	25,175	1	24,100	1
1755	Right-of-use assets	6(8)	25,582	1	34,496	1
1780	Intangible assets		3,799	-	7,629	-
1840	Deferred income tax assets	6(21)	17,769	1	15,884	1
1900	Other non-current assets		7,104	-	12,540	1
15XX	**Non-current assets**		1,403,642	59	1,232,239	50
1XXX	**Total assets**		$ 2,377,641	100	$ 2,467,248	100

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TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(9)	$ 150,000	6	$ -	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	1,288	-	-	-
2130	Contract liabilities - current	6(15)	31,743	1	70,344	3
2170	Accounts payable		298,063	13	333,995	13
2180	Accounts payable - related parties	7(2)	52	-	2,768	-
2200	Other payables	6(10) and 7(2)	116,241	5	170,852	7
2230	Current income tax liabilities	6(21)	621	-	-	-
2250	Provisions for liabilities - current	6(12)	23,117	1	23,107	1
2280	Current lease liabilities	7(2)	12,965	1	13,461	1
2300	Other current liabilities		2,178	-	2,096	-
21XX	**Current Liabilities**		636,268	27	616,623	25
	Non-current liabilities					
2580	Non-current lease liabilities	7(2)	12,868	-	21,218	1
2600	Other non-current liabilities	6(11)	27,455	1	22,350	1
25XX	**Non-current liabilities**		40,323	1	43,568	2
2XXX	**Total Liabilities**		676,591	28	660,191	27
	Equity attributable to owners of the parent					
	Share capital	6(13)				
3110	Share capital - common stock		1,125,365	47	1,125,365	45
	Capital surplus	6(6)				
3200	Capital surplus		55	-	55	-
	Retained earnings	6(14)				
3310	Legal reserve		377,261	16	372,303	15
3320	Special reserve		-	-	19,774	1
3350	Unappropriated retained earnings		141,189	6	180,560	7
	Other equity interest					
3400	Other equity interest		57,180	3	109,000	5
31XX	**Equity attributable to owners of the parent**		1,701,050	72	1,807,057	73
3XXX	**Total equity**		1,701,050	72	1,807,057	73
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 2,377,641	100	$ 2,467,248	100

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

TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Items	Notes	Year ended December 31 2020 AMOUNT	%	2019 AMOUNT	%
4000	Operating revenues	6(15) and 7(2)	$ 1,277,546	100	$ 1,769,660	100
5000	Operating costs	6(5)(19) and 7(2)	(1,043,211)	(82)	(1,415,253)	(80)
5900	Net operating margin		234,335	18	354,407	20
	Operating expenses	6(19) and 7(2)				
6100	Selling expenses		(53,766)	(4)	(61,927)	(4)
6200	General and administrative expenses		(138,756)	(11)	(143,892)	(8)
6300	Research and development expenses		(120,831)	(9)	(147,350)	(8)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(46)	-	42	-
6000	Total operating expenses		(313,399)	(24)	(353,127)	(20)
6900	Operating (loss) profit		(79,064)	(6)	1,280	-
	Non-operating income and expenses					
7100	Interest income		1,493	-	6,654	-
7010	Other income	6(16)	65,770	5	60,682	4
7020	Other gains and losses	6(17)	16,606	1	(13,681)	(1)
7050	Finance costs	6(18)	(1,933)	-	(535)	-
7060	Share of profit/(loss) of associates and joint ventures accounted for under the equity method	6(6)	2,040	-	429	-
7000	Total non-operating income and expenses		83,976	6	53,549	3
7900	**Profit before income tax**		4,912	-	54,829	3
7950	Income tax expense	6(21)	(4,113)	-	(5,292)	-
8200	**Profit for the year**		$ 799	-	$ 49,537	3

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TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

	Items	Notes	Year ended December 31 2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
	Other comprehensive income					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial (loss) gain on defined benefit plan	6(11)	($ 6,838)	-	$ 51	-
8316	Unrealized (loss) gain on valuation of equity instruments at fair value through other comprehensive income	6(3)	(53,730)	(4)	134,683	7
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	1,368	-	(11)	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		(59,200)	(4)	134,723	7
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statement translation differences of foreign operations		1,910	-	(5,909)	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss		1,910	-	(5,909)	-
8300	**Total other comprehensive (loss) income for the year**		($ 57,290)	(4)	$ 128,814	7
8500	**Total comprehensive (loss) income for the year**		($ 56,491)	(4)	$ 178,351	10
	Loss attributable to:					
8610	Owners of the parent		$ 799	-	$ 49,537	3
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		($ 56,491)	(4)	$ 178,351	10
9750	Basic earnings per share	6(22)	$ 0.01		$ 0.44	
9850	Diluted earnings per share	6(22)	$ 0.01		$ 0.44	

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

TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
			Capital surplus	Retained earnings			Other equity interest		
	Notes	Share capital - common stock	Changes in equity of associates and joint ventures accounted for using the equity method	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain or loss on valuation of financial assets at fair value through other comprehensive income	Total equity
Year ended December 31, 2019									
Balance at January 1, 2019		$1,125,365	$ -	$ 356,255	$ -	$ 284,968	($ 3,760)	($ 16,014)	$1,746,814
Profit for the year		-	-	-	-	49,537	-	-	49,537
Other comprehensive income (loss) for the year		-	-	-	-	40	(5,909)	134,683	128,814
Total comprehensive income (loss)		-	-	-	-	49,577	(5,909)	134,683	178,351
Appropriation and distribution of 2018 retained earnings	6(14)								
Legal reserve appropriated		-	-	16,048	-	(16,048)	-	-	-
Special reserve appropriated		-	-	-	19,774	(19,774)	-	-	-
Cash dividends from retained earnings		-	-	-	-	(118,163)	-	-	(118,163)
Changes in equity of associates and joint ventures accounted for using equity method	6(6)	-	55	-	-	-	-	-	55
Balance at December 31, 2019		$1,125,365	$ 55	$ 372,303	$ 19,774	$ 180,560	($ 9,669)	$ 118,669	$1,807,057
Year ended December 31, 2020									
Balance at January 1, 2020		$1,125,365	$ 55	$ 372,303	$ 19,774	$ 180,560	($ 9,669)	$ 118,669	$1,807,057
Profit for the year		-	-	-	-	799	-	-	799
Other comprehensive income (loss) for the year		-	-	-	-	(5,470)	1,910	(53,730)	(57,290)
Total comprehensive income (loss)		-	-	-	-	(4,671)	1,910	(53,730)	(56,491)
Appropriation and distribution of 2019 retained earnings	6(14)								
Legal reserve appropriated		-	-	4,958	-	(4,958)	-	-	-
Special reserve reversed		-	-	-	(19,774)	19,774	-	-	-
Cash dividends from retained earnings		-	-	-	-	(49,516)	-	-	(49,516)
Balance at December 31, 2020		$1,125,365	$ 55	$ 377,261	$ -	$ 141,189	($ 7,759)	$ 64,939	$1,701,050

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

TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 4,912	$ 54,829
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(19)	38,382	42,860
Amortization	6(19)	5,962	5,889
Net loss (income) on financial assets and liabilities at fair value through profit or loss	6(17)	(29,915)	1,929
Expected credit (profit) loss	12(2)	46	(42)
Share of (profit) loss of associates and joint ventures accounted for under the equity method	6(6)	(2,040)	(429)
Gain on disposal of property, plant and equipment	6(17)	-	(344)
Accrued (reversal of) product warranty provision	6(12)	123	(2,339)
Interest expense	6(18)	1,933	535
Interest income		(1,493)	(6,654)
Dividend income	6(16)	(54,360)	(54,312)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		145,096	(4,094)
Notes receivable		-	6,378
Accounts receivable		68,301	149,255
Other receivables		(3,551)	1,065
Inventories		(682)	(10,591)
Prepayments		(2,969)	3,316
Other non-current assets		230	5,473
Changes in operating liabilities			
Contract liabilities-current		(38,601)	25,785
Accounts payable		(35,932)	(113,052)
Accounts payable - related parties		(2,716)	2,282
Other payables		(59,724)	(47,270)
Provisions-current		(113)	(237)
Other current liabilities		82	(680)
Other non-current liabilities		(1,733)	(1,642)
Cash inflow generated from operations		31,238	57,910
Interest received		1,493	6,654
Interest paid		(1,933)	(535)
Income tax refund received		257	143
Income tax paid		(4,008)	(11,338)
Net cash flows from operating activities		27,047	52,834

