

GIANTPLUS TECHNOLOGY CO., LTD.

2019 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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I. A Letter to Shareholders

Dear shareholders,

Looking back at 2019, the uncertainties over Brexit, the geopolitical tensions in the Middle East and the ongoing US-China trade war had led to a conservative prospective on the grim global economic outlook. In addition, at the end of 2019, the outbreak of COVID-19 prompted the Chinese government to take measures to slow down further spread of the virus. Due to the city-wide lockdown measures implemented in certain parts of China, the domestic demand had decreased, and the global industry and supply chain have been weakened.

2019 operations:

Since the overall market demand was less than satisfactory, the consolidated revenue for 2019 decreased by 10.85% compared with 2018. The gross profit of the consolidated business for the year amounted to NT\$766 million and the gross profit margin was 8.69%. The net operating loss for the year was NT\$350 million; in terms of non-operating income and expenses, following gain on disposal of mainland subsidiary in the amount of NT\$935 million in the second quarter and provisioning of asset impairment in the amount of NT\$593 million in the fourth quarter, the consolidated net loss for the year was NT\$201 million, and the loss per share was NT\$0.45.

With respect to business promotion and research development, the Company improves cost structure and boost competitiveness through strict expense control and stern management. Simultaneously, reinforcing the cooperation with TOPPAN PRINTING Co., Ltd. enables the Company to enhance its manufacturing process and quality and innovate to provide long-term and stable supply. The Company strives to meet the demand of technology differentiation and panel design customization, to reinforce customer loyalty and establish a win-win relationship.

With respect to the regulatory environment, the Company regards corporate sustainability as its ultimate goal. Apart from establishing environmental management related system and policy in accordance with the law, the Company also contributes itself to achieving corporate governance evaluation indicators, striking a balance between commercial interest, society, and environmental protection.

With respect to financial performance, the net cash inflow from operating activities in 2019 increased by NT\$383 million compared with last year. In 2019, the net cash inflow from investment activities increased by NT\$1,386 million from last year. The main investment activity in 2019 was the disposal of subsidiaries in China. The outflow of financing activities in 2019 increased by NT\$861 million compared with last year, mainly resulted from loan repayment. In conclusion, the financial position was good, considering the consolidated cash balance at the end of the year in the amount of NT\$1,973 million.

With respect to budget enforcement, the Company does not have to reveal its budget execution due to the fact that the 2019 financial forecast was not publicly disclosed.

2020 outlook:

1. The Company achieves product customization and technology differentiation to enhance the production adaptation and flexibility, cultivating the Company's position in high value-added market. By applying aforementioned strategy, the Company promotes customer loyalty and commits itself to optimizing the production value and quality.
2. The Company refine its technologies, manufacturing process, and quality to develop more comprehensive product applications and new markets by effectively integrating the Group resources.
3. In addition to striving to strengthen the Company's operational performance, Giantplus Technology is dedicated to being a committed corporate citizen and doing its utmost to make sustainable efforts for earth to create a win-win situation for the corporation and the environment.

Looking forward to the future, despite the turbulent global economic and political outlook and being faced with the severe industrial environment, the Company steadily and firmly improves its technical capabilities and production quality, while staying committed to the highly customized market to achieve market differentiation and promote competitiveness, consolidating the position in small- and medium-sized panel niche market and devoting itself to enhancing operation performance, as genuine appreciation for our shareholders and suppliers for the continuous support and trust.

Chairman:

President:

Accounting Supervisor:

II. Company Profile

2.1 Date of Incorporation: December 15, 1997

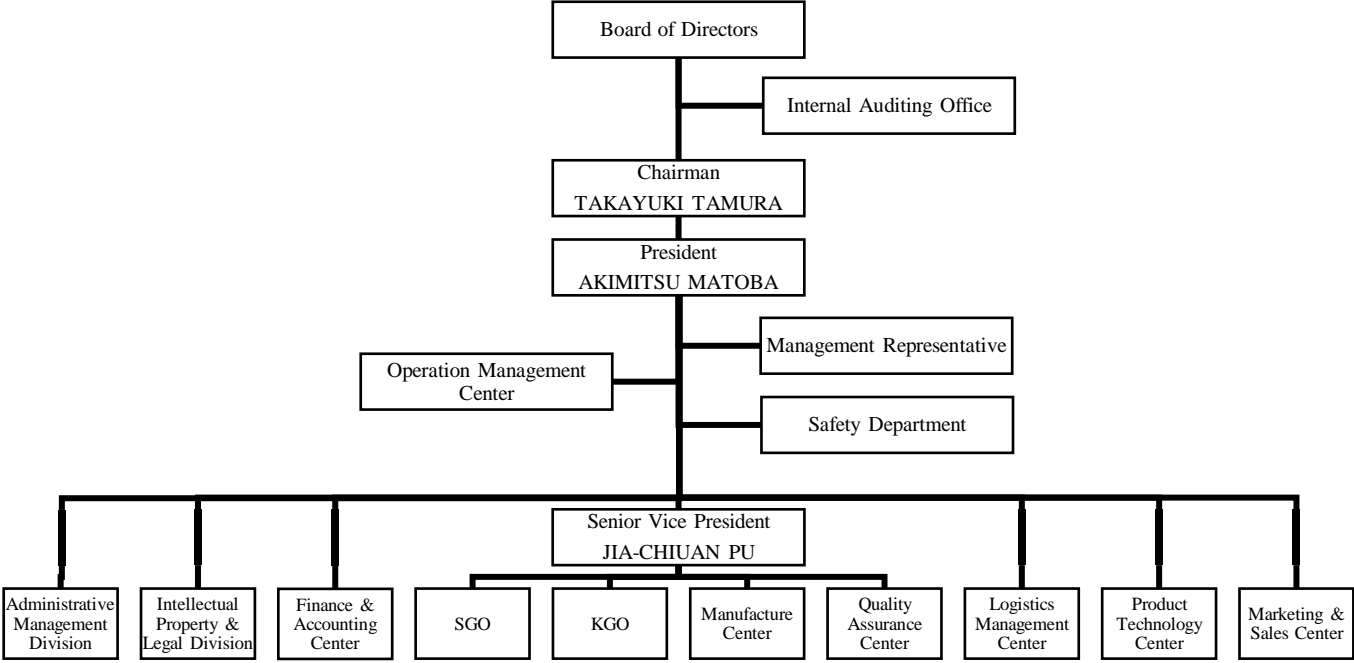
2.2 Company History

Year	Milestones
March 2017	Ortus Technology Co., Ltd. became Giantplus' largest shareholder with 53.10% or a total of 234,481,757 of Giantplus shares. (81,500,000 common shares and 152,981,757 shares via private placement)
March 2017	Chunghwa Picture Tubes, Ltd. was Giantplus' representative director. Due to transferring more than one half of Giantplus' shares held by the representative at the time being elected, three representative directors, Mr. Sheng-Chang Lin, Mr. Chi-Mo Huang, and Mr. Chu-Ping Yuan shall, ipso facto, be discharged from the office of directors according to the Company Act. At the same time, the Chairman, Mr. Sheng-Chang Lin, shall, ipso facto, be discharged.
May 2017	Convening a special shareholders meeting to elect four representatives of Ortus Technology Co., Ltd., JIN ENDO, AKIMITSU MATOBA, HIDEHIRO MORITA and TAKAYUKI TAMURA as directors and elect JIN ENDO as the Chairman.
December 2018	The board resolves to sell 100% shareholdings of reinvestment in China, KGP, through the subsidiary, Giantplus Holding L.L.C.
April 2019	Ortus Technology Co., Ltd., the representative of corporate director, was consolidated by its parent company, TOPPAN PRINTING Co., Ltd., on April 1, 2019. The former was a dissolved company, and the latter was a surviving company. Pursuant to Article 27 of the Company Act, JIN ENDO, AKIMITSU MATOBA, TAKAYUKI TAMURA, NAOHIRO KONYA were designated as directors, and JIN ENDO was elected as the Chairman at the board meeting on April 1, 2019.
April 2019	The Company sold 100% shareholdings of KGP, the mainland subsidiary of the Company, in December 2018 as resolved by the Board. The registration of the share transfer was completed in April 2019.
April 2020	SGO, the mainland subsidiary of the Company, was gradually scaled down due to changes in the market environment and customer and was not efficient in production. In accordance with the long-term operation plans adopted by the Group, the transfer of the production line was scheduled to be completed in the second quarter and would not lead to significant changes to the overall operation, production capacity, business and finance of the Group.

III. Corporate Governance Report

3.1 Organization

3.1.1 Organizational Chart



3.1.2 Major Corporate Functions

Department	Functions
President Office	Strategic planning, business planning authorization and supervision
Internal Auditing Office	To identify deficiencies in the internal control system, assess the effectiveness and efficiency of operations, and provide appropriate improvement suggestions to ensure the effectiveness of the internal control system as well as for continuous improvement
Operation Management Center	<ul style="list-style-type: none"> ● Planning, execution, and coordination of mid- and long-term strategies ● Supervision and analysis of the operation plan goals/forecast/actual performance
Finance & Accounting Center	Responsible for the coordination of the financing system, providing financial and accounting information, implementing investment plans, risk aversion and financial, accounting and stock affair services
Logistics Management Center	Responsible for the Company's overall procurement strategy, key component strategy planning and layout, product introduction, kitting and cost standardization management
Production Technology Center	<ul style="list-style-type: none"> ● Responsible for manufacturing samples and implementing mass-production transitioning tasks ● To improve engineering technology and increasing production yield
Manufacture Center	<ul style="list-style-type: none"> ● To integrate technology and product development, and introduce new technologies and new products ● To produce products related to TFT-LCD panels and modules
Quality Assurance Center	<ul style="list-style-type: none"> ● Planning and execution of quality control systems ● Planning of outsourcing manufacturer's quality control system and product quality audit.
Marketing & Sales Center	Responsible for market development and customer service
Administrative Management Division	<ul style="list-style-type: none"> ● Planning human resource policies, organizing annual plan and preparing staffing budget for each function ● Integration of human resource functions, planning and execution of recruitment, hiring, salary, compensation, training, evaluation, and other affairs pertaining to employee relations ● General administrative affairs of daily operations of the Company
Intellectual Property & Legal Division	<ul style="list-style-type: none"> ● Responsible for application and maintenance of patents, licensing negotiation, and other intellectual property management ● Reviewing contracts of the Company, legal counseling, and handling issues of litigation
Safety Department	<ul style="list-style-type: none"> ● Responsible for environmental inspection, reporting, restrictions and other affairs ● Supervision and promotion of labor safety and health management

3.2 Directors, Supervisors and Management Team

3.2.1 Directors

May 2, 2020

Title	Nationality/ Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
						Chairman	Japan	TOPPAN PRINTING Co., Ltd. TAKAYUKI TAMURA	06/26/2019	3	05/15/2017	234,481,757	53.11%			234,481,757	53.11%	-	
Director	Japan	TOPPAN PRINTING Co., Ltd.	06/26/2019	3	10/21/2019	234,481,757	53.11%	234,481,757	53.11%	-	-	-	-	Department of Business, Saitama	1. Giantplus' Director 2. President of	NA	NA	NA	

SEIICHI
ITOGA

Prefectural
Sattesakura High
School

Accounting
Department,
TOPPAN
PRINTING CO.,
LTD. Electronics
Division

3. Auditor, TOPPAN
CHUNGHWA
ELECTRONICS
CO., LTD.

4. Auditor, TOPPAN
ELECTRONICS
PRODUCTS CO.,
LTD.

5. Auditor, TOPPAN
TOMOEGAWA
OPTICAL FILMS
CO., LTD.

6. Auditor,
ORTUSTECH(M
ALAYSIA) SDN.
BHD.

7. Auditor, TOPPAN
SMIC
ELECTRONICS
(SHANGHAI)

8. Auditor, TOPPAN
TECHNICAL
DESIGN
CENTER CO.,
LTD.

Title	Nationality/ Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
						Director	Japan	TOPPAN PRINTING Co., Ltd. AKIMITSU MATOBA	06/26/2019	3	05/15/2017	234,481,757	53.11%			234,481,757	53.11%	-	
Director	Japan	TOPPAN PRINTING Co., Ltd. NAOHIRO KONYA	06/26/2019	3	04/01/2019	234,481,757	53.11%	234,481,757	53.11%	-	-	-	-	Bachelor of Engineering, Department of Engineering Mechanics and Energy, University of Tsukuba	1. Giantplus' Director 2. Director and Factory Manager of Kochi Plant, TOPPAN ELECTRONICS PRODUCTS CO., LTD. 3. Director of ORTUSTECH (MALAYSIA) SDN. BHD.	NA	NA	NA	

Title	Nationality/ Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Taiwan	JAU-SHIN HON	06/26/2019	3	06/24/2013	-	-	-	-	-	-	-	-	Ph.D. of Management Science, National Chiao Tung University/ Associate Professor, Engineering Economics and Financial Management, Tunghai University/ Executive Officer, School of Continuing Education, Tunghai University.	1. Giantplus' Independent Director 2. Associate Professor of Engineering Economics and Financial Management and Executive Officer of School of Continuing Education, Tunghai University 3. Director of Chiao Tai High School 4. Independent Director, World Known MFG (Cayman) Limited.	NA	NA	NA	

Title	Nationality/ Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Taiwan	KUANG- MING WU	06/26/2019	3	05/29/2014	-	-	-	-	-	-	-	-	Ph.D. of Law, National Taiwan University/ Chairman, Research Association of Property and Economic Law	1. Giantplus' Independent Director 2. Adjunct Professor, Department of Law, National Taipei University 3. Lawyer 4. Chairman, Research Association of Property and Economic Law 5. Director, Asia Pacific Institute of Creativity.	NA	NA	NA	

Title	Nationality/ Country of Origin	Name	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks
						Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Taiwan	PO-TSUN LIU	06/26/2019	3	06/26/2018	-	-	-	-	-	-	-	-	Ph.D. of Electronics Engineering, Institute of Electronics, National Chiao Tung University/ Department Chairman, Department of Photonics, National Chiao Tung University	1. Giantplus' Independent Director 2. Professor, Department of Photonics and Institute of EO Engineering, National Chiao Tung University 3. Director, Browave Corporation	NA	NA	NA	

Major shareholders of the institutional shareholders

May 2, 2020

Name of Institutional Shareholders	Major Shareholders (Note)		
TOPPAN PRINTING CO., LTD.	1.	The Master Trust Bank of Japan, Ltd. (Trust Account)	8.26%
	2.	Japan Trustee Services Bank, Ltd. (Trust Account)	5.73%
	3.	Nippon Life Insurance Company	4.40%
	4.	Toyo Ink SC Holdings Co., Ltd.	2.79%
	5.	The Dai-ichi Life Insurance Company, Limited	2.69%
	6.	Japan Trustee Services Bank, Ltd. (Trust Account 9)	2.16%
	7.	Employees' Stock Club	2.10%
	8.	Kodansha Ltd.	1.97%
	9.	Sumitomo Mitsui Banking Corporation	1.84%
	10.	The Bank of Tokyo-Mitsubishi UFJ	1.84%

Note: The name and shareholding of top ten shareholders of the institutional shareholders

Major shareholders of the Company's major institutional shareholders

May 2, 2020

Name of Institutional Shareholders	Major Shareholders (Note)		
The Master Trust Bank of Japan, Ltd.	1.	Mitsubishi UFJ Trust & Banking Corporation	46.50%
	2.	Nippon Life Insurance Company	33.50%
	3.	Meiji Yasuda Life Insurance Company	10.00%
	4.	The Norinchukin Trust & Banking Co., Ltd.	10.00%
Japan Trustee Services Bank, Ltd.	1.	JTC Holdings	100.00%

May 2, 2020

Name of Institutional Shareholders	Major Shareholders (Note)		
Toyo Ink SC Holdings Co., Ltd.	1.	Toppan Printing Co., Ltd.	22.51%
	2.	Sakata Inx Corp.	3.85%
	3.	The Master Trust Bank of Japan, Ltd. (Trust Account)	3.30%
	4.	Nippon Shokubai Co., Ltd.	2.74%
	5.	Japan Trustee Services Bank, Ltd. (Trust Account)	2.57%
	6.	National Mutual Insurance Federation of Agricultural Cooperatives	2.54%
	7.	Employee's Stock Club	2.22%
	8.	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.77%
	9.	Mizuho Bank, Ltd.	1.77%
	10.	SMBC Nikko Securities Inc.	1.72%
The Dai-ichi Life Insurance Company, Limited	1.	Dai-ichi Life Holdings	100.00%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.	JTC Holdings	100.00%
Sumitomo Mitsui Banking Corporation	1.	Sumitomo Mitsui Financial Group	100.00%
The Bank of Tokyo-Mitsubishi UFJ	1.	Mitsubishi UFJ Financial Group	100.00%

Note: The name and shareholding of the top ten shareholders of the institutional shareholders.