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TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31 2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in prepayments	7(2)	($ 10,000)	$ -
Acquisition of financial assets at fair value through other comprehensive income	6(3)	(238,313)	(25,000)
Acquisition of property, plant and equipment	6(23)	(5,348)	(6,676)
Proceeds from disposal of property, plant and equipment		-	1,028
Acquisition of intangible assets		(1,322)	(5,988)
Decrease in refundable deposits		1,089	180
Increase in prepayments for business facilities		(1,459)	(8,345)
Dividends received	6(16)	54,360	54,312
Acquisition of investments accounted for under the equity method	6(6)	-	(35,000)
Net cash flows used in investing activities		(200,993)	(25,489)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid	6(24)	(49,516)	(118,163)
Increase in short-term borrowings	6(24)	250,000	-
Repayment of short-term borrowings	6(24)	(100,000)	-
Repayment of the principal portion of lease liabilities	6(24)	(23,854)	(28,675)
Net cash flows from (used in) financing activities		76,630	(146,838)
Effect of exchange rate changes on cash and cash equivalents		1,602	(5,410)
Net decrease in cash and cash equivalents		(95,714)	(124,903)
Cash and cash equivalents at beginning of year		526,465	651,368
Cash and cash equivalents at end of year		$ 430,751	$ 526,465

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

TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) Teco Image Systems Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C) on September 8, 1997 and has begun its operations in the same year. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in designing, manufacturing and trading of multi-function printers, fax machines, scanner, etc.

(2) The Company's shares have been listed on the Taipei Exchange since June 2000.

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

These consolidated financial statements were reported to the Board of Directors on March 17, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by FSC.

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

(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 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform - Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and 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:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
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, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 37, ‘Onerous contracts - cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRSs 2018-2020 cycle	January 1, 2022

The above standards and interpretations have no significant impact to the Group’s financial condition and 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

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, 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, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity 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.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2020	December 31, 2019	Description
The Company	Atlas Tech Investment Co., Ltd. (Atlas)	Professional investment company	100	100	-
Atlas	All-In-One International Co., Ltd. (AIO)	Professional investment company	100	100	-
Atlas	Image Systems International Limited (ISI)	Professional investment company	100	100	-
Atlas	Teco Pro-Systems (JiangXi) Co., Ltd.	Research, development, manufacturing and sales of multi-function printers and related products	100	100	Note 1
AIO	TECO Image Systems (Suzhou) Co., Ltd.	Research, technical service, manufacturing and sales of multi-function printers and related products	100	100	Note 2
ISI	Teco Image Systems (DongGuan) Co., Ltd.	Research, development, manufacturing and sales of multi-function printers and related products	100	100	-

The financial statements of the abovementioned subsidiaries- Teco Image Systems (DongGuan) Co., Ltd., ISI and Atlas and other subsidiaries included in the consolidated financial statements for the years ended December 31, 2020 and 2019 have been audited by the Company's independent auditors.

Note 1: On August 6, 2014, the Board of Directors resolved for the Company to liquidate and cease the business of Teco Pro-Systems (JiangXi) Co., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary, Atlas Tech Investment Co., Ltd.. As of March 17, 2021, the liquidation process is still ongoing.

Note 2: On March 15, 2016, the Board of Directors resolved for the Company to liquidate and cease the business of TECO Image Systems (Suzhou) Co., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary, All-In-One International Co., Ltd.. As of March 17, 2021, the liquidation process is still ongoing.

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 translation

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 (NTD), 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 recognized 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 recognized 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 recognized 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 recognized 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 under “other gains and losses”.

B. Translation of foreign operations

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

(a) Assets and libilities for each balance sheet presented are translated at the exchange rate prevailing at the dates of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;

(c) All resulting exchange differences are recognised in other comprehensive income.

(5)<u>Classification of current and non-current items</u>

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 realized, 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 realized 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 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 criteria and 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 settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(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 settlement 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 or contract assets 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 the contractual rights to receive the cash flows from the financial asset expire.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the moving 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.

(14) Investments accounted for under the equity method / associates

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 under 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 change in ownership interests in 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 under 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.

(15) 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. 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 part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. 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:

Machinery and equipment	3~10 years
Mold equipment	3~5 years
Testing equipment	3~5 years
Transportation equipment	6 years
Office equipment	3~5 years
Leasehold improvements	3~5 years
Others	3~5 years

(16) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

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 the 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, which consists of the amount of the initial measurement of lease liability.

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.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(17) Intangible assets

Intangible assets mainly refer to computer software and royalty which is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

(18) 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 or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

Borrowings comprise short-term bank borrowings. 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.

(20) Notes and accounts 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.

(21) 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.

(22) Derecognition of financial liabilities

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

(23) Non-hedging and embedded 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.

(24) Provisions

Provisions (including contingent liabilities arising from warranties) for warranty 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.

(25) 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 net 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.

iii. Past service costs are recognised immediately in profit or loss.

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

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, 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 paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) 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 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 balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, 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 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 tax asset is realised or the deferred tax liability is settled.

D. Deferred 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 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 liability simultaneously. Deferred tax assets is 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.

(27) Share capital

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.

(28) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are resolved 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.

(29) Revenue recognition

A. The Group engages in the manufacture and sale of multi-function printers, fax machines, scanners 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 customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. The sales usually are made with a credit term of 60 days, which is consistent with market practice. 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.

C. The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

D. 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.

(30) 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.

(31) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's 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 may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

After assessment, the Group’s accounting policies have no significant uncertainty.

(2)Critical accounting estimates and assumptions

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 innovation of multi-function printers and scanners, the Group may incur losses on decline in market value of these inventories caused by the unexpected decrease in sales revenue and the unusability of the materials for the new products. 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.

As of December 31, 2020, the carrying amount of inventories was $148,975.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	$ 476	$ 520
Checking accounts and demand deposits	430,275	406,005
Cash equivalents-time deposits	-	119,940
	$ 430,751	$ 526,465

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. The Group has no cash and cash equivalents pledged to others.

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

	December 31, 2020	December 31, 2019
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ -	$ 108,815
Non-hedging derivatives	-	2,287
	-	111,102
Valuation adjustment	-	2,792
	$ -	$ 113,894
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-hedging derivatives	$ 1,288	$ -

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

	Years ended December 31,	
	2020	2019
Financial assets and liabilities mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 22,100	$ 606
Non-hedging derivatives	7,815	(2,535)
	$ 29,915	($ 1,929)

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

	December 31, 2020	
Derivative financial assets	Contract amount (Notional principal)	Contract period
Current items:		
Foreign exchange swap	USD 2,000	2020.11.23~2021.01.25
Foreign exchange swap	USD 2,000	2020.11.27~2021.01.29
Foreign exchange swap	USD 2,000	2020.12.25~2021.02.26
Foreign exchange swap	USD 1,000	2020.12.30~2021.02.26
Foreign exchange swap	USD 1,000	2020.12.15~2021.03.17

Derivative financial assets	December 31, 2019		
	Contract amount (Notional principal)		Contract period
Current items:			
Foreign exchange swap	USD	1,000	2019.11.12~2020.01.13
Foreign exchange swap	USD	2,000	2019.11.22~2020.01.22
Foreign exchange swap	USD	2,000	2019.12.23~2020.02.24
Foreign exchange swap	USD	2,000	2019.12.30~2020.02.25
Foreign exchange swap	USD	2,000	2019.11.27~2020.02.27
Foreign exchange swap	USD	1,000	2019.12.02~2020.03.02
Foreign exchange swap	USD	2,000	2019.12.24~2020.03.24

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

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

E. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

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

Items	December 31, 2020	December 31, 2019
Non-current items:		
Equity instruments		
Listed stocks	$ 1,042,150	$ 803,837
Unlisted shares	146,217	146,217
	1,188,367	950,054
Valuation adjustment	64,939	118,669
	$ 1,253,306	$ 1,068,723

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

B. The Group recognised the changes in fair value that were recognised in other comprehensive income (loss) amounting to ($53,730) and $134,683 for the years ended December 31, 2020 and 2019, 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 financial assets at fair value through other comprehensive income held by the Group was its carrying amount.