Professional qualifications and independence analysis of directors

May 2, 2020

Name (Note 1)	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who Has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
TOPPAN: TAKAYUKI TAMURA			√			√	√		√	√		√	√	√		0
TOPPAN: SEIICHI ITOGA			√			√	√			√		√	√	√		0
TOPPAN: AKIMITSU MATOBA			√			√	√		√	√		√	√	√		0
TOPPAN: NAOHIRO KONYA			√	√		√	√			√		√	√	√		0
JAU-SHIN HON	√		√	√	√	√	√	√	√	√	√	√	√	√	√	1
KUANG- MING WU	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	0
PO-TSUN LIU	√		√	√	√	√	√	√	√	√	√	√	√	√	√	0

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

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under paragraph 1 or 2 of Article 27, of the Company Act. Not applicable in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: Not a director, supervisor, or employee of that other company. Not applicable in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, president, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: Not a director (or governor), supervisor, or employee of that other company or institution. Not applicable in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. Not applicable in cases where the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company and the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.
11. Not been a person of any conditions defined in Article 30 of the Company Act.
12. Not elected as a government agency, juridical person or its representative as defined in Article 27 of the Company Act.

3.2.2 Management Team

May 2, 2020

Title	Nationality / Country of Origin	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
				Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Japan	AKIMITSU MATOBA	11/01/2018	-	-	-	-	-	-	Bachelor of Business Administration, Kobe University of Commerce	Consultant, TOPPAN PRINTING CO., LTD. Electronics Division ORTUS Subdivision	NA	NA	NA	
Executive Assistant to the Chairman	R.O.C.	HENG-TE CHU	10/01/2019	-	-	7,000	0.00%	-	-	Bachelor's Degree, Department of Electrophysics, National Chiao Tung University President, Giantplus Technology Co., Ltd.	Legal representative of SGO and KGO.	NA	NA	NA	
Senior Vice President	R.O.C.	JIA-CHIUAN PU	11/01/2018	-	-	-	-	-	-	Master of Chemical Engineering, National Taiwan University of Science and Technology/ Senior Vice President of Giantplus Technology Co., Ltd.	Legal representative of SGO and KGO.	NA	NA	NA	
Vice	R.O.C.	MU-SHENG	11/01/2006	42,012	0.01%	-	-	-	-	Master of Materials	NA	NA	NA	NA	

Title	Nationality / Country of Origin	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
				Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President		LU								Engineering, Tatung University/ Vice President of Manufacture Center, Giantplus Technology Co., Ltd.					
Vice President	R.O.C.	ZHI-XUAN ZHENG	05/16/2011	292	0.00%	-	-	-	-	Master of Economics, Kurume University/ Vice President of Marketing & Sales Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA	
Vice President	R.O.C.	QING-HUA WU	12/04/2012	22,831	0.01%	-	-	-	-	Bachelor of Industrial Engineering Management, National Chiao Tung University/ President of KGO	Legal representative and President of KGO	NA	NA	NA	
Executive Assistant to the President	R.O.C.	JIN-SONG ZENG	12/04/2012	-	-	-	-	-	-	Bachelor's Degree, Department of Chemical and Materials Engineering, Tamkang University President of SGO	Legal representative and President of SGO	NA	NA	NA	
Vice President /Finance	R.O.C.	YI-CHENG CHEN	08/15/2017	-	-	-	-	-	-	Bachelor of Cooperative Economics and Social Entrepreneurship, Feng Chia	Representative of the legal supervisor of KGO.	NA	NA	NA	

Title	Nationality / Country of Origin	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
				Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Supervisor										University/ Vice President of Finance & Accounting Center, Giantplus Technology Co., Ltd.					
Vice President	R.O.C.	YIN-SHENG QIU	08/15/2017	-	-	-	-	-	-	Bachelor of Automation Engineering, National United University/ Vice President of Quality Assurance Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA	
Vice President	Japan	KOZO YAMAMOTO	05/01/2018	-	-	-	-	-	-	Bachelor of Foreign Languages in Dokkyo University/ Vice President of Operation Management Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA	
Assistant Vice President	R.O.C.	YU-CHUNG HSIEH	04/15/2014	836	0.00%	-	-	-	-	Master of Mechanical Engineering, National Chung Cheng University/ Assistant Vice President of Marketing & Sales Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA	

Title	Nationality / Country of Origin	Name	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks
				Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Assistant Vice President	R.O.C.	JIA-XING CHEN	12/15/2014	3,000	0.00%	-	-	-	-	Master of Materials Engineering, National Tsing Hua University/ Assistant Vice President of Product Technology Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA	
Assistant Vice President	R.O.C.	YI-YAN LIAO	05/01/2018	-	-	-	-	-	-	Bachelor of International Trade, Chinese Culture University/ Assistant Vice President of Operation Management Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA	
Assistant Vice President	R.O.C.	QI-WAN CHEN	08/01/2019	-	-	-	-	-	-	Bachelor of Business Administration, Chung Yuan Christian University/ Assistant Vice President of Logistics Management Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA	
Accounting supervisor	R.O.C.	DE-QI LIU	04/16/2013	-	-	-	-	-	-	Master of Accounting, National Taiwan University/ Vice Director, Finance & Accounting Center, Giantplus Technology Co., Ltd.	NA	NA	NA	NA	

3.2.3 The Chairperson of The Board of Directors and The President or Person of An Equivalent Post (The Highest Level Manager) of A Company Are The Same Person, Spouses, or Relatives within The First Degree of Kinship: NA

3.2.4 Remuneration of Directors, Supervisors, President, and Vice President

Remuneration of Directors

Unit: NT\$ thousands, 1,000 shares

Title	Name (Note 1)	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees						Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or the Parent Company (Note 11)		
		Base Compensation (A) (Note 2)		Severance Pay (B)		Bonus to Directors (C) (Note 3)		Allowances (D) (Note 4)		Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Profit Sharing- Employee Bonus (G) (Note 6)								
		The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company		All Companies in the Consolidated Financial Statements (Note 7)						
Chairman	TOPPAN PRINTING Co., Ltd. (Note 12) TAKAYUKI TAMURA (Note 13)	-	-	-	-	-	-	14	14	(0.01%)	(0.01%)	-	-	-	-	-	-	-	-	(0.01%)	(0.01%)	None
Director	TOPPAN PRINTING Co., Ltd. (Note 12) AKIMITSU MATOBA	209	209	-	-	-	-	1,154	1,154	(0.68%)	(0.68%)	1,935	1,935	-	-	-	-	-	-	(1.64%)	(1.64%)	None
Director	TOPPAN PRINTING Co., Ltd. (Note 12) NAOHIRO KONYA (Note 14)	-	-	-	-	-	-	9	9	(0.00%)	(0.00%)	-	-	-	-	-	-	-	-	(0.00%)	(0.00%)	None

Title	Name (Note 1)	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)	Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary or the Parent Company (Note 11)	
		Base Compensation (A) (Note 2)		Severance Pay (B)		Bonus to Directors (C) (Note 3)		Allowances (D) (Note 4)			Salary, Bonuses, and Allowances (E) (Note 5)				Severance Pay (F)		Profit Sharing- Employee Bonus (G) (Note 6)					
		The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)		The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company	All Companies in the Consolidated Financial Statements (Note 7)	The Company		All Companies in the Consolidated Financial Statements (Note 7)			The Company
Director	TOPPAN PRINTING Co., Ltd. (Note 12) SEIICHI ITOGA (Note 15)	-	-	-	-	-	-	16	16	(0.01%)	(0.01%)	-	-	-	-	-	-	-	-	(0.01%)	(0.01%)	None
Independent Director	JAU-SHIN HON	240	240	-	-	-	-	157	157	(0.20%)	(0.20%)	-	-	-	-	-	-	-	-	(0.20%)	(0.20%)	None
Independent Director	KUANG- MING WU	240	240	-	-	-	-	141	141	(0.19%)	(0.19%)	-	-	-	-	-	-	-	-	(0.19%)	(0.19%)	None
Independent Director	PO-TSUN LIU	240	240	-	-	-	-	138	138	(0.19%)	(0.19%)	-	-	-	-	-	-	-	-	(0.19%)	(0.19%)	None
Chairman	TOPPAN PRINTING Co., Ltd. (Note 12) JIN ENDO (Note 16)	-	-	-	-	-	-	79	79	(0.04%)	(0.04%)	-	-	-	-	-	-	-	-	(0.04%)	(0.04%)	None
Director	TOPPAN PRINTING Co., Ltd. (Note 12) HIDEHIRO MORITA (Note 17)	255	255	-	-	-	-	221	221	(0.24%)	(0.24%)	-	-	-	-	-	-	-	-	(0.24%)	(0.24%)	None

- Note 1: The names of directors should be listed separately (for institutional directors, both the institution and the representative are required). Directors and independent directors should be listed separately, and the amount of each payment is disclosed in a summary. A director who is concurrently a president or a vice president shall be included in this form and in the following form 3-1, or in form 3-2-1 and form 3-2-2.
- Note 2: Refers to remuneration of directors in the most recent year (including directors' salary, duty allowance, severance pay, various bonuses, incentives, etc.)
- Note 3: Refers to the amount of director's remuneration distributed by the board of directors in the most recent year.
- Note 4: Refers to director's related expenses from professional practice in the most recent year, including travel expenditures, special disbursement, various allowances, accommodation, company cars, in-kind supplies, etc. If residences, cars (or other means of transportation) or personal expenses are provided, information about the assets (including the nature, cost, actual or fair market values of the rent, gasoline expenses and other perks) must be disclosed. Compensation paid to personal drivers must be noted, when applicable, but not included in the remuneration received.
- Note 5: Refers to the collection including salary, a duty allowance, severance pay, various bonuses, travel expenditures, special disbursement, various allowances, accommodation, company car and in-kind supplies, etc. for persons who are concurrently directors and employees (including the concurrent president, vice president, other managers and employees). If residences, cars (or other means of transportation) or personal expenses are provided, information about the assets (including the nature, cost, actual or fair market values of the rent, gasoline expenses and other perks) must be disclosed. Compensation paid to personal drivers must be noted, when applicable, but not included in the remuneration received. Salary expenses including acquisition of employee stock warrants, new restricted employee shares, and participation in capital increases by cash subscription recognized in accordance with IFRS 2 "Share-based Payment" shall all be included.
- Note 6: Refers to employee compensation (including stocks and cash) for directors who are concurrently employees (including the president, vice presidents, other managers and employees). The amount of compensation received as resolved by the board of directors in the most recent year should be disclosed. If it is not possible to estimate, the estimated amount of this year will be calculated based on the proportion of the actual distribution amount last year, and Attachment Form 1-3 shall be filled in.
- Note 7: All of the remuneration of all the companies in the consolidated financial statements (including the Company) paid to the director of the company should be included.
- Note 8: The total remuneration the Company pays to each director should be disclosed along with the names of the directors in the designated bracket.
- Note 9: The total remuneration of each director of the company paid by all companies in the consolidated report should be disclosed, and disclose the name of the directors in the designated bracket.

Note 10: After-tax net income refers to the net profit after tax in the most recent year; if the international financial reporting standard has been adopted, the after-tax net income is the net profit after tax of standalone or individual financial report in the most recent year.

Note 11: a. This column should clearly fill in the amount of remuneration paid to directors from an invested entity other than a subsidiary or from the parent company (fill in “None” if there’s no such remuneration paid).

b. If a director of a company receives remuneration from an invested entity other than a subsidiary or from the parent company, the remuneration of the director paid by the invested entity other than a subsidiary or by the parent company shall be added to column I of the remuneration range table, and change the name of the column to “The parent company and all investment business”.

c. Remuneration refers to the remuneration, wage, employee profit sharing, and allowances paid by the invested entity other than a subsidiary or from the parent company to directors who are also their directors, supervisors, or managers.

Note 12: Ortus Technology Co., Ltd. was consolidated by its parent company, TOPPAN PRINTING Co., Ltd., on April 1, 2019.

Note 13: Chairman TAKAYUKI TAMURA was elected on October 21, 2019.

Note 14: Director NAOHIRO KONYA was elected on April 1, 2019.

Note 15: Director SEIICHI ITOGA was elected on October 21, 2019.

Note 16: Chairman JIN ENDO resigned on October 21, 2019.

Note 17: Director HIDEHIRO MORITA resigned on April 1, 2019.

* The remuneration disclosed in this form is different from that required by the income tax law. Therefore, the purpose of this form is for information disclosure and is not intended for taxation purposes.

Supervisor's remuneration: Not applicable.

Remuneration of the President and Vice President

Unit: NT\$ thousands, 1,000 shares

Title	Name	Salary(A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Profit Sharing-Employee Bonus (D) (Note 4)				Ratio of total Compensation (A+B+C+D) to Net Income % (Note 8)		Compensation paid to the President and Vice President from an Invested Company Other than the Company's Subsidiary or the Parent Company (Note 9)
		The Company	All Companies in the Consolidated Financial Statements (Note 5)	The Company	All Companies in the Consolidated Financial Statements (Note 5)	The Company	All Companies in the Consolidated Financial Statements (Note 5)	The Company		All Companies in the Consolidated Financial Statements (Note 5)		The Company	All Companies in the Consolidated Financial Statements	
								Cash	Stock	Cash	Stock			
President	AKIMITSU MATOBA	27,312	28,435	930	930	12,292	12,292	-	-	-	-	(20.18%)	(20.73%)	None
Executive Assistant to the Chairman	HENG-TE CHU													
Senior Vice President	JIA-CHIUAN PU													
Vice President	MU-SHENG LU													
Vice President	ZHI-XUAN ZHENG													
Vice President	QING-HUA WU													
Executive Assistant to the President	JIN-SONG ZENG													
Vice President	ZHI-JIA MA (Note 11)													
Vice President	YI-CHENG CHEN													
Vice President	WEN-XIAN BAI (Note 12)													
Vice President	YIN-SHENG QIU													
Vice President	KOZO YAMAMOTO													

Note 10: There was no profit sharing-employee bonus due to the loss in 2019.

Note 11: Vice President ZHI-JIA MA resigned in May 2019.

Note 12: Vice President WEN-XIAN BAI resigned in October 2019.

Range of Remuneration for the President, Vice Presidents	Name of President and Vice President	
	The Company (Note 6)	All Companies in the Consolidated Financial Statements (Note 7) E
Under NT\$ 1,000,000		
NT\$1,000,000 ~ NT\$1,999,999	AKIMITSU MATOBA, HENG-TE CHU	AKIMITSU MATOBA, HENG-TE CHU
NT\$2,000,000 ~ NT\$3,499,999	KOZO YAMAMOTO, ZHI-XUAN ZHENG, JIN-SONG ZENG, ZHI-JIA MA, YIN-SHENG QIU	KOZO YAMAMOTO, ZHI-XUAN ZHENG, JIN-SONG ZENG, ZHI-JIA MA, YIN-SHENG QIU
NT\$3,500,000 ~ NT\$4,999,999	YI-CHENG CHEN, WEN-XIAN BAI, MU-SHENG LU, QING-HUA WU	YI-CHENG CHEN, WEN-XIAN BAI, MU-SHENG LU, QING-HUA WU
NT\$5,000,000 ~ NT\$9,999,999	JIA-CHIUAN PU	JIA-CHIUAN PU
NT\$10,000,000 ~ NT\$14,999,999		
NT\$15,000,000 ~ NT\$29,999,999		
NT\$30,000,000 ~ NT\$49,999,999		
NT\$50,000,000 ~ NT\$99,999,999		
Over NT\$100,000,000		
Total		

Note 1: The names of president and vice presidents should be listed separately and the amounts should be disclosed in a summary. If the director is also the president or vice president, this form and the above form 1-1, or form 1-2-1 and form 1-2-2 shall also be filled in.

Note 2: Fill in the salary, allowance, and severance pay of the president and vice president in the most recent year.

Note 3: Fill in the president's and vice president's various bonuses, incentives, travel expenditures, special disbursement, various allowances, accommodation, company car and in-kind supplies and other remuneration in the most recent year. If residences, cars, other transportations or personal expenses are provided, information about the assets (including the nature, cost, actual or fair market values of the rent, gasoline expenses and other perks) must be disclosed. Compensation paid to personal drivers must be noted, when applicable, but not included in the remuneration received. Salary expenses including acquisition of employee stock warrants, new restricted employee shares, and participation in capital increases by cash subscription recognized in accordance with IFRS 2 "Share-based Payment" shall all be included.

Note 4: Fill in the amount of compensation (including stocks and cash) for the president and vice president as resolved by the board of directors in the most recent year. If it is not possible to estimate, the proposed distribution amount will be calculated proportionately according to the actual distribution amount last year, and Attachment Form 1-3 shall also be filled in.

Note 5: All of the remuneration of all the companies in the consolidated financial statements (including the Company) paid to the president and vice president of the company should be included.

Note 6: The total remuneration the Company pays to each president and vice president and the names of the president and vice president should be disclosed in the designated bracket.

Note 7: The total remuneration the Company pays to each president and vice president and the names of president and vice president should be disclosed in the designated bracket.