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

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Accounts receivable	$ 337,902	$ 406,203
Less: Loss allowance	(171)	(125)
	$ 337,731	$ 406,078

A. For information on the ageing analysis, related credit risk of notes receivable and accounts receivable, please refer to Note 12(2).

B. As of December 31, 2020 and 2019, notes and accounts receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables from contracts with customers amounted to $561,836.

C. The Group did not hold any collateral for abovementioned notes and accounts receivable.

(5) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 142,393	($ 24,823)	$ 117,570
Work in progress	4,246	(140)	4,106
Finished goods	15,668	(1,635)	14,033
Merchandise	18,115	(4,881)	13,234
Inventory in transit	32	-	32
	$ 180,454	($ 31,479)	$ 148,975

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 118,388	($ 12,765)	$ 105,623
Work in progress	5,916	(135)	5,781
Finished goods	31,238	(1,499)	29,739
Merchandise	6,917	(1,797)	5,120
Inventory in transit	2,030	-	2,030
	$ 164,489	($ 16,196)	$ 148,293

A. Abovementioned inventories were not pledged or collateralised.

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

	Years ended December 31,	
	2020	2019
Cost of goods sold	$ 1,028,142	$ 1,412,219
Loss on decline in market value	15,069	3,044
Gain on physical inventory	-	(10)
	$ 1,043,211	$ 1,415,253

(6)Investments accounted for under the equity method

	December 31, 2020		December 31, 2019	
	Amount	Ownership	Amount	Ownership
Associate:				
SOLMAX POWER TAIWAN LIMITED	$ 70,907	35.00%	$ 68,867	35.00%

	Years ended December 31,			
	2020		2019	
	Share of profit (loss) of associate accounted for under the equity method	Other comprehensive profit and loss (before tax)	Share of profit (loss) of associate accounted for under the equity method	Other comprehensive profit and loss (before tax)
Associate:				
SOLMAX POWER TAIWAN LIMITED	$ 2,040	$ -	$ 429	$ -

A. The Group recognised investments accounted for using equity method and comprehensive income amounting to $70,907 and $68,867 as at December 31, 2020 and 2019 and $2,040 and $429 for the years then ended, respectively, based on the investees' financial statements audited by other independent auditors.

B. The Group invested $35,000 at $10 (in dollars) per share in SOLMAX POWER TAIWAN LIMITED in the first quarter of 2019. As a result, the total investment amount increased to $70,000 and the ownership share increased to 35%.

C. The Group's associate accounted for under the equity method-SOLMAX POWER TAIWAN LIMITED, did not recognize its investees' capital increase by cash which caused the change of shareholding ratio and adjusted "Capital surplus" and "Investments accounted for under the equity method". The Group adjusted "Capital surplus" and "Investments accounted for under the equity method" both by $55 which is from the change of the equity from SOLMAX POWER TAIWAN LIMITED.

D. The Group's associate accounted for using equity method were not material to the financial statements based on the Group's individual assessment. As of December 31, 2020 and 2019, the carrying amount of the Group's individually immaterial associates amounted to $70,907 and $68,867, respectively. The Group's share of the operating results are summarised below:

	Years ended December 31,			
	2020		2019	
Profit for the year from continuing operations	$	2,040	$	429
Other comprehensive income, net of tax		-		-
Total comprehensive income	$	2,040	$	429

E. The Group's associate has no quoted market price and fair value.

(7) Property, plant and equipment

	2020							
	Machinery and equipment	Mold equipment	Testing equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	
	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Total
At January 1								
Cost	$ 9,328	$ 5,141	$ 24,839	$ 900	$ 35,946	$ 37,060	$ 16,967	$ 130,181
Accumulated depreciation and impairment	(3,578)	(3,693)	(24,019)	(900)	(34,268)	(30,827)	(8,796)	(106,081)
	$ 5,750	$ 1,448	$ 820	$ -	$ 1,678	$ 6,233	$ 8,171	$ 24,100
Opening net book amount as at January 1	$ 5,750	$ 1,448	$ 820	$ -	$ 1,678	$ 6,233	$ 8,171	$ 24,100
Additions	3,013	-	825	-	538	1,187	95	5,658
Depreciation charge	(2,211)	(439)	(392)	-	(1,053)	(5,044)	(3,370)	(12,509)
Reclassifications for the year (Note)	7,061	-	-	-	-	546	-	7,607
Net exchange differences	271	14	4	-	8	20	2	319
Closing net book amount as at December 31	$ 13,884	$ 1,023	$ 1,257	$ -	$ 1,171	$ 2,942	$ 4,898	$ 25,175
At December 31								
Cost	$ 19,322	$ 5,178	$ 25,686	$ 900	$ 35,479	$ 39,276	$ 17,052	$ 142,893
Accumulated depreciation and impairment	(5,438)	(4,155)	(24,429)	(900)	(34,308)	(36,334)	(12,154)	(117,718)
	$ 13,884	$ 1,023	$ 1,257	$ -	$ 1,171	$ 2,942	$ 4,898	$ 25,175

	2019							
	Machinery and equipment	Mold equipment	Testing equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	
	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Owner occupied	Total
At January 1								
Cost	$ 7,919	$ 5,820	$ 24,705	$ 900	$ 38,523	$ 36,305	$ 16,586	$ 130,758
Accumulated depreciation and impairment	(2,945)	(3,287)	(23,699)	(900)	(35,923)	(26,271)	(6,080)	(99,105)
	$ 4,974	$ 2,533	$ 1,006	$ -	$ 2,600	$ 10,034	$ 10,506	$ 31,653
Opening net book amount as at January 1	$ 4,974	$ 2,533	$ 1,006	$ -	$ 2,600	$ 10,034	$ 10,506	$ 31,653
Additions	2,375	371	183	-	799	1,785	1,163	6,676
Disposals	(5)	(679)	-	-	-	-	-	(684)
Depreciation charge	(1,371)	(719)	(351)	-	(1,677)	(5,468)	(3,489)	(13,075)
Net exchange differences	(223)	(58)	(18)	-	(44)	(118)	(9)	(470)
Closing net book amount as at December 31	$ 5,750	$ 1,448	$ 820	$ -	$ 1,678	$ 6,233	$ 8,171	$ 24,100
At December 31								
Cost	$ 9,328	$ 5,141	$ 24,839	$ 900	$ 35,946	$ 37,060	$ 16,967	$ 130,181
Accumulated depreciation and impairment	(3,578)	(3,693)	(24,019)	(900)	(34,268)	(30,827)	(8,796)	(106,081)
	$ 5,750	$ 1,448	$ 820	$ -	$ 1,678	$ 6,233	$ 8,171	$ 24,100

Note: Reclassifications for the year were transferred from prepayments for business facilities.

Abovementioned property, plant and equipment were neither pledged nor collaterised and no interest was capitalised.