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

Note 9: a. This column should clearly fill in the amount of remuneration the Company's president and vice president receive from an invested entity other than a subsidiary or from the parent company (fill in "None" if there's no such remuneration paid).

b. If the president and vice president of the company receive remuneration from an invested entity other than a subsidiary or from the parent company, the remuneration of the president and vice president of the Company paid by the invested entity other than a subsidiary or by the parent company shall be added to Column E of the remuneration range table and change the name of the column to "The parent company and all reinvested business".

c. Remuneration refers to the remuneration (including the remuneration of employees, directors and supervisors) and expenses from professional practice the Company's president and vice president receive, who are the directors, supervisors or managers of an invested entity other than a subsidiary or the parent company.

* The content of the remuneration disclosed in this form is different from that required by the income tax law. Therefore, the purpose of this form is for information disclosure and is not intended for taxation purposes.

The Individual Remuneration Paid to Each of Its Top Five Management Personnel

Title	Name	Salary(A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Profit Sharing-Employee Bonus (D) (Note 4)				Ratio of total compensation (A+B+C+D) to Net Income % (Note 9)		Compensation paid to the President and Vice President from an Invested Company Other than the Company's Subsidiary or the Parent Company (Note 7)
		The Company	All Companies in the Consolidated Financial Statements (Note 5)	The Company	All Companies in the Consolidated Financial Statements (Note 5)	The Company	All Companies in the Consolidated Financial Statements (Note 5)	The Company		All Companies in the Consolidated Financial Statements (Note 5)		The Company	All Companies in the Consolidated Financial Statements (Note 6)	
								Cash	Stock	Cash	Stock			
Senior Vice President	JIA-CHIUAN PU	3,254	3,254	108	108	2,349	2,349	-	-	-	-	(2.84%)	(2.84%)	None
Vice President	YI-CHENG CHEN	2,435	2,435	108	108	1,675	1,675	-	-	-	-	(2.10%)	(2.10%)	None
Vice President	WEN-XIAN BAI (Note 8)	2,653	2,653	85	85	1,414	1,414	-	-	-	-	(2.07%)	(2.07%)	None
Vice President	QING-HUA WU	2,282	2,714	108	108	1,164	1,164	-	-	-	-	(1.77%)	(1.98%)	None
Vice President	MU-SHENG LU	2,304	2,304	108	108	1,147	1,147	-	-	-	-	(1.77%)	(1.77%)	None

Note 1: The top five management personnel of “The Individual Remuneration Paid to Each of Its Top Five Management Personnel” refers to the managerial officers of the Company, which is defined pursuant to the scope specified in Tai-Cai-Jheng-San No. 0920001301 of the former Securities and Futures Commission, Ministry of Finance on March 27, 2003. The managerial officers are ranked by the amount of total compensation (A+B+C+D) including salary, severance pay, bonuses and allowances. If a director is concurrently one of the aforementioned managerial officers, this form and the preceding form 1-1 shall be filled in.

Note 2: Fill in the salary, allowance, and severance pay of the top five management personnel in the most recent year.

Note 3: Fill in the various bonuses, incentives, travel expenditures, special disbursement, various allowances, accommodation, company car and in-kind supplies and other remuneration of the top five management personnel in the most recent year. If residences, cars, other transportations or personal expenses are provided, information about the assets (including the nature, cost, actual or fair market values of the rent, gasoline expenses and other perks) must be disclosed. Compensation paid to personal drivers must be noted, when applicable, but not included in the remuneration received. Salary expenses including acquisition of employee stock warrants, new restricted employee shares, and participation in capital increases by cash subscription recognized in accordance with IFRS 2 “Share-based Payment” shall all be included.

Note 4: Fill in the amount of compensation (including stocks and cash) for the top five management personnel as resolved by the board of directors in the most recent year. If it is not possible to estimate, the proposed distribution amount will be calculated proportionately according to the actual distribution amount last year, and Attachment Form 1-3 shall also be filled in.

Note 5: All of the remuneration of all the companies in the consolidated financial statements (including the Company) paid to the top five management personnel of the company should be included.

Note 6: After-tax net income refers to the net profit after tax of standalone or individual financial report in the most recent year.

Note 7: a. This column should clearly fill in the amount of remuneration the Company's top five management personnel receive from an invested entity other than a subsidiary or from the parent company (fill in "None" if there's no such remuneration paid).

b. Remuneration refers to the remuneration (including the remuneration of employees, directors and supervisors) and expenses from professional practice the Company's top five management personnel receive, who are the directors, supervisors or managers of an invested entity other than a subsidiary or the parent company.

Note 8: Vice President WEN-XIAN BAI resigned in October 2019.

* The content of the remuneration disclosed in this form is different from that required by the income tax law. Therefore, the purpose of this form is for information disclosure and is not intended for taxation purposes.

Names of managerial officers who received employees' bonuses in the preceding year and the distribution: None

3.2.5 Separate Comparison and Explanation of the Analysis of the Ratio of the Remuneration to Net Income Paid to Directors, Supervisors, President and Vice presidents by the Company and All Companies in the Consolidated Financial Statements in the Last Two Fiscal Years, the Policy and Standard of Paying Remuneration, the Procedure of Combining and Determining Remuneration, and the Relationship Between Business Performance and Future Risks

A. The ratio of total remuneration paid by the Company and by all companies in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, the president and vice presidents of the Company, to the net income

Unit: NT\$ thousands

Title	2018		2019	
	Amount	Ratio of total remuneration to net income (loss)	Amount	Ratio of total remuneration to net income (loss)
Director	43,838	(33.07%)	44,770	(22.28%)
President and Vice President				

B. The policy and standard of paying remuneration, the procedure of combining and determining remuneration, and the relationship between business performance and future risk:

The remuneration for directors and employees is not allocated due to the loss in 2019.

The Company makes transportation allowance to directors and supervisors as compensation in accordance with the Company's articles of association by referencing the industry level.

The remuneration policy of the management team is based on the salary level of the industry according to the position, and the personal achievement rate taking into consideration of the Company's operation performance with respect to the respective duties to determine reasonable remuneration.

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

A total of 11 (A) meetings of the Board of Directors were held in the previous period. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	TOPPAN PRINTING Co., Ltd. TAKAYUKI TAMURA	10	1	91%	Ortus Technology Co., Ltd., the representative of corporate director, was consolidated by its parent company, TOPPAN PRINTING Co., Ltd., on April 1, 2019 Re-elected (June 26, 2019 reelection) Elected as the new chairman at the board meeting on October 21, 2019 Should attend 11 times
Director	TOPPAN PRINTING Co., Ltd. SEIICHI ITOGA	3	0	100%	Reassigned by TOPPAN PRINTING Co., Ltd., on October 21, 2019, substituting for JIN ENDO Should attend 3 times
Director	TOPPAN PRINTING Co., Ltd. AKIMITSU MATOBA	11	0	100%	Ortus Technology Co., Ltd., the representative of corporate director, was consolidated by its parent company, TOPPAN PRINTING Co., Ltd., on April 1, 2019 Re-elected (June 26, 2019 reelection) Should attend 11 times
Director	TOPPAN PRINTING Co., Ltd. NAOHIRO KONYA	9	0	100%	Ortus Technology Co., Ltd., the representative of corporate director, was consolidated by its parent company, TOPPAN PRINTING Co., Ltd., on April 1, 2019; reassigned by TOPPAN PRINTING Co., Ltd., substituting for HIDEHIRO MORITA Re-elected (June 26, 2019 reelection) Should attend 9 times
Independent director	JAU-SHIN HON	11	0	100%	Re-elected (June 26, 2019 reelection) Should attend 11 times
Independent director	KUANG-MING WU	10	1	91%	Re-elected (June 26, 2019 reelection) Should attend 11 times

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Independent director	PO-TSUN LIU	10	1	91%	Re-elected (June 26, 2019 reelection) Should attend 11 times
Chairman	TOPPAN PRINTING Co., Ltd. JIN ENDO	8	0	100%	Ortus Technology Co., Ltd., the representative of corporate director, was consolidated by its parent company, TOPPAN PRINTING Co., Ltd., on April 1, 2019 Re-elected (June 26, 2019 reelection) Reassigned to SEIICHI ITOGA by TOPPAN PRINTING Co., Ltd., on October 21, 2019 Should attend 8 times
Director	ORTUS TECHNOLOGY Co., Ltd. HIDEHIRO MORITA	2	0	100%	Ortus Technology Co., Ltd., the representative of corporate director, was consolidated by its parent company, TOPPAN PRINTING Co., Ltd., on April 1, 2019; reassigned to NAOHIRO KONYA by TOPPAN PRINTING Co., Ltd. Should attend 2 times

Other items required to be stated:

1. Items referred to in Article 14-3 of the Securities and Exchange Act and resolutions of the board meetings for which independent directors expressed objection or held reservation and are recorded or presented in writing, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the Company's response thereto should be specified: None
2. With respect to directors recusing themselves in the case of conflict of interest, the directors' names, contents of motion, reasons for conflict of interest and votes should be specified:
 - (1) The first discussion item of the 8-28th Board Meeting on February 21, 2019: remuneration for AKIMITSU MATOBA, the president and the director
The president and the director, AKIMITSU MATOBA, was excused from the discussion and voting owing to their stakeholder relationship with the Company.
 - (2) The first discussion item of the 9-3rd Board Meeting on August 19, 2019: manager remuneration adjustments:
The director, AKIMITSU MATOBA, was excused from the discussion and voting owing to their stakeholder relationship with the Company.
3. TWSE/TPEX listed companies shall disclose the evaluation cycles, evaluation periods, scope and method of evaluation, evaluation contents, and other information of self-evaluation or peer evaluation of the board of directors and complete Annex 2 Questionnaire of Self-Evaluation of Performance of Board Members (for Themselves or Peers): None
4. Measures taken to strengthen the functionality of the board: All directors have completed the continuing education hours required in 2019.

3.3.2 Audit Committee

The Company established the audit committee on May 29, 2014. A total of 10 (A) Audit Committee meetings were held in the previous period. The attendance of the independent directors was as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】	Remarks
Chairman	JAU-SHIN HON	10	0	100.00%	Re-elected (June 26, 2019 reelection)
Member	KUANG-MING WU	9	1	90.00%	Re-elected (June 26, 2019 reelection)
Member	PO-TSUN LIU	9	1	90.00%	Re-elected (June 26, 2019 reelection)

1. Other items required to be stated: in the event of the following circumstances, the Audit Committee shall be held and state the date, time of the Board meeting, the content of the proposal, the results of the resolution of the Audit Committee and the Company's handling of the opinions of the Audit Committee

(1) Items required under Article 14-5 of Securities and Exchange Act:

Date	Meeting	Content	All independent directors' opinions and the Company's handling
February 21, 2019	2nd 28th	The fourth quarter of 2018's internal audit report	No Independent Director had a dissenting opinion or qualified opinion.
		Recognize impairment in accordance with IAS 36	
		Management's Reports on Internal Control of 2018	
		GIANTPLUS's financing to the mainland subsidiary KGO	
		Renewal of bank credit contract	
March 21, 2019	2nd 29th	Supplementary budget for transition from Color Filter CPT to TPN photomask	
		Individual and consolidated financial reports for 2018	
		Deficit compensation in 2018	
		2018 Business Report	
		Revision of Articles of Incorporation	
		Revision of Procedures for Acquisition or Disposal of Assets	
		Revision of Procedures for Financial Derivatives Transactions	
		Revision of Procedures for Capital Lending to Others	
		Revision of Procedures for Making Endorsements and Guarantees	
		The reelection of the directors	
		Date of the meeting, location and proposal of shareholders' meeting in 2019	
		Regular shareholders' meeting accepts shareholder's proposal	
		Regular shareholders' meeting accepts the nomination of candidates for directors	

April 1, 2019	2nd	30th	Proposal to release the newly-elected directors from non-competition restrictions GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to KGO
May 9, 2019	2nd	31st	Review the results of the independence assessment of the Company's CPA Review report of the shareholders' proposal to the 2019 shareholders' meeting Consolidated financial report for the first quarter of 2019 Internal Audit Report for the first quarter of 2019 Review of nominations for candidates for directors at the 2019 shareholders' meeting Proposal to release directors from non-competition restrictions GIANTPLUS (SAMOA) HOLDING CO., LTD.s financing to GIANTPLUS TECHNOLOGY CO., LTD. Renewal of bank credit contract
June 13, 2019	2nd	32nd	Idle assets management Revision of Rules and Procedures for Board of Directors
August 8, 2019	3rd	1st	Selection of the convener Consolidated financial report for the second quarter of 2019 Internal Audit Report for the second quarter of 2019 Business Report for the third quarter of 2019 GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to KGO Renewal of bank credit contract
August 19, 2019	3rd	2nd	Report of the liability insurance of the directors and managers
October 21, 2019	3rd	3rd	Endorsement and guarantees of tariffs for KGO
November 7, 2019	3rd	4th	Report on utilization of property of KGO Report on the patent infringement Consolidated financial report for the third quarter of 2019 Business Report for the fourth quarter of 2019 Internal Audit Report for the third quarter of 2019 Annual audit plans of 2020 GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to GIANTPLUS TECHNOLOGY CO., LTD.
December 19, 2019	3rd	5th	Budget for the T2 photo-alignment project Endorsement and guarantees of tariffs for the Company Endorsement and guarantees of tariffs for KGO GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to KGO Renewal of bank credit contract

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

2. If there are independent directors who recuse themselves due to conflict of interest, the directors' names, contents of motion, causes for recusal and votes shall be specified: None

3. Communications between the independent directors, the Company's chief internal auditor and certified accountants

(1) The internal auditors have communicated the result of the audit reports to the members of the Audit Committee periodically, and have presented the findings of all audit reports in the quarterly meetings of the Audit Committee. Should the urgency of the matter require it, the Company's chief internal auditor will inform the members of the Audit Committee outside of the regular reporting. No such urgency took place in 2019. The communication channel between the Audit Committee and the internal auditor has been functioning well.

(2) The Company's certified accountants will report to the Audit Committee immediately for any urgent matters. No such urgency took place in 2019. The communication channel between the Audit Committee and the CPAs has been functioning well.

3.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company formulated formal corporate governance best practice principles according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.	No significant difference
II. Shareholding structure & shareholders’ rights				No significant difference
(I) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(I) The Company set up a spokesperson, a deputy spokesperson and a special unit to take charge of proposals or disputes from shareholders.	
(II) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(II) The Company keeps track of any changes to the list of the major shareholders and the ultimate owners of those shares anytime.	
(III) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(III) The Company has duly enacted the “Operating Procedures for Specific Companies and Its Group Enterprises and Transactions with Related Parties,” internal control, internal audit, and other relevant regulations for effective risk control.	
(IV) Does the company establish internal rules against insiders trading with undisclosed information?	V		(IV) The Company has duly enacted the Ethical Corporate Management Best Practice Principles to prohibit staff from engaging in insider trading, taking the advantage of information which has not yet been made public in the market.	

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No		
<p>III. Composition and Responsibilities of the Board of Directors</p> <p>(I) Does the Board develop and implement a diversified policy for the composition of its members?</p> <p>(II) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(III) Does the company establish a standard to measure the performance of the Board, implement it annually, submit the results to the Board of Directors and take the results into account in terms of the remuneration, the nomination and reelection of directors?</p> <p>(IV) Does the company regularly evaluate the independence of CPAs?</p>	V	V	<p>(I) The members of the Board members are diversified. TAKAYUKI TAMURA, AKIMITSU MATOBA, NAOHIRO KONYA, SEIICHI ITOGA are good at leading, making operational judgment, management administration and crisis management and possess knowledge of the industry and international market perspective. JAU-SHIN HON, KUANG-MING WU and PO-TSUN LIU are good at financial accounting, legal affairs and optical engineering, respectively.</p> <p>(II) The Company has set up the Audit Committee and Remuneration Committee and various departments to be in charge of corporate governance. The Company, nevertheless, has not yet set up a committee of other functions to date which is still pending.</p> <p>(III) The Company regularly evaluates board effectiveness, but has not yet established official evaluation regulations and approaches of the Company's board of directors. The regulations will be established in the future if deemed necessary.</p> <p>(IV) The Company is certified by KPMG. The Company has established independent assessment items in accordance with the "Statements on Auditing Standards" and the "The Norm of Professional Ethics for Certified Public Accountant of the Republic of China", No. 10 "Integrity, Justice, Objectivity and Independence." The Board of Directors reviewed and approved the " Accountant Independence Assessment Procedure Form " and the " Accountant Independence Statement " issued by accountants and assessed the independence of the accountant at least once a year; the assessment items include financial interests, business relationships, family and personal relationships, and other independence and objectivity to prove that the company and its subsidiaries or related companies and accountants have no conflict of</p>	No significant difference compared to Article 20, the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
			interest. The last two results of assessment were reported to the Board of Director on May 10, 2018 and May 9, 2019.	
IV. Does the company set up an adequate number of competent corporate governance personnel and a designated supervisor who are responsible for corporate governance matters (including but not limit to providing information for directors to perform their functions, assisting directors and supervisors with regulatory compliance, handling work related to the board meetings and the shareholders' meetings and preparing minutes of board meetings and shareholders' meetings)?	V		The Company set up a corporate governance working group, with the president as the convener, and 1-2 people from each of the Finance & Accounting Center, Administrative Management Division, and President Office to form a corporate governance working group, responsible for corporate governance related operations. Among them, the President Office is responsible for assisting in providing directors and independent directors with the necessary information for conducting business, convening meetings, preparing agendas to ensure that the board of directors and the audit committee comply with the law, and that the financial center and other related units handle company registration and change registration.	No significant difference
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company maintains a smooth communication channel with the banks and other creditors, employees, suppliers, communities or parties the Company holds interest in, and respects and maintains their legitimate rights and interests. Stakeholder site: http://www.giantplus.com/csr/stakeholder	No significant difference
VI. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company appointed the Stock Agent Department of Yuanta Securities Co., Ltd. as the Company's stock agency to handle the related matters of the shareholders' meeting.	No significant difference
VII. Information Disclosure (I) Does the company have a	V		(I)The Company has disclosed relevant information in the	No significant

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
<p>corporate website to disclose both financial standings and the status of corporate governance?</p> <p>(II) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(III) Does the company publicly announce and register with the Competent Authority financial reports within two months after the close of the fiscal year and publicly announce and register with the Competent Authority the financial reports for the first, second, and third quarters and the business reports for each month of the fiscal year in advance?</p>	V		<p>official website.</p> <p>(II) Official website: http://www.giantplus.com A dedicated person is responsible for the collection and disclosure of company information, and there is a spokesperson and deputy spokesperson responsible for external communication.</p> <p>(III) The company publicly announces and registers with the Competent Authority the financial reports of the fiscal year, the financial reports of the first, second and third quarter financial reports, and the business reports of each month before the due date but not in advance.</p>	difference
VIII. Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training	V		<p>(I) The Company requires directors and independent directors to participate in relevant courses in corporate governance.</p> <p>(II) The Company has purchased “Board Supervisor and Important Staff Liability Insurance” for directors and independent directors to transfer the liabilities and risks caused by the misconduct of directors, independent directors and key staff through the insurance, to strengthen the Company’s operation and protect the directors, independent directors and important staff.</p>	No significant difference

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?				

IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.

The Company established the “Corporate Governance Practice Principles” on December 25, 2014. The ranking of the Company’s corporate governance evaluation was at top 21%-35% of the industry; the Company continues to practice sustainability management in the perspective of economy, environment and society. We will also uphold the core values of integrity, and bear the long-term responsibility for all stakeholders and society.

Improvements:

- In order to safeguard shareholders' rights and treat shareholders fairly, the Company uploaded the English version of the meeting handbook, the supplementary material and the notice of the shareholders’ meeting.
- In order to safeguard shareholders' rights and treat shareholders fairly, the Company prepared an English version of the annual report.
- In order to enhance information transparency, the Company will disclose the annual financial report in English.
- In order to enhance information transparency, the Company will establish an official English website where the financials, business, corporate governance and other relevant information are disclosed.

Priorities measures:

- In order to safeguard shareholders' rights and treat shareholders fairly, the Company will upload the English version of the meeting handbook and supplementary material of the shareholders’ meeting 30 days before the meeting date.
- In order to safeguard shareholders' rights and treat shareholders fairly, the Company will upload the annual report 16 days before the meeting date.

3.3.4 Composition, Responsibilities and Operations of the Remuneration Committee

A. Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title (Note 1)	Criteria Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note 2)										Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member	Remarks
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	JAU-SHIN HON	√		√	√	√	√	√	√	√	√	√	√	√	0	
Independent Director	KUANG-MING WU	√	√	√	√	√	√	√	√	√	√	√	√	√	0	
Independent Director	PO-TSUN LIU	√		√	√	√	√	√	√	√	√	√	√	√	0	

Note 1: Director; Independent Director or others.

Note 2: If any of the Compensation Committee members, during the two years before being elected or during the term of office, meets any of the following situations, please tick the appropriate corresponding boxes:

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates. Not applicable in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under someone else's name(s), in an aggregate amount of one percent or more of the total number of issued shares of the company or ranking as one of its top ten shareholders.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of any of the managers in Subparagraph 1 or persons in Subparagraphs 2 and 3.
- (5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, ranks as one of its top five shareholders or is assigned to be the representative pursuant to Paragraph 1 or 2, Article 27, the Company Act. Not applicable in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (6) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: Not a director, supervisor, or employee of that other company. Not applicable in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (7) If the chairperson, president, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: Not a director (or governor), supervisor, or employee of that other company or institution. Not applicable in cases where the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company. Not applicable in cases where the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company and the person is an independent director appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Has not been a person under any conditions defined in Article 30 of the Company Act.

Attendance of Members at Remuneration Committee Meetings

1. The Remuneration Committee of the Company is comprised of three members.
2. Committee members' tenure of their current term: From August 8, 2019 to June 25, 2022, and the Remuneration Committee held two meetings (A) during the most recent year, and members' qualifications and their attendance are listed below.

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance rate (%) B/A	Remarks
Convener	JAU-SHIN HON	2	0	100%	
Member	KUANG-MING WU	2	0	100%	
Member	PO-TSUN LIU	2	0	100%	
<p>Annotation:</p> <ol style="list-style-type: none"> 1. If the board refuses or modifies the recommendation made by the committee, specify the date and term of the board meeting and proposal content, board resolution and handling of committee opinion (if the compensation approved by the board is better than the compensation recommended by the committee, specify the difference and causes): None. 2. When members disagree to or have reservations of a resolution made at the committee meeting with track records or written statements, specify the date and term of the committee meeting, proposal content, opinion of all members, and handling of their opinion: None. 					

3.3.5 Corporate Social Responsibility and Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
I. Does the company conduct risk assessment of environmental, social and corporate governance issues concerning the company's operations by the materiality principle and formulate relevant risk management policies or strategies?	V		The Company enacted the Corporate Social Responsibility Best Practice Principles on December 25, 2014 which has been announced in the internal online system. The principles include the implementation and promotion of corporate governance, development of sustainable environment, preservation of social welfare and improving CSR information disclosure. The first amendment was announced on March 27, 2017.	No significant difference
II. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		Please refer to pages 137 to 143 of the Corporate Social Responsibility Best Practice Principles. The project team of the "Corporate Social Responsibility Committee" was set up under the president with the Administrative Management Division as the dedicated unit that integrates the resources of various departments and promotes various CSR operations. The CSR report has been publicly disclosed on the official website since 2014. The annual edition is expected to be disclosed in August 2020.	No significant difference
III. Environmental issues (I) Does the company establish proper environmental management systems based on the characteristics of their industries? (II) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (III) Does the company assess the potential risks and opportunities now and in the future regarding climate change and take measures to respond to climate issues? (IV) Does the company record the amount of greenhouse gas emissions, water usage and the total weight of waste for the last	V		(I) Currently the Company has passed related international environmental certifications including: ISO 14001, OHSAS 18001, IATF 16949 and ISO 9001. (II) The Company establishes related environmental management systems and policies in accordance with the law and sustainable development, and has environmental protection personnel to plan, supervise and implement relevant environmental systems, select suppliers with environmental responsibility, use recycled materials, and reduce pollutant emissions, implement proper disposal of waste materials, and provide non-toxic substances to	No significant difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
two years and formulate policies pertaining to energy conservation and carbon reduction, greenhouse gas reduction, water conservation or other waste management policies?			<p>customers.</p> <p>(III) In response to climate change, the current measures include recycling wastewater, using energy-saving lighting and water saver, elevator floor control and copier printing control.</p> <p>(IV) The Company’s plants in Taiwan has completed the greenhouse gas inspection and the third-party external inspection according to ISO14064-1 from 2008 to 2019. The greenhouse gas emission of the plants in Taiwan of the Company in 2019 was 251,578 tons of CO2e. The PFCs greenhouse gas disposal equipment of Bade Plant functions properly to effectively reduce greenhouse gas emission.</p>	
<p>IV. Social issues</p> <p>(I) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</p> <p>(II) Does the company formulate and implement reasonable employee benefit policies, including remuneration, leave and other benefits, and properly relate operating performance or results to employee remuneration?</p> <p>(III) Does the company offer a safe and healthy working environment for its employees and conduct safety and health education for employees on a regular basis?</p> <p>(IV) Does the company provide its employees with career development and training sessions?</p> <p>(V) Does the company comply with relevant regulations and international standards and formulate policies to protect customer rights and complaint procedures concerning the health and safety of the customers of the products and services, client privacy, marketing and labels?</p> <p>(VI) Does the company formulate supplier management policies, require the suppliers to comply with relevant rules regarding the environment, occupational safety and health, labor rights or</p>	V		<p>(I) The Company is compliant with labor-related laws and regulations, and set up related working rules to protect employee rights and provide information for employees to understand their rights.</p> <p>(II) The Company values the employee treatment and welfare. In terms of the remuneration, employees’ work experience, education and professional competence are taken into account regardless of any gender, race, religion, political preference or marital status. Since 2015, the performance evaluation system has been actively reformed to closely link performance bonus to personal responsibilities and important KPIs of the department and the Company.</p> <p>(III) The Company provides facilities and environments that are better than the standards under Occupational Safety and Health Act and has set up special organizations and personnel according to law to implement environmental safety and health management related matters. The workplace is checked regularly to ensure the safety of employees, environment and equipment. The Company provides regular health examinations offering better treatments than required by law. It provides a good environment for employees to develop their careers and various educational</p>	No significant difference

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
other issues, and report the results of the implementation?			<p>training and training programs.</p> <p>(IV) The Company establishes complete education and training framework to offer diversified learning channels to develop employee career skills through digital learning, orientation tutors, work rotations, internal trainers, outsourced training, etc.</p> <p>(V) The Company establishes the customer service management procedures and complaint processing rules to effectively provide immediate help for such matters.</p> <p>(VI) If a supplier defies the corporate social responsibility, it will be required to improve by a specified time; the partnership may be ceased anytime under serious violations.</p>	
V. Does the company refer to international compilation standards or guidelines to prepare the report on Corporate Social Responsibility and other reports which disclose information other than financial information? Were the disclosed reports assured or verified by a third party?		V	The Company has enacted the Corporate Social Responsibility Best Practice Principles and added the CSR section on the corporate website. The Company refers to international compilation standards or guidelines to prepare the report on Corporate Social Responsibility. The report on Corporate Social Responsibility has been completed to disclose information pertaining to corporate social responsibility.	The report on Corporate Social Responsibility has yet to be assured by a third party.
VI. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies”, please describe any discrepancy between the Principles and their implementation: No significant difference.				
<p>VII. Other important information to facilitate better understanding of the Company’s corporate social responsibility practices: Please refer to the Corporate Sustainability Report of the Corporate Social Responsibility of the official website.</p> <p><u>Caring for colleague & health improvement</u> Regularly arrange resident doctors in the factory to provide staff health consultation; organize various health lectures, improve employee health knowledge; subsidize employees' influenza vaccination and take care of employees' health.</p> <p><u>Social enterprise market, marketing local products</u> In order to develop job skills of the disadvantaged and the unemployed and promote local development, Giantplus and Miaoli Employment Service Center jointly organized the "Social Enterprise market" activities to combine traditional festivals and invite local disadvantaged groups to market local specialties and handmade agricultural products.</p> <p><u>Christmas gift-giving</u> Arrange fundraising activities with non-governmental organization around Christmas and encourage colleagues from every division to donate Christmas gifts and supplies, sharing the happiness of Christmas with disadvantaged elementary school students.</p> <p><u>Established the relaxation corner</u> Employing visually impaired massage therapist and setting up a massage corner on a regular basis to ease the pressure on employees and provided employment opportunities for the disadvantaged.</p>				

3.3.6 Ethical Corporate Management and Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status		Abstract Illustration	Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No		
<p>I. Establishment of ethical corporate management policies and programs</p> <p>(I) Does the company establish ethical corporate management policies approved by the board of directors and declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?</p> <p>(II) Does the company establish risk assessment procedures of unethical conduct, analyze and assess operation activities more likely involving unethical conduct to accordingly establish policies to prevent unethical conduct which include but are not limited to the precautions stated in Article 7, Paragraph 2 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(III) Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, commit to implementation of the policies, regularly review and revise the aforementioned policies?</p>	V		<p>(I) The Company passed the "Procedures for Ethical Management and Guidelines for Conduct" and "Ethical Code of Conduct" at the board meeting on December 24, 2012 and approved the revised versions at the board meetings held on March 20, 2015, March 17, 2016, and March 19, 2020.</p> <p>(II) Procedures for Ethical Management and Guidelines for Conduct: Please refer to pages 144 to 149.</p> <p>(III) Procedures for Ethical Management and Guidelines for Conduct: Please refer to pages 144 to 149.</p>	No significant difference
<p>II. Fulfill operations integrity policy</p> <p>(I) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p>	V		<p>(I) Before establishing a business relationship with others, the Company first evaluates the legality, integrity management policies of agents, suppliers, customers or other business contacts, and whether there have been records of dishonesty, and will require integrity</p>	No significant difference

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>(II) Does the company establish an exclusively dedicated unit supervised by the Board to be in charge of corporate integrity and report the ethical corporate management policies, policies to prevent unethical conduct and the implementation of supervision to the board of director at least once a year?</p> <p>(III) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(IV) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and is the implementation of the policies to prevent unethical conduct audited by internal auditors who plan according to the assessment of risks of unethical conduct or by CPAs?</p> <p>(V) Does the company regularly hold internal and external educational trainings on operational integrity?</p>			<p>management in contract terms.</p> <p>(II) The designated administrative department of the Company is a dedicated unit to handle the related operations and supervision of the revision, implementation, interpretation, consulting services and notification of the operation procedures and behavior guidelines, and shall report to the board of directors on a regular basis.</p> <p>(III) There is an internal reporting mechanism and a designated administrative department as a dedicated unit. Employees and company’s business partners can report through the pipeline.</p> <p>(IV) The Company has established a complete and effective accounting system and entrusted qualified accountants to regularly check the financial statements. Integrity management has been listed as one of the internal control degrees, through the self-assessment of the unit of responsibility and the evaluation of the audit unit to check the implementation.</p> <p>(V) The Company regularly promotes the spirit and importance of integrity and integrity management, and promotes the integrity of all employees and all new employees.</p>	
<p>III. Operation of the integrity channel</p> <p>(I) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(II) Does the company establish standard operating procedures, measures ought to be taken afterwards, relevant confidentiality</p>	V		<p>(I) The Company incorporates integrity management into employee performance appraisal and human resources policies, and establishes clear and effective rewards and punishments and appeal systems. The designated administrative department is a dedicated unit, and employees and companies can make appeals through this channel.</p> <p>(II) The "Procedures for Ethical Management and Guidelines for Conduct" issued by the Company has standardized the handling,</p>	No significant difference

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
measures on investigating accusation cases? (III) Does the company provide proper whistleblower protection?			investigation and improvement of the report. If a person violates the integrity of the circumstances, he should be dismissed or discharged accordance with relevant laws or the company personnel approach. (III) The appellant and the files provided by the appellant are maintained in confidentiality.	
IV. Strengthening information disclosure (I) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?		V	(I) Relevant financial statements shall be prepared in accordance with the regulations and the competent authorities, and various financial and business information shall be announced on the public information sites and the official website of the Company to enhance the transparency of the Company's operations. It also disclosed the annual corporate social responsibility report on the Company's official website, revealing the content of the integrity management code and promoting its effectiveness.	No significant difference
V. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: No significant difference				
VI. Other important information to facilitate a better understanding of the company’s ethical corporate management policies: (I) Please refer to the CSR section on the official website. (II) In order to implement the integrity management policy, the Company requires new employees to sign the “Integrity Commitment Letter” at the time of registration, and expects all employees to understand and value the Company's ethical standards.				

3.3.7 Corporate Governance Guidelines and Regulations

Please refer to pages 115 to 136 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies

3.3.8 Other Important Information Regarding Corporate Governance: None.

3.3.9 Internal Control System

1. Statement of internal control system: please refer to the pages 150 to 151.
2. Hire an accountant to audit the Company's internal control system and disclose the audit report made by accountants: None.

3.3.10 Lawful punishment inflicted on the Company, and/or disciplinary action taken by the Company against its employees for violating internal regulations in the latest year and up to the printing date of this Annual Report: None.

3.3.11 Major Resolutions of Shareholders' Meeting and Board Meetings

1. Important resolutions by the Shareholders' Meeting for 2019 prior to the deadline of annual report publication

(1) June 26, 2019 shareholders' regular meeting:

A. 2018 Business Report and Financial Statements

The present issue is duly resolved for 98.11% of the aggregate total votes.

B. 2018 deficit compensation

The present issue is duly resolved for 98.30% of the aggregate total votes.

C. Re-election of Director

The elected candidates of the 9th board of director are listed below.

3-year tenure from June 26, 2019 to June 25, 2022.

Code/ID number	Title	Name	Weight
123121	Director	TOPPAN PRINTING CO., LTD. JIN ENDO	265,775,218
123121	Director	TOPPAN PRINTING CO., LTD. AKIMITSU MATOBA	251,647,809
123121	Director	TOPPAN PRINTING CO., LTD. TAKAYUKI TAMURA	250,638,468
123121	Director	TOPPAN PRINTING CO., LTD. NAOHIRO KONYA	250,620,205
A122XXXXXX	Independent Director	JAU-SHIN HON	248,656,453
Q100XXXXXX	Independent Director	KUANG-MING WU	247,636,624
D120XXXXXX	Independent Director	PO-TSUN LIU	246,636,760

D. Proposal to release the directors from non-competition restrictions

Director	List of Business Activities
TOPPAN PRINTING CO., LTD. JIN ENDO	Executive Officer and Head of Business Development Center, TOPPAN PRINTING CO., LTD. Electronics Division ORTUS Subdivision
TOPPAN PRINTING CO., LTD. AKIMITSU MATOBA	Adviser, TOPPAN PRINTING CO., LTD. Electronics Division ORTUS Subdivision
TOPPAN PRINTING CO., LTD. TAKAYUKI TAMURA	President of Business Strategy Department, TOPPAN PRINTING CO., LTD. Electronics Division ORTUS Subdivision
TOPPAN PRINTING CO., LTD. NAOHIRO KONYA	Director and Factory Manager of Kochi Plant, TOPPAN ELECTRONICS PRODUCTS CO., LTD.

The present issue is duly resolved for 96.02% of the aggregate total votes.

E. Revision of Articles of Incorporation

The present issue is duly resolved for 98.30% of the aggregate total votes.

F. Revision of Procedures for Acquisition or Disposal of Assets

The present issue is duly resolved for 98.31% of the aggregate total votes.

G.Revision of Procedures for Financial Derivatives Transactions

The present issue is duly resolved for 98.29% of the aggregate total votes.

H.Revision of Procedures for Capital Lending to Others

The present issue is duly resolved for 98.28% of the aggregate total votes.

I. Revision of Procedures for Making Endorsements and Guarantees

The present issue is duly resolved for 98.29% of the aggregate total votes.

2. Important resolutions by the Board Meeting for 2019 prior to the deadline of annual report publication

(1) February 21, 2019

A.The fourth quarter of 2018's internal audit report

B.Remuneration for AKIMITSU MATOBA, the president and the director

C.Recognize impairment in accordance with IAS 36

D.Management's Reports on Internal Control of 2018

E. GIANTPLUS's financing to the mainland subsidiary KGO

F. Renewal of bank credit contract

(2) March 21, 2019

A.Supplementary budget for transition from Color Filter CPT to TPN photomask

B.Individual and consolidated financial report for 2018

C.Deficit compensation in 2018

D.2018 Business Report

E. Revision of Articles of Incorporation

- F. Revision of Procedures for Acquisition or Disposal of Assets
- G. Revision of Procedures for Financial Derivatives Transactions
- H. Revision of Procedures for Capital Lending to Others
- I. Revision of Procedures for Making Endorsements and Guarantees
- J. The reelection of the directors
- K. Date of the meeting, location and proposal of shareholders' meeting in 2019
- L. Regular shareholders' meeting accepts shareholder's proposal
- M. Regular shareholders' meeting accepts the nomination of candidates for directors

(3) April 1, 2019

- A. Election of the chairman
- B. Proposal to release the newly-elected directors from non-competition restrictions
- C. GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to KGO

(4) May 9, 2019

- A. Review report of the shareholders' proposal to the 2019 shareholders' meeting
- B. Consolidated financial report for the first quarter of 2019
- C. Internal Audit Report for the first quarter of 2019
- D. Competitors' annual and the fourth quarter profitability in 2018
- E. Review the results of the independence assessment of the Company's CPA
- F. Review of nominations for candidates for directors at the 2019 shareholders' meeting
- G. Proposal to release directors from non-competition restrictions
- H. GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to GIANTPLUS TECHNOLOGY CO., LTD.
- I. Renewal of bank credit contract

- (5) June 13, 2019
 - A. Idle assets management
 - B. Revision of Rules and Procedures for Board of Directors
 - C. Manager remuneration adjustments
- (6) June 26, 2019
 - A. Election of the Chairman
- (7) August 8, 2019
 - A. Cyber risks and IT security of the Company
 - B. Result of the fifth evaluation of corporate governance of the Company in 2018
 - C. Consolidated financial report for the second quarter of 2019
 - D. Internal Audit Report for the second quarter of 2019
 - E. Appointment of the members of the Remuneration Committee
 - F. GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to KGO
 - G. Renewal of bank credit contract
- (8) August 19, 2019
 - A. Report of the liability insurance of the directors and managers
 - B. Manager remuneration adjustments
- (9) October 21, 2019
 - A. Election of the Chairman
 - B. Reassignment of the directors of Giantplus (SAMOA) Holding Co., Ltd.
 - C. Reassignment of the managers of Giantplus Holding L.L.C.
 - D. Endorsement and guarantees of tariffs for KGO

(10) November 7, 2019

- A. The Company sells out the idle property of KGO
- B. VPV patent affairs
- C. Consolidated financial report for the third quarter of 2019
- D. Internal Audit Report for the third quarter of 2019
- E. Annual audit plans of 2020
- F. GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to GIANTPLUS TECHNOLOGY CO., LTD.

(11) December 19, 2019

- A. Budget for the T2 photo-alignment project
- B. The ratio and distribution method of the remuneration of directors and employees in 2019
- C. The annual bonus of managers in 2019
- D. Endorsement and guarantees of tariffs for the Company
- E. Endorsement and guarantees of tariffs for KGO
- F. GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to KGO
- G. Renewal of bank credit contract

(12) February 21, 2020

- A. Report on the patent infringement
- B. GP asset impairment
- C. The performance outlook, capital expenditure plan and financial forecast of 2020
- D. GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to GIANTPLUS TECHNOLOGY CO., LTD.

(13) March 19, 2020

- A. Independent director remuneration adjustments
- B. Revision of Articles of Organization of the Remuneration Committee
- C. Revision of the Ethical Corporate Management Best Practice Principles
- D. Internal Audit Report for the fourth quarter of 2019
- E. Individual and consolidated financial reports for 2019
- F. Earning appropriation for 2019
- G. 2019 Business Report
- H. 2019 Internal Audit Report
- I. Revision of Articles of Organization of the Audit Committee
- J. Proposal to release directors from non-competition restrictions
- K. Revision of Rules and Procedures for Board of Directors
- L. Revision of Rules and Procedures for Shareholders' Meetings
- M. Revision of Procedures for Financial Derivatives Transactions
- N. Date of the meeting, location and proposal of shareholders' meeting in 2020
- O. Regular shareholders' meeting accepts shareholder's proposal
- P. GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to GIANTPLUS TECHNOLOGY CO., LTD.
- Q. GIANTPLUS (SAMOA) HOLDING CO., LTD.'s financing to KGO

3.3.12 Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None.

3.3.13

3.3.14 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, President, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D

May 2, 2020

Title	Name	Date of Appointment	Date of Termination	Reason for Resignation or dismissal
Chairman	JIN ENDO	May 15, 2017	April 1, 2019	Representative corporate director, ORTUS TECHNOLOGY CO., LTD., was consolidated by its parent company, TOPPAN PRINTING Co., Ltd., on April 1, 2019. The former was a dissolved company, and the latter was a surviving company. Pursuant to Article 27 of the Company Act, JIN ENDO, AKIMITSU MATOBA, TAKAYUKI TAMURA, NAOHIRO KONYA were designated as directors, and JIN ENDO was elected as the Chairman at the board meeting on April 1, 2019.
Chairman	JIN ENDO	April 1, 2019	October 21, 2019	Reassigned to SEIICHI ITOGA by TOPPAN PRINTING Co., Ltd. on October 21, 2019. Chairman JIN ENDO was dismissed; Director TAKAYUKI TAMURA was elected as the chairman at the board meeting on October 21, 2019.

3.3.15 Information Regarding the Company's Audit Fee and Independence

Accounting Firm	Name of CPA		Period covered by CPA's Audit	Remarks
KPMG	CHUNG-YI CHIANG	JUNG-LIN LEE	January 1, 2019 to December 31, 2019	

Unit: NT\$ thousands

Accounting Firm	Name of CPA	Audit Fee	Non-Audit Fee					Period Covered by CPA's Audit	Remark
			System Design	Company Registration	Human resource	Others	Subtotal		
KPMG	CHUNG-YI CHIANG JUNG-LIN LEE	5,950				1,596	1,596	January 1, 2019 to December 31, 2019	

Note: For non-audit fees, enumerate based on the items of services. In case of "others" in non-audit fees which is up to 25% of the aggregate total, the Company should enumerate the contents of services in the box of remarks: transfer pricing report, other advance payment, checklist of information on Salaries, temporary fee, financial report translation fee, audit instruction service and reporting of related party transactions.

1. Non-audit fee paid to auditors, the audit firm and its affiliates accounted for more than 25% of total audit fees should disclose the audit fee and non-audit fee amount and non-audit service content: None.
2. Replaced the audit firm and the audit fee paid to the new audit firm was less than the amount paid in the previous year: None.
3. Audit fee reduced for more than 15% year over year, the reduced amount, proportion, and reason should be disclosed: None.

3.4 Replacement of CPA: Not applicable

3.5 The Company's Chairman, President, and managers in charge of its finance or accounting operations held positions in the Company's independent auditing firm or its affiliates in the most recent year: None.

3.6 Changes in Shareholding of Directors, Managers and Major Shareholders

3.6.1 Changes in Shareholding by Directors, Supervisors, Management and Shareholders with 10% Shareholdings or More

Unit: Shares

Title	Name	2019		As of May 2, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Shareholders with 10% shareholdings	TOPPAN PRINTING Co., Ltd. (Note 1)	234,481,757	-	-	-
Chairman	TOPPAN PRINTING Co., Ltd. TAKAYUKI TAMURA (Note 2)	-	-	-	-
Director	TOPPAN PRINTING Co., Ltd. AKIMITSU MATOBA (Note 1)	-	-	-	-
Director	TOPPAN PRINTING Co., Ltd. SEIICHI ITOGA (Note 3)	-	-	-	-
Director	TOPPAN PRINTING Co., Ltd. NAOHIRO KONYA (Note 1)	-	-	-	-
Independent Director	JAU-SHIN HON	-	-	-	-
Independent Director	KUANG-MING WU	-	-	-	-
Independent Director	PO-TSUN LIU	-	-	-	-
President	AKIMITSU MATOBA	-	-	-	-
Executive Assistant to the Chairman	HENG-TE CHU (Note 4)	-	-	-	-
Senior Vice President	JIA-CHIUAN PU	-	-	-	-
Vice President	MU-SHENG LU	-	-	-	-
Vice President	ZHI-XUAN ZHENG	-	-	-	-
Vice President	QING-HUA WU	-	-	-	-
Executive Assistant to the President	JIN-SONG ZENG	-	-	-	-
Vice President	YIN-SHENG QIU	-	-	-	-
Vice President & Finance Supervisor	YI-CHENG CHEN	-	-	-	-
Vice President	KOZO YAMAMOTO	-	-	-	-
Assistant Vice President	YU-CHUNG HSIEH	-	-	-	-
Assistant Vice President	JIA-XING CHEN	-	-	-	-
Assistant Vice President	YI-YAN LIAO	-	-	-	-
Assistant Vice President	QI-WAN CHEN (Note 5)	-	-	-	-
Accounting Supervisor	DE-QI LIU	-	-	-	-
Shareholders with 10% shareholdings	Ortus Technology Co., Ltd. (Note 1)	(234,481,757)	-	-	-

Unit: Shares

Title	Name	2019		As of May 2, 2020	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	Ortus Technology Co., Ltd. JIN ENDO (Note 1)	-	-	-	-
Chairman	TOPPAN PRINTING Co., Ltd. JIN ENDO (Note 3)	-	-	-	-
Director	Ortus Technology Co., Ltd. AKIMITSU MATOBA (Note 1)	-	-	-	-
Director	Ortus Technology Co., Ltd. HIDEHIRO MORITA (Note 1)	-	-	-	-
Director	Ortus Technology Co., Ltd. TAKAYUKI TAMURA (Note 1)	-	-	-	-
Vice President	ZHI-JIA MA (Note 6)	-	-	-	-
Vice President	WEN-XIAN BAI (Note 7)	-	-	-	-

Note 1: Internal changes of shareholdings due to the fact that Ortus Technology Co., Ltd. was consolidated by TOPPAN PRINTING Co., Ltd. on April 16, 2019.

Note 2: Elected on October 21, 2019.

Note 3: Reassigned on October 21, 2019.

Note 4: Effective on October 1, 2019.

Note 5: Effective on August 1, 2019.

Note 6: Resigned on May 31, 2019.

Note 7: Resigned on October 14, 2019.

3.6.2 Share Transfer or Pledge of Directors, Supervisors, Managers and Shareholders with More than 10% Shareholdings with Related Parties

Name	Reason for Transfer	Date of Transaction	Transferee	Relationship between Transferee and Directors, Supervisors, Managers and Shareholders with More than 10% Shareholdings	Shares	Transaction Price (NT\$)
ORTUS TECHNOLOGY CO., LTD.	ORTUS TECHNOLOGY CO., LTD., was consolidated by its parent company, TOPPAN PRINTING Co., Ltd., on April 1, 2019. Pursuant to Article 27 of the Company Act, the surviving company shall take over the equity after consolidation.	April 16, 2019	TOPPAN PRINTING Co., Ltd.	Shareholder with more than 10% shareholding of the Company	234,481,757	-

3.7 Relationship among the Top Ten Shareholders

May 2, 2020

Item	Name	Current Shareholding		Spouse's/ children's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
		Shares	%	Shares	%	Shares	%	Name	Relationship	
1	TOPPAN PRINTING CO., LTD.	152,981,757	34.65%	-	-	-	-	YUANTA COMMERCIAL BANK in custody for the investment account of TOPPAN PRINTING CO., LTD.	TOPPAN PRINTING CO., LTD.	
2	YUANTA	81,500,000	18.46%	-	-	-	-	TOPPAN PRINTING CO., LTD.		

Item	Name	Current Shareholding		Spouse's/ children's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
		Shares	%	Shares	%	Shares	%	Name	Relationship	
	COMMERCIAL BANK acting as custodian for the investment account of TOPPAN PRINTING CO., LTD.									
3	Citibank Taiwan Ltd. acting as custodian for the investment account of Polunin Emerging Market Funds	9,593,671	2.17%	-	-	-	-	N/A	N/A	
4	JPMorgan Chase acting as custodian for investment account of J.P. Morgan Securities	2,578,000	0.58%	-	-	-	-	N/A	N/A	
5	Standard Chartered International Commercial Bank's Sales Department acting as custodian for investment account of Renaissance	2,388,000	0.54%	-	-	-	-	N/A	N/A	

May 2, 2020

Item	Name	Current Shareholding		Spouse's/ children's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
		Shares	%	Shares	%	Shares	%	Name	Relationship	
	short-term sales of European Credit Suisse Group AG									
6	Citibank Taiwan acting as custodian for investment account of Dimensional Emerging Markets Value Fund	2,200,100	0.50%	-	-	-	-	N/A	N/A	
7	RITEK CORPORATION	1,804,041	0.41%	-	-	-	-	N/A	N/A	
8	Citibank Taiwan acting as custodian for investment account of DFA Emerging Markets Core Equity	1,784,000	0.40%	-	-	-	-	N/A	N/A	
9	Citibank Taiwan Ltd. acting as custodian for the investment account of UBS Europe SE	1,563,000	0.35%	-	-	-	-	N/A	N/A	
10	CHENG-WEN LI	1,298,000	0.29%	-	-	-	-	N/A	N/A	

3.8 Ownership of Shares in Affiliated Enterprises

Unit: 1,000 Shares Dec. 31, 2019

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors or Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
GIANTPLUS (SAMOA) HOLDING CO., LTD	44,000	100%	-	-	44,000	100%

Note: The long-term investment of the Company.

IV. Capital Overview

4.1 Capital and Shares

4.1.1 Source of Capital

A. Issued Shares

As of May 2, 2020

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares (thousands)	Amount (NT\$ thousands)	Shares (thousands)	Amount (NT\$ thousands)	Sources of Capital (NT\$ thousands)	Capital Increased by Assets Other than Cash	Other
September 2014	10	650,000	6,500,000	441,545	4,415,449	The second domestic unsecured convertible bond NT\$690,000	NA	Note

Note: Ching Shou Shang Zi No.10301188270 on September 16, 2014.

B. Type of Stock

As of May 2, 2020
Unit: shares

Share Type	Authorized Capital			Remarks
	Issued Shares	Unissued Shares	Total Shares	
Registered common shares	288,563,094	208,455,149	650,000,000	Listed shares
privately placed common shares	152,981,757			Public issuance has yet to be conducted as of the date.