(8)Leasing arrangements-lessee

A. The Group leases various assets including plants, offices and business vehicles. Rental contracts are typically made for periods of 1 to 8 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 used for borrowing, subleasing and tenancy disposal right or another way for others using it.

B. The movements of right-of-use assets of the Group are as follows:

	2020		
	Buildings	Business vehicles	Total
Opening net book amount as at January 1	$ 30,264	$ 4,232	$ 34,496
Additions	15,930	874	16,804
Disposals	-	(116)	(116)
Depreciation charge	(23,442)	(2,431)	(25,873)
Net exchange differences	271	-	271
Closing net book amount as at December 31	$ 23,023	$ 2,559	$ 25,582

	2019		
	Buildings	Business vehicles	Total
Opening net book amount as at January 1	$ 59,434	$ 3,416	$ 62,850
Additions	9	4,641	4,650
Disposals	-	(2,140)	(2,140)
Depreciation charge	(28,100)	(1,685)	(29,785)
Net exchange differences	(1,079)	-	(1,079)
Closing net book amount as at December 31	$ 30,264	$ 4,232	$ 34,496

C. The information on income and expense accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2020	2019
Item affecting profit or loss		
Interest expense on lease liabilities	$ 400	$ 534
Expense on short-term lease contracts	5,304	6,221
Gain (loss) on lease modification	7	(2)
	$ 5,711	$ 6,753

D. For the years ended December 31, 2020 and 2019, apart from cash outflow for interest expense on lease liabilities and expense on short-term lease contracts mentioned in Note 6(8)C., the Group's total cash outflow for repayments of the principal portion of lease liabilities was $23,854 and $28,675, respectively.

E. Extension and termination options

In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(9) Short-term borrowings

Type of borrowings	December 31, 2020		Interest rate range	Collateral
Bank borrowings				
Unsecured borrowings	$	150,000	1.00%	None

December 31, 2019: None.

For the details of interest expense recognised in profit or loss, please refer to Note 6(18).

(10) Other payables

	December 31, 2020		December 31, 2019	
Salaries and bonuses payable	$	70,185	$	116,019
Service charge payable		8,393		8,519
Research and development expense payable		4,326		6,091
Employees' compensation and directors' and supervisors' remuneration		460		6,397
Others		32,877		33,826
	$	116,241	$	170,852

(11) Pensions

A. Defined benefit pension plans

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, 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 Labor Standards 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 and its domestic subsidiaries contribute 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 and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by 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 and its domestic subsidiaries will make contributions to cover the deficit by next March.

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

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	($ 63,588)	($ 54,753)
Fair value of plan assets	36,133	32,403
Net defined benefit liability (Shown as other non-current liabilities)	($ 27,455)	($ 22,350)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2020			
Balance at January 1	($ 54,753)	$ 32,403	($ 22,350)
Current service cost	(472)	-	(472)
Interest (expense) income	(408)	251	(157)
	(55,633)	32,654	(22,979)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,117	1,117
Change in demographic assumptions	31	-	31
Change in financial assumptions	(2,479)	-	(2,479)
Experience adjustments	(5,507)	-	(5,507)
	(7,955)	1,117	(6,838)
Pension fund contribution	-	2,362	2,362
Balance at December 31	($ 63,588)	$ 36,133	($ 27,455)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2019			
Balance at January 1	($ 55,870)	$ 31,827	($ 24,043)
Current service cost	(654)	-	(654)
Interest (expense) income	(554)	328	(226)
	(57,078)	32,155	(24,923)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,412	1,412
Change in demographic assumptions	(985)	-	(985)
Change in financial assumptions	(1,445)	-	(1,445)
Experience adjustments	1,069	-	1,069
	(1,361)	1,412	51
Pension fund contribution	-	2,522	2,522
Paid pension	3,686	(3,686)	-
Balance at December 31	($ 54,753)	$ 32,403	($ 22,350)

(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 securitization 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 authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 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,	
	2020	2019
Discount rate	0.30%	0.75%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with future mortality rate 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 increase	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	($ 1,398)	$ 1,455	$ 1,427	(1,379)
December 31, 2019				
Effect on present value of defined benefit obligation	($ 1,481)	$ 1,542	$ 1,518	($ 1,467)

The sensitivity analysis above is based on one assumption which changed while other conditions 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.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2021 amount to $1,760.

(g) As of December 31, 2020, the weighted average duration of the retirement plan is 11 years. The analysis of timing of the future pension payment was as follows:

	Amount
Within 1 year	$ 16,263
1-2 year(s)	2,172
2-5 years	3,926
Over 5 years	42,203
	$ 64,564

B. Defined contribution pension plan

(a) Effective July 1, 2005, the Company has 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 contributes 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 consolidated subsidiaries, Atlas, AIO and ISI do not have employee retirement plans and there is no requirement according to local regulations. TECO Image Systems (Suzhou) Co., Ltd., Teco Image Systems (DongGuan) Co., Ltd. and Teco Pro-Systems (JiangXi) Co., Ltd. have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with local regulations are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2020 and 2019, were $5,808 and $9,708, respectively.

(12) Provisions

	2020	2019
At January 1	$ 23,107	$ 25,683
Additional (reversal of) provisions	123	(2,339)
Used during the year	(113)	(237)
At December 31	$ 23,117	$ 23,107

Analysis of total provisions:

	December 31, 2020	December 31, 2019
Current-product warranty	$ 23,117	$ 23,107

The Group provides warranties on multi-function printers sold. Provision for product warranty is estimated based on history warranty data of multi-function printers. It is expected that provision for product warranty will be used in the following years.

(13) Share capital

A. As of December 31, 2020, the Company's authorised capital was $2,500,000, consisting of 250 million shares of ordinary stock, and the paid-in capital was $1,125,365 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. For the years ended December 31, 2020 and 2019, the number of ordinary shares outstanding at the beginning of the period was consistent with the number at the end of the period which amounted to 112,536,565 shares.

(14) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order: (a) Pay all taxes; (b) Offset prior years' losses; (c) Set aside 10% as legal reserve; (d) Set aside special reserve in accordance with the regulations or resolutions approved by the competent authority or the shareholders; and (e) The remainder along with the beginning unappropriated earnings and reversal of special reserve is the shareholders' accumulated distributable earnings. The appropriation of the accumulated distributable earnings shall be proposed by the Board of Directors and resolved by the shareholders as the shareholders' bonus.

B. The Company's dividends policy is summarised below: The Company operates in a steady growth environment with investment made in developing business. In consideration of possible plant expansion and investment, the residual dividend policy is adopted. Cash dividends shall account for at least 5% of the total dividends distributed.

C. 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 distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. 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.

E. Appropriation of the Company's earnings is as follows:

(a) Details of appropriation of 2019 and 2018 earnings as resolved by the shareholders on June 24, 2020 and June 12, 2019, respectively, are as follows:

	Years ended December 31,			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	$ 4,958		$ 16,048	
(Reversal of) special reserve appropriated	(19,774)		19,774	
Cash dividends	49,516	0.44	118,163	1.05
	$ 34,700		$ 153,985	

(b) Details of appropriation of 2020 earnings as resolved by the shareholders on March 17, 2021 are as follows:

	Year ended December 31, 2020	
	Amount	Dividends per share (in dollars)
Legal reserve appropriated	$ -	
Cash dividends	11,254	0.10
	$ 11,254	

(15) Operating revenue

A. Disaggregation of revenue from contracts with customers

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:

	Revenue from sale of multi-function printer		Other sales		
Year ended December 31, 2020	Mainland China and Hong Kong	Taiwan and others	Mainland China and Hong Kong	Japan and others	Total
Revenue from customer contracts	$ 993,809	$ 36,522	$ 161,723	$ 85,492	$ 1,277,546

	Revenue from sale of multi-function printer		Other sales		
Year ended December 31, 2019	Mainland China and Hong Kong	Taiwan and others	Mainland China and Hong Kong	Japan and others	Total
Revenue from customer contracts	$ 1,513,643	$ 76,780	$ 4,775	$ 174,462	$ 1,769,660

B. Contract liabilities

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

	December 31, 2020	December 31, 2019	January 1, 2019
Contract liabilities-other sales	$ 31,743	$ 70,344	$ 44,559

(b) For the years ended December 31, 2020 and 2019, revenue recognised that was included in the contract liability balance at the beginning of the year was $61,305 and $37,053, respectively.