C. Information relating to shelf registration system: None

4.1.2 Shareholding structures

As of May 2, 2020
Unit: shares

Item	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	1	0	30	25,807	72	25,910
Shareholding (shares)	19	0	3,355,763	176,343,130	261,845,939	441,544,851
Percentage	0.00%	0.00%	0.76%	39.93%	59.31%	100.00%

4.1.3 Shareholding Distribution Status

A. Common Shares

As of May 2, 2020
Unit: shares; Par value: NT\$10

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1~999	6,014	420,730	0.10%
1,000~5,000	13,468	32,207,735	7.29%
5,001~10,000	3,188	26,728,419	6.05%
10,001~15,000	911	11,786,601	2.67%
15,001~20,000	773	14,752,567	3.34%
20,001~30,000	608	16,183,895	3.67%
30,001~40,000	261	9,581,562	2.17%
40,001~50,000	197	9,330,965	2.11%
50,001~100,000	308	22,454,910	5.09%
100,001~200,000	108	15,558,997	3.52%
200,001~400,000	41	10,906,059	2.47%
400,001~600,000	13	6,271,842	1.42%
600,001~800,000	7	4,792,900	1.09%
800,001~1,000,000	3	2,877,100	0.65%
1,000,001	10	257,690,569	58.36%
Total	25,910	441,544,851	100.00%

4.1.4 List of Major Shareholders

As of May 2, 2020

Unit: shares

Shareholder's Name	Shareholding	
	Shares	Percentage
TOPPAN PRINTING CO., LTD.	152,981,757	34.65%
YUANTA COMMERCIAL BANK acting as custodian for the investment account of TOPPAN PRINTING CO., LTD.	81,500,000	18.46%
Citibank Taiwan Ltd. acting as custodian for the investment account of Polunin Emerging Market Funds	9,593,671	2.17%
JPMorgan Chase acting as custodian for investment account of J.P. Morgan Securities	2,578,000	0.58%
Standard Chartered International Commercial Bank's Sales Department acting as custodian for investment account of Renaissance short-term sales of European Credit Suisse Group AG	2,388,000	0.54%
Citibank Taiwan acting as custodian for investment account of Dimensional Emerging Markets Value Fund	2,200,100	0.50%
RITEK CORPORATION	1,804,041	0.41%
Citibank Taiwan acting as custodian for investment account of DFA Emerging Markets Core Equity	1,784,000	0.40%
Citibank Taiwan Ltd. acting as custodian for the investment account of UBS Europe SE	1,563,000	0.35%
CHENG-WEN LI	1,298,000	0.29%

4.1.5 Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT\$ for items other than weighted average shares and return on investment

Items	2018	2019	As of April 30, 2020 (Note 5)
Market Price per Share			
Highest Market Price	20.20	16.70	14.50
Lowest Market Price	8.70	9.20	7.05
Average Market Price	16.60	13.38	11.05
Net Worth per Share			
Before Distribution	18.66	18.32	17.78
After Distribution	18.66	Undistributed	Undistributed

Unit: NT\$ for items other than weighted average shares and return on investment

Items	2018	2019	As of April 30, 2020 (Note 5)
Earnings per Share (Note 1)			
Weighted Average Shares (thousand shares)	441,545	441,545	441,545
Diluted Earnings Per Share	-0.3	-0.45	-0.43
Adjusted Diluted Earnings Per Share	-0.3	(Note 6)	(Note 6)
Dividends per Share			
Cash Dividends	-	(Note 6)	(Note 6)
Stock Dividends			
• Dividends from Retained Earnings	-	(Note 6)	(Note 6)
• Dividends from Capital Surplus	-	(Note 6)	(Note 6)
Accumulated Undistributed Dividends	-	-	-
Return on Investment			
Price / Earnings Ratio (Note 2)	-	-	-25.70
Price / Dividend Ratio (Note 3)	-	(Note 6)	(Note 6)
Cash Dividend Yield Rate (Note 4)	-	(Note 6)	(Note 6)

Note 1: Adjustments to the before and after figures on retroactive adjustments to stock dividends shall be duly noted.

Note 2: Price / Earnings Ratio = Average Market Price / Earnings per Share

Note 3: Price / Dividend Ratio = Average Market Price / Cash Dividends per Share

Note 4: Cash Dividend Yield Rate = Cash Dividends per Share / Average Market Price

Note 5: The data is duly audited (reviewed) by the Certified Public Accountant in the first quarter of 2020, except market price per share

Note 6: Pending shareholder's approval

Note 7: If shares are distributed in connection with a capital increase out of earnings or capital reserve, disclose information on market prices retroactively adjusted based on the number of shares distributed

4.1.6 Dividend Policy and Implementation Status

According to Article of Incorporation, the Board shall distribute surplus and the earnings in the previous year based on the Company's financial, business or operational factors in order to stabilize the price. The cash dividends shall be at least 10% among the total dividends paid/distributed.

Cash Dividends Distribution of NT\$0.1 per share, NT\$44,154,485 in total, by the resolution of the Board on March 19, 2020.

4.1.7 Effect of stock grants planned at current shareholders' meeting on business performance and EPS: None.

4.1.8 Employee Bonus and Directors' Remuneration

- A.** Percentage or range of employee profit sharing and remunerations for directors and supervisors specified in the articles of incorporation:
 - 1. No less than 1% as employee bonus; and
 - 2. No more than 1.5% as remuneration to directors;

Employees' compensation including subsidiaries' employees may be distributed through issuance of new shares of the Company or cash. The qualification shall be regulated by the Board of Director.

The issue of bonus to employee and board of directors shall be reported to the annual shareholders' meeting. If there is accumulated deficit, the profit has to be allocated to offset first.

- B.** The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: None.
- C.** Employee profit and remunerations for directors and supervisors' information passed by the board in this year:
 - 1. The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

The Company does not estimate remunerations for directors and employees due to the deficit in 2019.

2. The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.

- D. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated: None.

4.1.9 Buyback of Common Stock: None

4.2 Bonds: None.

4.3 Preferred Shares: None.

4.4 Global Depository Receipts: None.

4.5 Employee Stock Options: None.

4.6 Issuance of New Restricted Employee Shares: None.

4.7 Status of New Share Issuance in Connection with Mergers and Acquisitions: None.

4.8 Financing Plans and Implementation: None.

V. Operational Highlights

I. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

Giantplus Technology is known for its high-quality, reliable and customizable supplier in the small- and medium-sized TFT-LCD industry. To strengthen the Company's core competence and market position, Giantplus Technology has been successful in focusing on the niche market to provide product portfolio optimization, and further cultivating high-profile markets. Nowadays, Giantplus Technology is recognized as a strategic partner in both industrial and automotive markets.

Revenue composition in 2019

Major Divisions	Total Sales in Year 2019	Unit: NT\$ thousands (%) of Total Sales
LCD module	7,176,434	81.41%
LCD panel	754,886	8.56%
Open Cell	699,824	7.94%
Others	183,835	2.09%
Total	8,814,979	100.00%

For the main business scope of the subsidiaries of the Company, please refer to the information of each company in “VIII. Special Disclosure” of this annual report on page 108.

The main products of Giantplus Technology are TFT-LCD liquid crystal display module: industrial displays, electronic tags, credit card machines, engineering drawing computers, handheld terminals, medical device meters, white goods, wearable devices, satellite navigation systems, car displays, educational game machine, anti-peeping screens, printers, digital camera, etc.

The Company plans to develop new products in the niche market, providing customized production and sales services. In addition to retaining existing customers, the Company continues to advance panel development with a focus on high reliability, wide viewing angle, high contrast, high brightness, fast response time and other technical capabilities to expand new niche markets, new customers and new applications.

5.1.2 Industry Overview

1. Current situation and development of industry

The global TFT-LCD are mainly produced in Asia. Japan, South Korea, Taiwan and China occupy the global TFT-LCD production capacity. Among them, the expansion of the Chinese panel manufacturers, the rising star, was the most aggressive. Market research data indicated that the total capacity of TFT-LCD in China in 2020 is estimated to account for more than 50% of the global total output.

As the excess supply in the industry in 2018 endured until 2019, apart from the severe industrial environment, on the global economic side, under the US-China trade war turbulence, uncertainty over Brexit and other black swan events, the overall outlook remains grim. The weak consumption had led to a high terminal inventory level. The panel price kept falling; some large-size TV panels even fell to the cost level.

At the end of 2018, the global market was extremely volatile. Facing a financial crisis, Taiwanese panel manufacturer CPT filed for restructuring. However, after the court rejected its restructuring, CPT was closed down in the third quarter of 2019; Japanese panel manufacturer Panasonic Corporation announced that TFT-LCD production will cease completely by 2021 as a result of pressure from competition in the fourth quarter; other panel manufacturers had taken measures in response to the imbalance between supply and demand: Japanese manufacturers actively entered strategic partnerships, maintained working capital, and invested in AMOLED to enhance techniques in the competitive smartphone market. Korean manufacturers turned focus to AMOLED and closed down TFT-LCD production to mitigate the price competition of consumer application products. Taiwanese manufacturers turned focus to the niche market to avoid direct competition with Chinese manufacturers, which, on the other hand, announced that investment in new capacities of TFT-LCD would be suspended to improve operation performance. At the end of 2019, the price fall of panels slowed down as a result of the aforementioned adaptation in the industry.

2. Association of upstream, mid-stream, and downstream industries

The industrial structure of LCD can be divided into upstream: the raw material components, mid-stream: the manufacturing of liquid crystal display panel, and downstream: liquid crystal display application products. The industrial structure is listed as follows:

Upstream	Glass substrate, photomask, color filter, polarizing plate, light guide plate, backlight module, liquid crystal material, driver IC, etc.
Mid-stream	LCD panel, LCD module, etc.
Downstream	Large size panel: LCD TVs, notebook computers, desktop computers, tablets, digital signage, etc. Small and medium size panel: Smart phones, feature phones, digital cameras, industrial panels, automotive panels, printers, electronic tags, handheld terminals, white goods, wearable device, medical device meters and other applications.

3. Development trend of products and Market competition situation

(1) Development trend of products

- TFT-LCD products can be divided into consumer market and niche market based on the application. The consumer panel's quoted price often varies with the changes in the industry's supply and demand and the overall economic environment. The product life cycle is also determined by the end market consumer behavior. In order to stimulate consumption, many consumer products continue to innovate, so the average life cycle of consumer products is shorter. On the other hand, the niche-type products have a relatively longer life cycle, and the business model is B-to-B. Because the development/certification is time-consuming and the orders typically come in small numbers with various models, the panel quoted price is less affected by the industry supply and demand.
- In terms of shipment volume, LCD TVs and smart phones have the largest volumes. Both LCD TV and smart phone screens tend to be larger and larger over the years. As the next-generation panel production capacity increases, TFT-LCD TVs are more common and affordable. Currently, the mainstream size of TV panels ranges from 40 to 50 inches. It is estimated that 55 inches will become the mainstream size of TV panels in 2024. In addition, LED-backlit technology is widely used and completely replaces CCFL to achieve lightness, thinness and power saving. Meanwhile, some businesses employ differentiation strategies and provide smart TV internet connection, video/audio interaction and other add-on functions to increase sales. The mainstream specification of smart phones is 5.x inch to 6.x inch, 18:9 full screen display; the popularity of LTPS panel technology and the improvement of AMOLED panel technology penetration has also become a market trend.
- In addition to LCD TVs and smart phones, the YoY growth of demand of notebook computers, desktop computers, tablet computers and digital cameras in the consumer market was restrained due to the popularity of smart portable devices.

- With the development of Big Data and IoT, the application of TFT-LCD interface will become more and more extensive, such as electronic shelf label, white goods, home smart systems, etc. The electronic shelf labels can replace traditional labels to adjust product prices on the shelf in real-time synchrony, with precision and efficiency. Electronic shelf labels can reduce labor costs and reduce human errors when marking the prices. The trend of unmanned stores in recent years will also add new growth momentum to the electronic shelf labels.
- The automotive market is a high-growth market, and also a highly volatile market. The automotive panel applications are becoming more and more popular. In addition to central control display panels, dashboard display panels, and temperature-controlled display panels, new applications have also been developed in order to improve the cost performance of cars, such as head-up display panels, rear-view mirror display panels, smart key, etc. The display panel required by the automotive market is not only increasing in number but also in size. The life cycle of automotive display panels is longer than the traditional consumer panels, the potential profit margin of the products is also higher. As the smart phone market is becoming saturated and the growth rate is slowing down, the automotive market has become a battlefield for all panel manufacturers.
- Furthermore, mobile terminals, sunlight readable devices, medical device meters and other applications are new applications and areas developed under the competition and technology differentiation in the industry.

(2) Market competition situation

Currently the TFT-LCD technology is still the mainstream of the market, and its production capacity is mainly distributed in Taiwan, Japan, South Korea and China. As far as the development direction is concerned, the Taiwanese panel factories have adopted flexible factory line planning, differentiated size/specification to open up new blue ocean business opportunities. Due to the competition from the technology and scale improvement of the China panel factories, some panel factories closed down production lines that were not productive, or transformed their factory lines into the AMOLED technology process, taking advantage of the technology leadership to stay well ahead of the China panel manufacturers. The industry competition has also changed from "capacity competition" to "differentiation competition", or from "revenue-oriented" to "profit-oriented" in terms of taking strategic orders. The series of transformation projects had a butterfly effect on the operational layout of the panel industry players.

5.1.3 Research and Development

1. Technical Level and Research Development

As a result of the efforts of the research and development team to meet the needs of customers, the Company has developed a wide range of products over the years and has developed technical capabilities and competitiveness through the development of various products. The technologies or products developed in the past two years, as well as future research and development plans, are as follows:

- Transflective technology to develop high-reflective and high-reflection color saturation panels, greatly improving the clarity of outdoor use while meeting outdoor and indoor use.
- Ultra-low power consumption micro-transmissive panel technology, greatly extending the use time and improving display quality; mainly used in wearable devices and outdoor use devices.
- Low-power reflective panel technology for electronic labels and other products.
- Thin film solar cells, with ultra-low power outdoor products, can increase product usage time.
- Continuous development of TFT backplane technology for non-liquid crystal display, in order to introduce X-Ray Detector for medical digital X-ray photography.
- Continuous investment in local dimming technology development.
- Develop 3D curve display and free form polarizers, construct TP 3D bonding technology and back light unit design ability.
- High-color rendering products have completed 86% NTSC mass production, and 100% NTSC product development is underway.
- Development of switchable anti-peeping technology to improve personal privacy of outdoor and indoor usage of 3C devices.
- Development of flexible OTFT technology in response to flexible, fordable, roll to roll, and other technology in the future.
- Development of cover glass surface processing techniques to reduce the color difference between the display area and the cover ink area.

- LCM+CTP total solution product integration development for mass production in the niche market.
- The self-developed SITO sensor has been certified for reliability.
- For automotive panel technology, continuous research and development and improvement of high reliability, wide viewing angle, high contrast, high brightness and fast response time. For high contrast and wide viewing angle requirements, the Company developed photo alignment.
- 1.6mm narrow frame design for medium-sized car products.
- Thinned In-cell touch technology is introduced to automotive products.

2. Research and development personnel and their academic experience

Academic qualifications \ Year	2018		2019	
	Number	%	Number	%
Master (inclusive) or above	88	57.14	87	60.41
Bachelor	58	37.66	51	35.42
Bachelor (inclusive) or below	8	5.20	6	4.17
Total	154	100.00	144	100.00

3. Research and development expenses for the most recent year and the end of the annual report:

Year	2019	2020 (As of April 30)
Total Expenses (NT\$ thousands)	266,793	94,439

5.1.4 Long-term and Short-term Development

1. Short-Term Business Development Plans

The Company continues to focus on the small and medium-sized niche market, provides customers Total Solution service and customized services such as product design and development, front-end process, touch integration, and back-end module assembly; focusing on products such as industrial panels, handheld terminals, wearable devices, outdoor display panels, white goods, medical and automotive panels, credit card machines, printers, electronic labels and educational learning machines panels. Revenue from these businesses is expected to exceed 80% of overall revenue. In terms of technology, the Company specializes in making comprehensive differentiations, such as sunlight readable display technology, low-energy power-saving technology, free-form cutting/drilling, 3D curved surface, in-cell/suspension touch, flexible OTFT technology, switchable anti-peeping technology, narrow frame and wide viewing angle, to meet customer customization needs as much as possible in order to deepen customer adhesion. Giantplus will establish a win-win cooperation model with customers. In addition to continuous expansion of the niche market and the automotive market, the Company also established product platforms to optimize product cost structure and enhance market penetration.

2. Long -Term Business Development Plans

The Company will effectively combine the Group's resources, improve technology upgrades, improve process and quality capabilities, and develop more diversified products. At the same time, it continues to strengthen marketing channels and expand new markets to consolidate Giantplus Technology's position in the small and medium-size niche markets.

In terms of product development, the Company continues to invest in the research and development of small and medium-sized flat panel display technology to provide customers with more competitive products and create a win-win situation with customers. In terms of internal management, it improves quality control and the service scope of information systems, establishes a knowledge management structure, and accelerate decision-making speed to improve decision-making quality.

In addition to striving to strengthen the Company's operational performance, Giantplus Technology understands that to become a committed corporate citizen, it needs to do its utmost to make sustainable efforts for earth and to create a win-win situation for the corporation and the environment.

5.2 Market and Sales Overview

5.2.1 Market Analysis

1. Main products selling area

Unit: NT\$ thousands

Area		Amount of Sales 2018	%	Amount of Sales 2019	%
Domestic sales		1,995,457	20.18	2,050,625	23.26
Foreign sales	Asia	6,409,704	64.82	5,119,123	58.07
	Europe	1,045,262	10.57	1,056,334	11.99
	Americas	436,586	4.42	588,897	6.68
	Other Area	843	0.01	0	0.00
	Total amount of F/S	7,892,395	79.82	6,764,354	76.74
Total		9,887,852	100.00	8,814,979	100.00

2. The supply and demand situation and growth of the future market and Market Share

Looking back at the global economy in 2019, uncertainties over Brexit, Middle East geopolitical tensions, and the ongoing US-China trade war had led to a conservative prospective on the global economic outlook. While the economic growth slowed down, the Federal Reserve System (FED) cut rates three times in a row, as tight monetary policies were adopted by monetary authorities worldwide, to increase market liquidity and escalate quantitative easing; however, at the end of 2019, the outbreak of COVID-19 had prompted the Chinese government to take measures to slow down further spread. Due to the unexpected lockdowns of certain cities in China, the domestic demand had decreased, and the global industry and supply chain have been weakened.

With respect to the TFT-LCD industry, in the first half of 2019, the overcapacity in the industry remained the same as in 2018; in the second half of 2019, the panel manufacturers took actions in response to the imbalance between supply and demand. Korean manufacturers shut down some TFT-LCD production lines and focused on AMOLED. Yet the growing Chinese manufacturers announced to cease investment in new capacities of TFT-LCD, which mitigated the industry's imbalance between supply and demand. In addition, the outbreak of COVID-19 at the end of 2019 also relieved stress from excess supply in the industry; according to research data, the 8% overcapacity in the industry in 2019 is estimated to fall to 1% in 2020.

In the large-size market segment, research data indicates that the YoY growth rate of personal computer shipments in 2019 was 2.7%, after 7 years of negative growth, mainly driven by Microsoft, which ended support for Windows 7 and launched wave of replacement. Due to uncertainty over the overall economic outlook, it is doubtful that the growth will continue in 2020. In terms of TVs, market research made by Topology Research Institute suggests that because of the saturated TFT-LCD TV market and the ongoing US-China trade war, the global sales of TVs will decrease 1% in 2019 and that as Tokyo 2020 fully provides 8K broadcast, the games will drive the sales to slightly grow 1.1% in 2020.

In the small and medium-sized market segment, in terms of shipments, according to the statistics of IHS Markit, the annual global shipments of small and medium-sized panels in 2019 fell 1% marginally, and CAGR will reach 2.2% in 2026; by the time cell phone panel applications will amount to 70%. Research data indicates that smartphones have been popularized and that the mid-range to high-end cell phone market has matured. The global cell phone market growth has slowed down. In 2019, the total shipments decreased 1.6%. It was anticipated that 5G would drive sales growth; due to the hindered supply chain and lackluster demand that ensued after the outbreak of COVID-19, sales forecast of the cell phone market in the first half of 2020 is grim.

In addition to cell phone applications, wearable device and automotive panels are the second and third largest applications in the small and medium-sized market and account for 7% and 6% of the total shipments, respectively. By research data, CAGR of wearable device will reach 10.5% by 2026. According to market research data, the top five global manufacturers of automotive panel shipments in 2019 were Japan Display Inc. (JDI) (16.4%), AU Optronics Corporation (AUO) (14.3%), Tianma (13.9%), LGD (12.8%), and Innolux (10.5%). It is worth noting that although the market share of JDI remains the first, it is decreasing.

In terms of technical aspects, because of the overcapacity in the TFT-LCD industry, Korean, Japanese and Chinese panel manufacturers actively invest in AMOLED. The statistics of IHS Markit suggest that cell phone shipments will exceed 70% of the global AMOLED panel applications, whereas wearable device and TVs/household appliances account for 10% and 6%, respectively. Korean manufacturer Samsung holds the largest market share, up to 40%. JDI in Japan, the second largest, accounts for 12.3%. Chinese manufacturer BOE accounts for 11.9%, catching up with JDI, despite being a latecomer. With respect to AMOLED TV panels, LGD in Korea holds the largest, up to 50%, far ahead of Sony and Panasonic in Japan, the second and third largest manufacturer.

Additionally, as the statistics of IHS Markit show, the annual output value of the small and medium-sized market grew 3% in 2019, and CAGR will reach 3.4% by 2026. In 2019, the output value of TFT-LCD, LTPS and AMOLED amounted to USD15.59 billion, USD14.88 billion and USD8.69 billion, respectively. Pressured by AMOLED technology, the quoted price of LTPS panels fell as total shipments remained unchanged; the market forecast of output value of LTPS technology decreases to USD9.79 billion by 2026.

3. Niches in competition

- Group integration: Strengthening cooperation and exchanges between the group. Manufacturing process and quality control are some of the important projects to optimize synergy.
- Strategic layout: continuing to develop the niche market oriented by technology differentiation and customized services, and striving to maximize the benefits of the 3- generation and 4- generation production lines, while at the same time diversifying its layout to choose the most suitable market and customers.
- Steady customer and product structure: The Company's main revenue distribution is in the European, American, Japanese and Taiwan markets, strategically diversifying the risk of fluctuation in a single market or a single application. At the same time, the diversification of customer structure also helps ensure the equal rights of negotiation and bargaining.
- Niche-type customized products: By providing total solution, diversifying while maintaining small amount, the Company consolidates the position within the small and medium size niche markets and becomes a sustainable provider via quality innovation.
- Resilience: In order to enhance customer adhesion and market competitiveness, Giantplus provides instant Time-to-market customized product design service, proactively expands the breadth and depth of niche market, and continues to maximize “value” and “quality” in its production line.
- Stable product quality and quality system

At the beginning of its establishment, the Company has established a clear quality policy - "to meet the requirements of customers with first-class quality", and has been recognized by the satisfaction of customers with stable quality. The Company has passed several international quality certifications:

1999/02	Passed ISO 9001
2002/01	Passed ISO 14001
2007/01	Passed ISO/TS 16949
2008/04	Passed OHSAS 18001
2009/08	Passed OHSAS 18001
2017/11	Passed IATF 16949
2019/05	Passed ANSI ESD S20.20

- Cooperating with customers to design new products, respond instantly, and efficiently shorten product development time and accelerate the introduction of new products; in addition, establish a rapid response service system to meet all customer needs with respect to after-sales service from product design and development to production.

4. Advantage and disadvantage of long term development and reaction strategy

(1) Advantage:

- Japanese and Korean panel makers will close or consolidate production lines, and in the meantime strategically focus on the development of AMOLED technology; Chinese manufacturers announced to cease investment in new capacities of TFT-LCD. The aforementioned circumstances mitigated the industry's imbalance between supply and demand.
- Reinforcing the cooperation with the group and continuously refining quality management, manufacturing process efficiency and development of new technology.
- Successful strategic transition to focusing on the small and medium size niche markets. Maintaining excellent OEM/ODM partnership with major international companies, globalized layout and having a solid niche market customer base.
- Flexible product line operation, provision of customized product development and design services. Early-stage production line of TFT-LCD is based in Taiwan. Meanwhile, there are late-stage LCM modules in Taiwan and China for customer requirements for diversification.

(2) Disadvantage and Reaction Strategy

- Imbalance between supply and demand in the industry.

Countermeasures:

The Company will continue to develop the niche market, avoid the saturated market with caution and actively explore more market applications. Via product design customization and technology differentiation, we deepen and solidify existing customer cooperation and actively cultivate new market and applications for industrial control and vehicle use in the meantime; lower opening cost of the existing Gen 3 and the production advantage of the economic scale of the Gen 4 will maximize the allocation of the two production lines. In addition, we are continuously increasing the proportion of Total Solution orders, and we are looking forward to achieving the growth goal of both performance and profit.

- Both large-sized and S&M-sized panel markets are saturated. Panel makers are turning to niche market layouts.

Countermeasures:

In the market and product strategy segment, we continue to focus on diversifying the risk of niche products and balancing the global regional and application markets and continue to boost the proportion of key customers and product lines. In addition, we will streamline the operating costs and enhance quality and supply chain management to strengthen the overall competitiveness of the Company.

5.2.2 Production Procedures of Main Products

1. Major Products and Their Main Uses

Industrial displays, electronic labels, credit card machines, engineering drawing computers, handheld terminals, medical equipment meters, white goods, wearable devices, satellite navigation systems, vehicle displays, game educational machines, anti-peeping screens, printers and digital camera.

2. Major Products and Their Production Processes

The TFT-LCD process can be divided into three phases:

- Array Process: TFT substrate is generated and must be cleaned.

Clean → Thin film production Thin Film → Yellow light → Etching → Stripping.

- Cell Process: Panel is generated. The front array glass substrate is combined with the color filter glass substrate, and liquid crystal is injected between the two glass substrates.

The two glass substrates are aligned → hot pressing → dicing cleavage → injecting liquid crystal → sealing → Re-alignment → Paste polarizer → Pressure defoaming → Last Cell test.

- Module Assembly: The assembly process of the module varies depending on customers' shipping requirements. The glass produced following the cell process is assembled with a variety of components, after the electrical test is finished, and passing the appearance inspection and storage inspection, the product is packed and shipped.

5.2.3 Supply Status of Main Materials

The Company's main raw materials are key components such as plain glass, color filter, liquid crystal, polarizer, driver IC, backlight module, etc. Currently, the strategic choices are to establish long-term and stable cooperative relations with two or more suppliers to ensure supply, and stable quantity and quality of goods, so the risk of concentration in the supply chain can also be mitigated. In addition, Color Filter can be regarded as a strategic material of TFT-LCD. In recent years, the equipment of Hsinchu Plant has been improved, and the process capability and efficiency of the machine have been enhanced to meet the needs of niche market customization. In general, the development of the TFT-LCD industry has been relatively mature, and the supply chain has also grown simultaneously, so the supply of materials is relatively stable.

5.2.4 Major Suppliers and Clients

1. Major Clients in the Last Two Calendar Years: NA

2. Major Suppliers in the Last Two Calendar Years

Unit: NT\$ thousands

Item	2018				2019				2020 (As of March 31)			
	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer	Company Name	Amount	%	Relation with Issuer
1	SHIAN YIH ELECTRONIC INDUSTRY CO., LTD.	590,652	13.06	NA	SHIAN YIH ELECTRONIC INDUSTRY CO., LTD.	591,410	13.95	NA	SHIAN YIH ELECTRONIC INDUSTRY CO., LTD.	100,034	12.46	NA
2	CHUNGHWA PICTURE TUBES, LTD.	493,030	10.90	Note	CHUNGHWA PICTURE TUBES, LTD.	114,415	2.70	Note	CHUNGHWA PICTURE TUBES, LTD.	-	-	Note
	Others	3,438,890	76.04		Others	3,532,609	83.35		Others	702,827	87.54	
	Net Sales	4,522,572	100.00		Net Sales	4,238,434	100.00		Net Sales	802,861	100.00	

Note: CHUNGHWA PICTURE TUBES, LTD. is no longer Giantplus' parent company since March 30, 2017.

Reasons for changes: There was no significant change to the amount of SHIAN YIH Electronics in 2019 compared with last year.

The purchase amount of CHUNGHWA PICTURE decreased due to its restructuring issues; no products were available to provide supply. The purchase of Color Filter was entirely transferred to TOPPAN.

5.2.5 Production in the Last Two Years

Unit: NT\$ thousands

Output	Year	2018			2019		
		Capacity	Quantity	Amount	Capacity	Quantity	Amount
Major Products (or by department)							
LCD panel-TFT		876	670	1,774,275	876	532	1,427,871
LCD panel-STN		120	77	96,808	-	-	-
LCD module-TFT+STN		65,820	32,007	5,096,845	39,511	26,388	5,413,965
Total		Note	Note	6,967,928	Note	Note	6,841,835

Note: Due to difference in units, the figures cannot be tallied.

5.2.6 Shipments and Sales in the Last Two Years

Unit: thousands; NT\$ thousands

Shipments & Sales Major Products (or by departments)	Year	2018				2019			
		Local		Export		Local		Export	
		Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
LCD module		3,875	1,423,829	27,281	6,275,781	4,059	1,792,800	19,902	5,384,096
LCD panel		690	100,515	3,105	803,702	667	109,362	2,639	645,524
Open Cell		9,336	264,606	42,931	697,485	1,636	103,571	19,644	596,253
Others		Note	206,507	Note	115,427	Note	44,892	Note	138,481
Total		13,901	1,995,457	73,317	7,892,395	6,362	2,050,625	42,185	6,764,354

Note: Due to the diversified nature of each product and the different units, it is not possible to compare the numbers.

5.3 Human Resources

Year		2018	2019	As of April 30, 2020
Number of Employees	Direct employee	1,346	996	781
	Indirect employee	1,726	1,222	706
	Total	3,072	2,218	1,487
Average Age		34.64	36.34	39.26
Average Years of Service		4.69	5.96	6.64
Education	Ph.D.	0.10%	0.04%	0.00%
	Masters	9.31%	8.35%	20.20%
	Bachelor's Degree	43.81%	46.78%	42.75%
	Senior High School	18.13%	30.60%	25.65%
	Below Senior High School	28.65%	14.23%	11.40%
	Total	100.00%	100.00%	100.00%

5.4 Environmental Protection Expenditure

Losses incurred due to environmental pollution with respect to the most recent fiscal year as well as the current fiscal year up to the date of publication of the annual report:

1. Occurrence date: May 29, 2019.
2. Description: Department of Environmental Protection, Taoyuan inspected the plant on May 29 and July 17, 2019. The test results of BOD value were 39.1 mg/L and 45.4 mg/L and did not comply with the 30 mg/L effluent standard under Paragraph 1, Article 7, Water Pollution Control Act. Pursuant to the above rule, and Government-Environment-Inspection-1080333911 issued on January 10, 2020 and Government-Environment-Inspection-1090078777 issued on April 7, 2020, the Company was fined NT\$494,400 fine and 4 hours of environmental seminar.
3. Measures: pay the fine and assign personnel to attend the environmental seminar.
4. Estimate of potential losses: NT\$494,400 of fine.
5. Amount of potential insurance claims: None.
6. Improvement plans and measures in response:

The pollution has been improved by the due date as required by the Department of Environmental Protection, and the effluent has met the requirements. New effluent treatment systems will be constructed to improve effluent treatment in the future.

7. Other explanatory notes: None.

5.5 Labor Relations

5.5.1 List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Employee's welfare package

Adhering to the concept of caring and trusting, the Company is committed to safeguarding employees' rights and interests, and continuously structures a comprehensive system to provide employees with a good and safe working environment. The Company also set up employee welfare committee to organize employee welfare activities to create a happy workplace.

(1) Employee welfare measures and implementation

A. Insurances and subsidies

Labor insurance, health insurance, group insurance, medical benefits (also for their spouses and children), marriage and death subsidies, birthday coupon, holiday bonus for the three major Chinese holidays and corporate gifts, and so on.

B. Employee health

Regular free health checkups, employee counseling, health information and health promotion activities. There is also a medical office, a nursing room and a resident doctor to provide medical consultation services. The Company also employs a visually impaired masseur to provide relaxation services for staff. In order to relieve the staff's work pressure, the Company set up a "depress stop" and hired visually impaired massage therapist to provide massage services.

C. Convenient facilities for employees

Providing dormitories for employees from out of town, fixed route shuttle buses, free parking space, a canteen, company subsidized meal allowance, cafe, fruit bar, convenience stores and ATM.

D. Leisure activities

- There is a staff leisure activity center with sports venues and fitness equipment.

- Diversified community activities to enrich the social and leisure life of employees.

- Organizing travel groups for staff and their family.

- Balancing work and life by holding year-end thanksgiving evenings, art and cultural activities, Christmas events, winter solstice events, hiking, forming teams to join regional sports games and organic farming with local farmers.

- Regular special discounts and appointed stores to enhance the welfare of life.

(2) Employee training

- A. According to the "Training Quality Program", each department will propose a training program each year to provide professional skills training for existing staff, which will be reviewed by the Human Development Department on a quarterly basis. The Human Resources Department will also arrange general and management courses for assigned employees to participate to learn the knowledge and skills needed to improve their work.
- B. According to the "Standards for the Certification of Professional Qualifications", all departments have the professional qualifications and certification rules in place for their respective staff. The Human Development Department regularly requests the person in charge to check the status of internal education and training in the departments and announce the status on the Moodle platform.

(3) Retirement structure and the situation of implement

- A. To establish a retirement scheme, according to the "Labor Standards Act", employees who are applicable under this Act will appropriate a certain proportion of the total salary monthly to the retirement reserve, which will be deposited in the Labor Retirement Reserve Supervisory Board.
- B. According to the "Labor Pension Regulations", for employees who are applicable under the Regulations, the Company will appropriate 6% pension to employees' personal accounts of the Labor Insurance Bureau according to the regulations.
- C. In order to supervise the Company's monthly allocation and special accounts of labor retirement reserves, the committee is organized to hold meetings according to the "Organizational Guidelines for the Organizational Retirement Reserve Supervision Committee". From 2019 to March 2020, two employees met the retirement requirements and applied for retirement.