(16) Other income

	Years ended December 31, 2020	Years ended December 31, 2019
Dividend income	$ 54,360	$ 54,312
Others	11,410	6,370
	$ 65,770	$ 60,682

(17) Other gains and losses

	Years ended December 31, 2020	Years ended December 31, 2019
Net gains (losses) on financial assets/liabilities at fair value through profit or loss	$ 29,915	($ 1,929)
Net currency exchange losses	(13,059)	(11,300)
Gain on disposals of property, plant and equipment	-	344
Others	(250)	(796)
	$ 16,606	($ 13,681)

(18) Finance costs

	Years ended December 31, 2020	Years ended December 31, 2019
Interest expense:		
Bank borrowings	$ 1,533	$ 1
Lease liabilities	400	534
	$ 1,933	$ 535

(19) Expenses by nature

	Years ended December 31, 2020	Years ended December 31, 2019
Employee benefit expenses	$ 257,614	$ 301,760
Depreciation charges on property, plant, equipment and right-of-use assets	$ 38,382	$ 42,860
Amortisation charges on intangible assets and deferred accounts	$ 5,962	$ 5,889

(20) Employee benefit expenses

		Years ended December 31,		
		2020		2019
Wages and salaries	$	219,186	$	255,773
Labour and health insurance fees		12,251		12,595
Pension costs		6,437		10,588
Directors' remuneration		6,595		7,363
Others		13,145		15,441
	$	257,614	$	301,760

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 5%~15% for employees' compensation and shall not be higher than 5% for directors' remuneration.

B. For the years ended December 31, 2020 and 2019, employees'compensation was accrued at $301 and $4,185, respectively; while directors' and supervisors' remuneration was accrued at $159 and $2,212, respectively. The aforementioned amounts were recognised in salary expenses.

   For the year ended December 31, 2020, the employees' compensation and directors'and supervisors' remuneration were estimated and accrued based on 7% and 3.7% of distributable profit of current year as of the end of reporting period.

   Employees' compensation and directors' and supervisors' remuneration for 2019 was accrued at $4,185 and $2,212 as resolved at the shareholders' meeting on June 24, 2020, and were in agreement with those amounts recognised in the 2019 financial statements. For the year ended December 31, 2019, employees' compensation has been paid in cash in the current period.

C. 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.

(21) Income tax

A. Income tax (profit) expense

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

	Years ended December 31, 2020	2019
Current tax:		
Current income tax assets	($ 2,887)	($ 3,144)
Current income tax liabilities	621	-
Receivables on receipts from income tax in prior years that have not yet been received	2,887	257
Withholding and provisional tax	122	3,323
Offshore income tax expenses	2,814	5,579
Tax on undistributed surplus earnings	(743)	-
Current tax on profits for the year	2,814	6,015
Prior year income tax under (over) estimation	1,073	(2,944)
Total current tax	3,887	3,071
Deferred tax:		
Origination and reversal of temporary differences	(517)	2,204
Others		
Tax on undistributed surplus earnings	743	-
Net exchange differences	-	17
Income tax expense	$ 4,113	$ 5,292

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31, 2020	2,019
Remeasurement of defined obligations	($ 1,368)	$ 11

(c) For the years ended December 31, 2020 and 2019, the Company has no income tax relating to income tax (charged)/credited to equity during the year.

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31,	
	2020	2019
Tax calculated based on profit (loss) before tax and statutory tax rate (Note)	($ 6,070)	$ 10,949
Domestic dividend revenue exempted from tax	(10,872)	(10,862)
Non-deductible taxable losses caused by income from domestic tax-free dividends	10,872	4,730
Unrecognised deferred tax liabilities arising from gain on investments abroad	5,697	104
Unrecognised deferred tax assets arising from loss on domestic investments	(408)	(86)
Taxable loss unrecognized deferred income tax assets	8,376	-
Prior year income tax overestimation	1,073	(2,944)
Tax on undistributed earnings	743	-
Payable fees (unpaid) payment amount	(4,660)	483
Effect of other adjustments	(638)	2,918
Income tax expense	$ 4,113	$ 5,292

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, tax losses and investment tax credits are as follows:

	2020			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Loss for market value decline and obsolete and slow-moving inventories	$ 2,465	$ 1,708	$ -	$ 4,173
After-service guarantee expense	4,621	2	-	4,623
Unpaid expense	3,304	(2,120)	-	1,184
Unused compensated absences payable	92	35	-	127
Pension payable	4,470	(347)	1,368	5,491
Unrealized exchange losses	932	1,239	-	2,171
Total	$ 15,884	$ 517	$ 1,368	$ 17,769

	2019			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Loss for market value decline and obsolete and slow-moving inventories	$ 2,031	$ 434	$ -	$ 2,465
After-service guarantee expense	5,138	(517)	-	4,621
Unpaid expense	6,723	(3,419)	-	3,304
Unused compensated absences payable	160	(68)	-	92
Pension payable	4,809	(328)	(11)	4,470
Unrealized exchange losses	-	932	-	932
	18,861	(2,966)	(11)	15,884
Deferred tax liabilities:				
Temporary differences:				
Unrealized exchange gains	(762)	762	-	-
	(762)	762	-	-
Total	$ 18,099	($ 2,204)	($ 11)	$ 15,884

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

	Year ended December 31, 2020				
	Year incurred	Amount assessed	Unused amount	Deferred tax assets	Expiry year
Teco Image Systems Co., Ltd.,	2020	$ 19,456	$ 19,456	$ 19,456	2030
Teco Image Systems (DongGuan) Co., Ltd.,	2020	17,942	17,942	17,942	2025
		$ 37,398	$ 37,398	$ 37,398	

December 31, 2019: None.

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

	Years ended December 31,	
	2020	2019
Deductible temporary differences	$ 85,442	$ 50,212

F. The Company’s income tax returns through 2018 have been assessed and approved by the Tax Authority.

(22) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic (diluted) earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 799	112,537	0.01

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic (diluted) earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 49,537	112,537	0.44

(23) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2020	2019
Purchase of property, plant and equipment	$ 5,658	$ 6,676
Less: Ending balance of payable on equipment	(310)	-
Cash paid during the year	$ 5,348	$ 6,676

(24) Changes in liabilities from financing activities

	Short-term borrowings	Dividends payable (Shown in other payables)	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2020	$ -	$ -	$ 34,679	$ 34,679
Declaration of dividend	-	49,516	-	49,516
Cash dividends paid	-	(49,516)	-	(49,516)
Proceeds from debt	250,000	-	-	250,000
Repayments of debt	(100,000)	-	-	(100,000)
Increase in lease liabilities	-	-	16,804	16,804
Early termination of lease contract	-	-	(109)	(109)
Repayment of the principal portion of lease liabilities	-	-	(23,854)	(23,854)
Lease liabilities transferred to other payables	-	-	(1,961)	(1,961)
Net exchange differences	-	-	274	274
At December 31, 2020	$ 150,000	$ -	$ 25,833	$ 175,833

	Short-term borrowings	Dividends payable (Shown in other payables)	Lease liabilities	Liabilities from financing activities-gross
At January 1, 2019	$ -	$ -	$ 62,850	$ 62,850
Declaration of dividend	-	118,163	-	118,163
Cash dividends paid	-	(118,163)	-	(118,163)
Increase in lease liabilities	-	-	4,650	4,650
Early termination of lease contract	-	-	(2,142)	(2,142)
Repayment of the principal portion of lease liabilities	-	-	(28,675)	(28,675)
Changes in other non-cash items	-	-	(919)	(919)
Net exchange differences	-	-	(1,085)	(1,085)
At December 31, 2019	$ -	$ -	$ 34,679	$ 34,679

7. RELATED PARTY TRANSACTIONS

(1) Names and relationship of related parties

Names of related parties	Relationship with the Group
SOLMAX POWER TAIWAN LIMITED	Associates
Koryo Electronics CO., Ltd.	Substantive related party
Creative Sensor Inc.	Common chairman
Multilite International Co., Ltd.	Common chairman
Lien Chang Electronic Enterprise Co., LTD.	Common chairman

Names of related parties	Relationship with the Group
TECO ELECTRIC & MACHINERY CO., LTD.	This company's director is the Company's chairman
NanChang Creative Sensor Technology CO., LTD.	This company's director is the Company's chairman
Taiwan Pelican Express Co., Ltd.	This company's director and the Company's chairman are within first degree of kinship
TECNOS INTERNATIONAL CONSULTANT CO., LTD.	The chairman of the securities holding company and the Company's chairman are within first degree of kinship
Tong An Assets Management & Development Co., Ltd.	The chairman of the securities holding company and the Company's chairman are within first degree of kinship
KROM ELECTRONICS CO., LTD.	This company is a corporate director of the Company
All directors, president and key management	The Group's key management and governing body

(2)Significant related party transactions and balances

A. Sales

The amounts of sales transactions between the Group and the related parties are not disclosed since it is not significant and did not reach $3,000.

B. Purchases

(a) Purchases

The details of purchases with relevant discounts from the related parties are as follows:

	Years ended December 31,	
	2020	2019
Entities with significant influence to the Group	$ 52	$ 1,976
Other related parties	11,942	13,922
	$ 11,994	$ 15,898

Goods are purchased from associates on normal commercial terms and conditions. The terms are approximately the same as those to third-party suppliers which is from 30 days after the purchase to 105 days after monthly billing while to related parties is 45 days to 105 days after monthly billing.

(b) Payables

	December 31, 2020	December 31, 2019
Entities with significant influence to the Group	$ 52	$ 100
Other related parties	-	2,668
	$ 52	$ 2,768

C. Investment

(a) Acquisition of financial assets:

December 31, 2020: None.

Trading partners	Accounts	No. of shares	Objects	Year ended December 31, 2019 Consideration
SOLMAX POWER TAIWAN LIMITED	Investments accounted for under the equity method	3,500,000	Domestic non-listed common stock -SOLMAX POWER TAIWAN LIMITED	$ 35,000

(b) Prepayments

On June 2, 2020, the Group entered into a letter of intent and investment transaction with SOLMAX POWER TAIWAN LIMITED to discuss the investment that the Group participated in. The Group had prepaid $10,000 to SOLMAX POWER TAIWAN LIMITED in the second quarter of 2020. The prepayments from the transaction mentioned above is as follows:

	December 31, 2020	December 31, 2019
SOLMAX POWER TAIWAN LIMITED	$ 10,000	$ -

D. Leasing arrangements-lessee

(a) Acquisition of right-of-use assets

On January 1, 2019 (the date of initial application of IFRS 16), the Group increased right-of-use assets by $13,038 because of the adoption of IFRS 16. The acquisition of right-of-use assets from other related parties for the years ended December 31, 2020 and 2019 amounted to $11,365 and $0, respectively.

(b) Lease liabilities/Finance costs

i. The Group’s lease liabilities generated from lease transactions:

	December 31, 2020	December 31, 2019
Entities with significant influence to the Group	$ 332	$ -
Other related parties	-	1,281
	$ 332	$ 1,281

ii. The Group's interest expense generated from lease transactions:

	Years ended December 31, 2020	Years ended December 31, 2019
Entities with significant influence to the Group	$ 7	$ -
Other related parties	60	75
	$ 67	$ 75

E. Transaction of payment on behalf of others/other payables

The amounts of advance money (shown as other payables) in relation to other transactions from the entities with the related parties are as follows:

	December 31, 2020	December 31, 2019
Other related parties	$ 1,767	$ 1,700

F. Dividend income/ other receivables

(a) The details of dividend income from investing in the related parties were as follows:

	December 31, 2020	December 31, 2019
Entities with significant influence to the Group	$ 26,314	$ 28,507
Other related parties	28,046	25,805
	$ 54,360	$ 54,312

(b) As of December 31, 2020 and 2019, there were no other receivables arising from the abovementioned transaction.

(3) Key management compensation

	Years ended December 31, 2020	Years ended December 31, 2019
Short-term employee benefits	$ 36,674	$ 44,228
Post-employment benefits	581	476
	$ 37,255	$ 44,704

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

A. Contingencies

None.

B. Commitments

(1) As of December 31, 2020 and 2019, the amounts of the promissory notes issued by the Group for borrowings were all $100,000.

(2) The Group is required to purchase goods and is guaranteed by the bank for customs accounting. As of December 31, 2020 and 2019, the amount was $1,500.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Details of the appropriation of 2020 retained earnings as resolved by the Board of Directors on March 17, 2021 are provided in Note 6(14).

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 to assets ratio. This ratio is calculated as total debt divided by total assets.

During 2020, the Group's strategy was unchanged from 2019. As of December 31, 2020 and 2019, the Group's debt to assets ratio was 28% and 27%, respectively.

(2) Financial risk of financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit or loss-current		
Financial assets mandatorily measured at fair value through profit or loss	$ -	$ 113,894
Financial assets at fair value through other comprehensive income-non-current		
Designation of equity instruments	1,253,306	1,068,723
Financial assets at amortised cost		
Cash and cash equivalents	430,751	526,465
Accounts receivable, net	337,731	406,078
Other receivables	7,741	4,190
Other noncurrent assets-guarantee deposits paid	2,720	3,809
	$ 2,032,249	$ 2,123,159

	December 31, 2020	December 31, 2019
Financial liabilities		
Financial liabilities at fair value through profit or loss-current		
Financial liabilities designated as at fair value through profit or loss	$ 1,288	$ -
Financial liabilities at amortised cost		
Short-term borrowings	150,000	-
Accounts payable	298,063	333,995
Accounts payable-related parties	52	2,768
Other payables	116,241	170,852
	$ 565,644	$ 507,615
Lease liabilities-current	$ 12,965	$ 13,461
Lease liabilities-non-current	$ 12,868	$ 21,218

B. 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. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate 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) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(2).

C. Significant financial risks and degrees of financial risks

(a) Market risk

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 denominated in various functional currencies, primarily with respect to the USD. 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. Exchange rate risk is measured through a forecast of highly probable USD and RMB expenditures. Cross currency swap are adopted to minimise the volatility of the exchange rate affecting cost of forecast inventory purchases.

iii. The Group hedges foreign exchange rate by using cross currency swap. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2).

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and HKD). 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, 2020			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD : NTD	22,076	28.4800	$	628,724
USD : RMB	10,828	6.5249		308,381
Financial liabilities				
Monetary items				
USD : NTD	13,931	28.4800		396,755
USD : RMB	9,420	6.5249		268,282

	December 31, 2019			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)	
(Foreign currency: functional currency)				
Financial assets				
Monetary items				
USD : NTD	24,154	29.9800	$	724,137
USD : RMB	10,464	6.9762		313,711
Financial liabilities				
Monetary items				
USD : NTD	13,574	29.9800		406,949
USD : RMB	6,303	6.9762		188,964

v. Total exchange (loss) gain, including realised and unrealized, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2020 and 2019, amounted to ($13,059) and ($11,300), respectively.

vi. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income (loss)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	1%	$ 6,287	$ -
USD : RMB	1%	3,084	-
Financial liabilities			
Monetary items			
USD : NTD	1%	(3,968)	-
USD : RMB	1%	(2,683)	-

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income (loss)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	1%	$ 7,241	$ -
USD : RMB	1%	3,137	-
Financial liabilities			
Monetary items			
USD : NTD	1%	(4,069)	-
USD : RMB	1%	(1,890)	-

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 and available-for-sale financial assets. 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. Shares and beneficiary certificates issued by the domestic 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 and beneficiary certificates had increased/decreased by 1% with all other variables held constant, pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $0 and $1,116, 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 $12,533 and $10,687 respectively, as a result of other comprehensive income classified as financial assets at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions at specified intervals to verify that the maximum loss potential is within the limit given by the management.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, pre-tax for the years ended December 31, 2020 and 2019 would have increased/decreased by $1,500 and $0, respectively.

(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.

ii. The Group manages their credit risk taking into consideration the entire Group's concern. 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. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition. 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.

iv. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

v. The Group classifies customers' accounts receivable, contract assets and rents receivable in accordance with credit rating of customer, credit risk on trade and customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights.

vii. Customers that are grouped as good customers have no significant default record in recent years. However, in accordance with IFRS 9, when measuring expected credit loss, the possibility of default should be taken into consideration even when the possibility of credit loss is remote.

The Group estimated forecast index before adjustment by the default rate in the past years using each consolidated entity as a unit. The Group considered that in the financial industry, the default rate should not be lower than 0.03% for numerous and unidentifiable individual investors. However, in accordance with the policy, the Group traces the credit risk of customers at any time, the Group refers to the reference rate set by the financial industry as a basis of forecast adjustment, and adjusts the expected loss rate referring to monitoring indicator and the nature of risk. The loss rate methodology is as follows:

	Without past due	Up to 30 days	Up to 60 days	Up to 90 days	Over 90 days	Total
At December 31, 2020						
Expected loss rate	0.050%	0.053%	0.056%	0.065%	100%	
Total book value	$ 337,021	$ 881	$ -	$ -	$ -	$ 337,902
Loss allowance	$ 171	$ -	$ -	$ -	$ -	$ 171

	Without past due	Up to 30 days	Up to 60 days	Up to 90 days	Over 90 days	Total
At December 31, 2019						
Expected loss rate	0.050%	0.053%	0.056%	0.065%	100%	
Total book value	$ 396,595	$ 9,497	$ 111	$ -	$ -	$ 406,203
Loss allowance	$ 123	$ 2	$ -	$ -	$ -	$ 125

The above ageing analysis was based on past due date.

viii. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2020		
	Accounts receivable	Notes receivable	Total
At January 1	$ 125	$ -	$ 125
Provision of expected credit loss	46	-	46
At December 31	$ 171	$ -	$ 171

	2019		
	Accounts receivable	Notes receivable	Total
At January 1	$ 165	$ 2	$ 167
Provision of expected credit profit	(40)	(2)	(42)
At December 31	$ 125	$ -	$ 125

(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 at all times. 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 and marketable securities.

iii. The Group has the following undrawn borrowing facilities:

	December 31, 2020	December 31, 2019
Floating rate		
Expiring within one year	$ 350,000	$ 500,000

iv. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings, except for the table below they are all financial liabilities due for repayment within one year. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2020	Less than 3 months	Between 3 months and 1 year	Over 1 year	Total
Non-derivative financial liabilities				
Lease liabilities-current/non-current	$ 3,346	$ 9,812	$ 12,939	$ 26,097

December 31, 2019	Less than 3 months	Between 3 months and 1 year	Over 1 year	Total
Non-derivative financial liabilities				
Lease liabilities-current/non-current	$ 4,374	$ 9,377	$ 21,449	$ 35,200

(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 and 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 derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted stocks is included in Level 3.

B. Financial instruments not measured at fair value, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, other noncurrent assets (guarantee deposits paid), accounts payable, accounts payable-related parties and other payables are approximate to their fair values.

C. 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 as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
- Equity Securities	$ 1,123,741	$ 121,565	$ 8,000	$ 1,253,306
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Non-hedging derivatives	$ -	$ 1,288	$ -	$ 1,288

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
- Beneficiary certificates	$ 111,607	$ -	$ -	$ 111,607
- Non-hedging derivatives	-	2,287	-	2,287
Financial assets at fair value through other comprehensive income				
- Equity Securities	956,168	104,555	8,000	1,068,723
	$ 1,067,775	$ 106,842	$ 8,000	$ 1,182,617

(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:

(i) The fair value of listed shares is the closing price at the balance sheet date.

(ii) The fair value of beneficiary certificates is the net asset value at the balance sheet date.

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 or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments.

iii. When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, 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.

D. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	2020	2019
	Non-derivative equity instrument	Non-derivative equity instrument
At January 1	$ 8,000	$ 8,000
Gains or losses recognised in other comprehensive income	-	-
At December 31	$ 8,000	$ 8,000

F. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

G. Financial function 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 source of information is independent, reliable and in line with other sources and represented as the exercisable price.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

December 31, 2020

	Fair value		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares	$	8,000	Market comparable companies	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
Unlisted shares		-	Net asset value	N/A	-	N/A

December 31, 2019

	Fair value		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:						
Unlisted shares	$	8,000	Net asset value	N/A	-	N/A

I. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. For the years ended December 31, 2020 and 2019, there was no significant effect on other comprehensive income categorised within Level 3 if the net assets had increased/decreased by 0.1%.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

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 2.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(3).

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chief Operating Decision-Maker, who 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 profit or loss of the Group’s operation segments is measured by profit before tax and on which the performance is assessed.

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

In addition, the accounting policies and accounting estimates adopted by reportable segments are consistent with the summary of significant accounting policies in Note 4 and critical accounting estimates and assumption mentioned in Note 5.

(4) Reconciliation for segment income (loss)

A. The revenue from external customers provided to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. No reconciliation is needed as the Group's reportable segments income (loss) is equal to the income (loss) before tax.

B. The amounts provided to the Chief Operating Decision-Maker with respect to total assets are measured in a manner consistent with that of the balance sheets. No reconciliation is needed as the Group's assets of reportable segments are equal to total assets.

(5) Information on products and services

The Group engaged in manufacturing and selling of multi-function machines, fax machines and scanners. Details of revenues are as follows:

	Years ended December 31,	
	2020	2019
Multi-function printers	$ 1,030,331	$ 1,590,423
Others	247,215	179,237
	$ 1,277,546	$ 1,769,660

(6) Geographical information

Details of the Group's revenues from external customers are separated by customers' location and separated the non-current assets by assets' location as follows:

	Years ended December 31,			
	2020		2019	
	Revenue	Non-current assets	Revenue	Non-current assets
The People's Republic of China and Hong Kong	$ 1,155,532	$ 39,212	$ 1,518,418	$ 49,307
Japan	40,069	-	80,534	-
Taiwan	25,300	19,728	57,949	25,649
Others	56,645	-	112,759	-
	$ 1,277,546	$ 58,940	$ 1,769,660	$ 74,956

Note: Non-current assets do not include financial instruments, deferred income tax assets, pension plan asset and rights of insurance contracts.

(7) Major customer information

The Group is a single operating segment. Details of the revenue from individual customers that exceed 10% of net sale revenue in the statements of comprehensive income for the reported period are as follows:

	Years ended December 31,	
	2020	2019
Customer B	$ 1,064,841	$ 1,375,686
Customer T	104,218	187,368
	$ 1,169,059	$ 1,563,054

Teco Image Systems Co., Ltd. and its subsidiaries

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

Year ended December 31, 2020

Table 1

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, 2020				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Teco Image Systems Co., Ltd.	Domestic listed common stock -Creative Sensor Inc.	Associates	Financial assets at fair value through other comprehensive income - non-current	21,928,260	$ 435,276	17.26	$ 435,276	-
"	Domestic listed common stock -Koryo Electronics Co., Ltd.	"	"	9,994,000	221,367	19.29	221,367	-
"	Domestic listed common stock -TECO ELECTRIC & MACHINERY CO., LTD.	"	"	14,700,000	406,455	0.75	406,455	-
"	Domestic non-listed common stock -International United Technology Co., Ltd.	None	"	159,335	-	0.97	-	-
"	Domestic non-listed common stock -KROM ELECTRONICS CO., LTD.	"	"	622,408	8,000	1.86	8,000	-
"	Foreign non-listed common stock -Convergence Tech Venture II Ltd.	"	"	420,000	-	5.71	-	-
"	Domestic listed common stock -Taiwan Pelican Express Co., Ltd.	Associates	"	1,781,000	60,643	1.87	60,643	-
"	Domestic non-listed common stock -ProMOS TECHNOLOGIES	None	"	5,500,000	74,965	12.22	74,965	-
"	Domestic non-listed common stock -Darbe II Venture	None	"	5,000,000	46,600	7.14	46,600	-
			Total		$ 1,253,306		$ 1,253,306	

Note: The fair value of listed stocks is based on the closing price at the end of the year; the unlisted stocks are measured at fair value.

Teco Image Systems Co., Ltd. and its subsidiaries

Acquisition or sale of the same security with the accumulated cost reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Marketable securities (Note 1)	General ledger account	Counterparty	Relationship with the counterparty	Balance as at January 1, 2020		Addition		Disposal				Balance as at December 31, 2020 (Note 3)	
					Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Selling price	Book value	Net profit (loss)	Number of shares (in thousand shares)	Amount
Teco Image Systems Co., Ltd.	Yuanta Taiwan High-yield Leading Company Fund B	Financial assets at fair value through profit or loss-current	-	-	-	$ -	25,000	$ 250,000	25,000	$ 271,997	$ 250,000	$ 21,997	-	$ -
Teco Image Systems Co., Ltd.	Domestic listed common stock-TECO ELECTRIC & MACHINERY CO., LTD.	Non-current financial assets at fair value through other comprehensive income	-	-	5,000	131,000	9,700	238,313	-	-	-	-	14,700	406,455

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Balance as at December 31, 2020 included fair value valuation amounting to $37,142.

Teco Image Systems Co., Ltd. and its subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue receivables: Amount	Overdue receivables: Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Teco Image Systems (DongGuan) Co., Ltd.	Teco Image Systems Co., Ltd.	Parent Company	$ 233,174	2.78	$ -	Not applicable	$ 129,975	$ -

Teco Image Systems Co., Ltd. and its subsidiaries

Significant inter-company transactions during the reporting period

Year ended December 31, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction			
Number (Note 2)	Company name	Counterparty	Relationship (Note 1)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Teco Image Systems Co., Ltd.	Teco Image Systems (DongGuan) Co., Ltd.	Parent company to subsidiary	Cost of sales	$ 670,360	In accordance with the agreement between the parties	52%
0	"	Teco Image Systems (DongGuan) Co., Ltd.	Parent company to subsidiary	Accounts payable	233,174	60 days after monthly billings	10%

Note 1: Individual transactions not reaching $10,000 and the corresponding transactions of transactions disclosed by presenting parent company's transactions will not be disclosed.

Note 2: Parent company is '0'.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on year-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Teco Image Systems Co., Ltd. and its subsidiaries

Information on investees

Year ended December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2020					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
Teco Image Systems Co., Ltd.	Atlas Tech Investment Co., Ltd.	British Virgin Islands	Professional investment company	$ 196,096	$ 196,096	6,248,313	100	$ 125,931	($ 28,486)	($ 28,486)	Subsidiary
"	SOLMAX POWER TAIWAN LITMITED	R.O.C	Renewable energy-based electricity generation	70,000	70,000	7,000,000	35	70,907	5,628	2,040	Associates
Atlas Tech Investment Co., Ltd.	All-In-One International Co., Ltd.	Samoa	Professional investment company	83,648	83,648	2,410,000	100	7,574	(5)	-	Sub-subsidiary (Note)
"	Image System International Limited	"	"	148,304	148,304	4,812,423	100	101,235	(28,477)	-	Sub-subsidiary (Note)

Note : The investment income was recognized by a subsidiary company.

Teco Image Systems Co., Ltd. and its subsidiaries

Information on investments in Mainland China

Year ended December 31, 2020

Table 6

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, 2020	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income (loss) of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
TECO Image Systems (Suzhou) Co., Ltd.	Research, technical service, manufacturing and sales of multi -function printers and related products	$ 81,528	2	$ 81,528	$ -	$ -	$ 81,528	$ -	100	$ -	$ 7,471	$ -	Note 5
Teco Pro-Systems (JiangXi) Co., Ltd.	Research, development, manufacturing and sales of multi-function printers and related products	32,710	2	32,710	-	-	32,710	-	100	-	17,067	-	Note 4
Teco Image Systems (Dong Guan) Co., Ltd.	Research, development, manufacturing and sales of multi-function printers and related products	88,647	2	88,647	-	-	88,647	(28,477)	100	(28,477)	101,225	-	Note 3

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 financial statements were audited by R.O.C. parent company's CPA.

Note 3: On December 25, 2012, the Board of Directors resolved for the Company to establish Teco Image Systems (DongGuan) Co., Ltd. in Mainland Area through Image Systems International Limited, the subsidiary is wholly-owned by Atlas Tech Investment Co., Ltd. The shareholding ratio was 100% and the total investment amount was USD3,000 thousand. The registration for the establishment of the investee company had been completed in January 2013.

Note 4: On August 6, 2014, the Board of Directors resolved for the Company to liquidate and cease the business of Teco Pro-Systems (JiangXi) Co., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary, Atlas Tech Investment Co., Ltd. As of March 17, 2021, the liquidation process is still ongoing.

Note 5: On March 15, 2016, the Board of Directors resolved for the Company to liquidate and cease the business of TECO Image Systems (Suzhou) Co., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary, All-In-One International Co., Ltd. As of March 17, 2021, the liquidation process is still ongoing.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 6)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 7)
Teco Image Systems Co., Ltd.	$ 202,885	$ 231,906	$ 1,020,630

Note 6: As of December 31, 2020, ceiling on investments in Mainland China imposed by the Investment Commission of MOEA amounted to US$7.4 million.

Note 7: The limitation is $80,000 or 60% of net worth.

Teco Image Systems Co., Ltd. and its subsidiaries

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

Year ended December 31, 2020

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

	Processing cost		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2020	%	Balance at December 31, 2020	Purpose	Maximum balance during the year ended December 31, 2020	Balance at December 31, 2020	Interest rate	Interest during the year ended December 31, 2020	Others
Teco Image Systems (DongGuan) Co., Ltd.	($ 670,360)	(52)	$ -	-	($ 233,174)	(78)	$ -	-	$ -	$ -	-	$ -	-

Teco Image Systems Co., Ltd. and its subsidiaries

Major shareholders information

December 31, 2020

Table 8

Name of major shareholders	Shares		
	No. of shares held (common shares)	No. of shares held (preference shares)	Ownership (%)
Creative Sensor Inc.	11,996,000	-	10.65%
Tong-An Investment Co., Ltd.	9,196,501	-	8.17%
Trust account of KORYO ELECTRONIC CO.,LTD. set up by CTBC Bank	6,982,000	-	6.20%
Teco International Investment Co., Ltd.	6,377,052	-	5.66%

Note 1: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialised form because of a differenent calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was the settlor's separate account for the fund set by the trustee.

As for the shareholder who reports share equity as an insider whose shareholding ratio greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.