2. Employee rights

- (1) The Company manages employees pursuant to labor-related laws such as the Labor Standards Act, and hires dedicated personnel to handle the work of employees to protect their basic rights and interests.
- (2) The Company hired employees that are licensed labor safety and health administrators. They regularly receive related courses to maintain employee safety and health.

(3) In order to provide a smoother communication platform between employees and the Company, the Company held a labor-management meeting every quarter according to relevant regulations. In the meeting, the Company discusses with employee representatives about various issues of work and factory life, and tracks the improvement results.

(4) The Company set up an email address: icareu@giantplus.com and physical employee suggestion mailboxes for employees to voice opinions and appeals.

5.5.2 List any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of printing of the annual report and disclose the estimated amount of loss currently and in the future and the responses thereto.

1. Description of labor inspection dispositions:

Item	Date	Authority/Letter No.	Rule	Violation	Penalty	Response measure
1	March 12, 2019	Taoyuan City Government/ Fu-Lao-Jian- ZiNo.1080053805	Subparagraph 2, Article 22, Labor Standards Act	Remuneration not paid in full	NT\$20,000 fine	Improved pursuant to the regulations
2	August 22, 2019	Taoyuan City Government/ Fu-Lao-Jian- ZiNo.1080206857	Paragraph 2, Article 32, Labor Standards Act	Excess overtime	NT\$50,000 fine	Improved pursuant to the regulations

2. The Company is committed to strengthening labor and management harmony, in addition to regular labor-management meetings, and the establishment of employee suggestion mailboxes and complaint lines, as a communication channel between the Company and employees, and set up comprehensive regulations to integrate employees' and the Company's interests, therefore, so far there have been no major labor disputes.

5.6 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Patent licensing	Mitsubishi Electric Corporation	Pursuant to the terms and conditions set forth under the Agreement	Pursuant to the terms and conditions set forth under the Agreement	NA
Patent licensing	Sharp Corporation	Pursuant to the terms and conditions set forth under the Agreement	Pursuant to the terms and conditions set forth under the Agreement	NA
Patent licensing	Seiko Epson Corporation	Pursuant to the terms and conditions set forth under the Agreement	Pursuant to the terms and conditions set forth under the Agreement	NA
Patent licensing	Japan Display Inc. Panasonic Liquid Crystal Display Co., Ltd.	Pursuant to the terms and conditions set forth under the Agreement	Pursuant to the terms and conditions set forth under the Agreement	NA
Patent licensing	E Ink Holdings Inc.	Pursuant to the terms and conditions set forth under the Agreement	Pursuant to the terms and conditions set forth under the Agreement	NA
Patent licensing	LG Display Co., Ltd.	Pursuant to the terms and conditions set forth under the Agreement	Pursuant to the terms and conditions set forth under the Agreement	NA
Patent licensing	Vista Peak Ventures, LLC	Pursuant to the terms and conditions set forth under the Agreement	Pursuant to the terms and conditions set forth under the Agreement	NA
Medium and long-term guarantee contracts	Chang Hwa Bank	2017.4~2027.4	NT\$2.5 billion credit contract	NA

VI. Financial Information

6.1 Five-Year Financial Summary – Based on IFRS

6.1.1 Condensed Balance Sheet (Consolidated)

Unit: NT\$ thousands

Item	Year	Financial Summary for The Last Five Years					Q1 2020
		2015	2016	2017	2018	2019	
Current assets		7,377,399	7,176,278	6,992,549	5,451,750	5,338,702	4,624,063
Property, Plant and Equipment		3,813,196	4,938,886	8,225,237	7,627,805	6,652,609	6,551,953
Intangible assets		40,854	34,812	27,813	19,952	17,561	15,668
Other assets		1,933,046	444,758	194,199	255,085	199,100	252,022
Total assets		13,164,495	12,594,734	15,439,798	13,354,592	12,207,972	11,443,706
Current liabilities	Before distribution	4,555,198	3,854,022	3,781,031	2,827,800	3,208,547	2,747,086
	After distribution	4,599,352	3,942,331	3,869,340	2,827,800	Undistributed	Undistributed
Non-current liabilities		939,717	702,199	3,158,466	2,288,385	910,887	845,766
Total liabilities	Before distribution	5,494,915	4,556,221	6,939,497	5,116,185	4,119,434	3,592,852
	After distribution	5,539,069	4,644,530	7,027,806	5,116,185	Undistributed	Undistributed
Equity attributable to shareholders of the parent		7,669,580	8,038,513	8,500,301	8,238,407	8,088,538	7,850,854
Capital stock		4,415,449	4,415,449	4,415,449	4,415,449	4,415,449	4,415,449
Capital surplus		2,618,982	2,618,982	2,618,982	2,618,982	2,618,982	2,618,982
Retained earnings	Before distribution	513,028	1,097,027	1,608,323	1,435,004	1,242,647	1,010,503
	After distribution	468,874	1,008,718	1,520,014	1,435,004	Undistributed	Undistributed
Other equity interest		122,121	(92,945)	(142,453)	(231,028)	(188,540)	(194,080)
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	7,669,580	8,038,513	8,500,301	8,238,407	8,088,538	7,850,854
	After distribution	7,625,426	7,950,204	8,411,992	8,238,407	Undistributed	Undistributed

6.1.2 Condensed Balance Sheet (Unconsolidated)

Unit: NT\$ thousands

Item		Year	Financial Summary for The Last Five Years				
			2015	2016	2017	2018	2019
Current assets			6,474,217	5,722,547	5,685,739	4,543,306	5,023,633
Property, Plant and Equipment			2,158,545	3,635,633	7,134,117	6,690,218	6,023,488
Intangible assets			36,125	31,066	25,300	18,698	16,027
Other assets			5,261,837	3,544,387	3,209,006	3,231,670	3,605,175
Total assets			13,930,724	12,933,633	16,054,162	14,483,892	14,668,323
Current liabilities	Before distribution		5,325,275	4,195,337	4,396,142	3,957,848	5,712,030
	After distribution		5,369,429	4,283,646	4,484,451	3,957,848	Undistributed
Non-current liabilities			935,869	699,783	3,157,719	2,287,637	867,755
Total liabilities	Before distribution		6,261,144	4,895,120	7,553,861	6,245,485	6,579,785
	After distribution		6,305,298	4,983,429	7,642,170	6,245,485	Undistributed
Equity attributable to shareholders of the parent			7,669,580	8,038,513	8,500,301	8,238,407	8,088,538
Capital stock			4,415,449	4,415,449	4,415,449	4,415,449	4,415,449
Capital surplus			2,618,982	2,618,982	2,618,982	2,618,982	2,618,982
Retained earnings	Before distribution		513,028	1,097,027	1,608,323	1,435,004	1,242,647
	After distribution		468,874	1,008,718	1,520,014	1,435,004	Undistributed
Other equity interest			122,121	(92,945)	(142,453)	(231,028)	(188,540)
Treasury stock			-	-	-	-	-
Non-controlling interest			-	-	-	-	-
Total equity	Before distribution		7,669,580	8,038,513	8,500,301	8,238,407	8,088,538
	After distribution		7,625,426	7,950,204	8,411,992	8,238,407	Undistributed

6.1.3 Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT\$ thousands; Earnings per share in dollars

Year Item	Financial Summary for The Last Five Years					As of March 31, 2020
	2015	2016	2017	2018	2019	
Operating revenue	10,839,306	11,683,609	12,462,218	9,887,852	8,814,979	1,558,631
Gross profit	1,221,996	1,732,107	2,110,558	1,148,969	766,456	12,022
Income from operations	170,728	584,309	955,507	1,059	(350,039)	(219,618)
Non-operating income	283,895	94,854	(132,893)	(39,135)	292,500	36,997
Income before tax	454,623	679,163	822,614	(38,076)	(57,539)	(182,621)
Income from operations of going concerns- after tax	447,237	632,263	605,789	(132,578)	(200,902)	(187,990)
Income or loss from non-going concerns	-	-	-	-	-	-
Net income (Loss)	447,237	632,263	605,789	(132,578)	(200,902)	(187,990)
Other comprehensive income (income after tax)	(80,719)	(219,176)	(55,692)	(41,007)	51,033	(5,540)
Total comprehensive income	366,518	413,087	550,097	(173,585)	(149,869)	(193,530)
Net income attributable to shareholders of the parent	447,237	632,263	605,789	(132,578)	(200,902)	(187,990)
Net income attributable to non-controlling interest	-	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	366,518	413,087	550,097	(173,585)	(149,869)	(193,530)
Comprehensive income attributable to non-controlling interest	-	-	-	-	-	-
Earnings per share	1.01	1.43	1.37	(0.3)	(0.45)	(0.43)

6.1.4 Condensed Statement of Comprehensive Income (Unconsolidated)

Unit: NT\$ thousands; Earnings per share in dollars

Item \ Year	Financial Summary for The Last Five Years				
	2015	2016	2017	2018	2019
Operating revenue	10,719,747	11,621,883	12,388,937	9,853,959	8,752,559
Gross profit	1,123,606	1,569,246	1,848,035	1,008,798	692,282
Income from operations	281,110	580,195	853,596	44,762	(129,296)
Non-operating income	166,127	82,371	(32,587)	(96,191)	(57,920)
Income before tax	447,237	662,566	821,009	(51,429)	(187,216)
Income from operations of going concerns- after tax	447,237	632,263	605,789	(132,578)	(200,902)
Income or loss from non-going concerns	-	-	-	-	-
Net income (Loss)	447,237	632,263	605,789	(132,578)	(200,902)
Other comprehensive income (income after tax)	(80,719)	(219,176)	(55,692)	(41,007)	51,033
Total comprehensive income	366,518	413,087	550,097	(173,585)	(149,869)
Net income attributable to shareholders of the parent	447,237	632,263	605,789	(132,578)	(200,902)
Net income attributable to non-controlling interest	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	366,518	413,087	550,097	(173,585)	(149,869)
Comprehensive income attributable to non-controlling interest	-	-	-	-	-
Earnings per share	1.01	1.43	1.37	(0.30)	(0.45)

6.1.5 Auditors' Opinions from 2015 to 2019

Year	Accounting Firm	CPA	Audit Opinion
2019	KPMG	Chung-Yi Chiang, Jung-Lin Lee	Unqualified opinion
2018	KPMG	Chung-Yi Chiang, Jung-Lin Lee	Unqualified opinion
2017	KPMG	Chung-Yi Chiang, Jung-Lin Lee	Unqualified opinion
2016	Ernst and Young	Lin Tu, Steven Chang	Unqualified opinion
2015	Ernst and Young	Lin Tu, Steven Chang	Modified unqualified opinion

6.2 Five-Year Financial Analysis

6.2.1 Consolidated Financial Analysis – Based on IFRS

Item		Year	Financial Analysis for the Last Five Years (Note)					As of March 31,2020
			2015	2016	2017	2018	2019	
Financial structure (%)	Debt Ratio		41.74	36.17	44.94	38.31	33.74	31.39
	Ratio of long-term capital to property, plant and equipment		225.77	176.97	141.74	138.00	135.27	132.73
Solvency (%)	Current ratio		161.95	186.20	184.93	192.79	166.39	168.32
	Quick ratio		141.48	164.83	157.71	150.34	120.04	112.57
	Interest coverage ratio		16.32	17.58	18.04	(0.06)	(1.23)	(50.54)
Operating performance	Accounts receivable turnover (times)		5.55	5.28	5.71	5.35	5.38	1.17
	Average collection period		65.76	69.12	63.92	68.22	67.84	311.96
	Inventory turnover (times)		10.62	13.61	13.26	9.21	7.00	1.17
	Accounts payable turnover (times)		5.49	5.63	5.69	5.59	5.62	1.06
	Average days in sales		34.36	26.81	27.52	39.63	52.14	311.96
	Property, plant and equipment turnover (times)		2.62	2.66	1.89	1.24	1.23	0.23
	Total assets turnover (times)		0.89	0.90	0.88	0.68	0.68	0.13
Profitability	Return on total assets (%)		3.88	5.17	4.6	(0.72)	(1.41)	(1.56)
	Return on stockholders' equity (%)		5.97	8.05	7.32	(1.58)	(2.46)	(2.35)
	Pre-tax income to paid-in capital (%)		10.29	15.38	18.63	(0.86)	(1.30)	(4.13)
	Profit ratio (%)		4.12	5.41	4.86	(1.34)	(2.27)	(12.06)
	Earnings per share (NT\$)		1.01	1.43	1.37	(0.30)	(0.45)	(0.43)
Cash flow	Cash flow ratio (%)		29.65	52.26	47.46	Note 5	10.16	Note 5
	Cash flow adequacy ratio (%)		205.99	241.28	126.60	81.64	81.07	62.01
	Cash reinvestment ratio (%)		7.31	10.15	7.42	Note 5	1.71	Note 5
Leverage	Operating leverage		18.07	6.78	4.55	2,818.59	(7.07)	(1.46)
	Financial leverage		1.2	1.07	1.05	(0.03)	0.93	0.98

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

- A. Financial Structure: decrease in debt ratio and ratio of long-term capital to property, plant and equipment is mainly because of the reduction of long-term loan.
- B. Solvency: decrease in current assets led to the decrease of current ratio and quick ratio; negative interest coverage ratio was a result of the loss in 2019.
- C. Operating performance: Due to the fact that the inventory increased in 2019, the inventory turnover dropped and the average days in sales rose accordingly.
- D. Profitability: the deficit in 2019 generated negative figure in each ratio
- E. Cash flow: the increase in net cash inflow in operating activities in 2019 gave rise to the increase in cash flow ratio in 2019.
- F. Leverage: the decrease in operating leverage resulted from the operation loss.

Note: Financial Ratio Formula

1. Financial Structure analysis

- (1) Debt ratio = Total Liabilities / Total Assets
- (2) Long-term funds to property, plant and equipment = (Total equity + Non-current liabilities) / Property, plant and equipment, net

2. Liquidity analysis

- (1) Current ratio = Current assets / Current liability
- (2) Quick ratio = (Current Assets - Inventories - Prepaid expenses) / Current liability
- (3) Interest coverage ratio = Profit Before Credit for Income Tax / Current interest expense

3. Operating performance analysis

- (1) Average collection turnover (Including Accounts Receivable and Notes Receivable from operation) = Sales / Average trade receivables
- (2) Days to collect accounts receivable = 365 / Average collection turnover
- (3) Average inventory turnover = Cost of goods sold / Average inventories
- (4) Average payment turnover (Including Accounts Payable and Notes Payable from operation) = operating costs / Average trade payables
- (5) Average days to sell inventory = 365 / Average inventory turnover
- (6) Property, plant and equipment turnover = Sales / Average property, plant and equipment, net
- (7) Total assets turnover = Sales / Average total assets

4. Return on investment analysis

- (1) Rate of return on assets = [Profit + Interest expense X (1 - Tax rate)] / Average assets
- (2) Rate of return on equity = Profit / Average total Equity
- (3) Profit to sales = Profit / Sales
- (4) Earnings per share = (Equity attributable to owners of parent - Dividend-preferred stock) / Weighted average outstanding shares

5. Cash flow

- (1) Cash flow ratio = Net cash provided by operating activities / Current liability
- (2) Cash flow adequacy ratio = 5-year net cash provided by operating activities / 5-year (Capital expense + Increase in inventories + Cash dividend)
- (3) Cash flow reinvestment ratio = (Net cash provided by operating activities - Cash dividend) - (Property, plant and equipment, net + Long-term investments + Other non-current assets + Operating Capital)

6. Leverage

(1) Operating Leverage= (Net sales – Variable cost) / Operating income

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

Note 1: The following factors are to be included for consideration for the calculation of earnings per share:

1. It is based on the weighted average common stock shares instead of the outstanding stock shares at yearend.
2. For capitalization with cash or Treasury stock trade, the stock circulation must be included for consideration to calculate weighted average stock shares.
3. For capitalization with retained earnings and capital surplus, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization.
4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) shall be deducted from net income or added to the net loss. If preferred stock shares are not cumulative, preferred stock dividend shall be deducted from net income if there is any but it needs not be added to net loss if there is any.

Note 2: The following factors are to be included for consideration for the analysis of cash flow:

1. Net cash flow from operating activity meant for the net cash inflow from operating activity on the Statement of Cash Flow.
2. Capital expenditure meant for the cash outflow of capital investment annually.
3. Increase of inventory is counted only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero value.
4. Cash dividend includes the amount for common stock and preferred stock.
5. Gross Property, plant and equipment meant for the total Property, plant and equipment before deducting the accumulated depreciation.

Note 3: Issuers are to have operating cost and operating expenses classified into the category of fixed and variable. If the classification of operating cost and operating expense involves estimation or discretionary judgment, it must be made reasonably and consistently.

Note 4: The abovementioned ratio related to paid-in capital of a foreign company will be calculated as the ratio of net worth.

Note 5: Since the net cash flow from operating activities is net outflow, the related ratio of cash flows is not calculated.

B. Financial Analysis — Based on IFRS (Unconsolidated)

Item		Year				
		Financial Analysis for the Past Five Years				
		2015	2016	2017	2018	2019
Financial structure (%)	Debt Ratio	44.94	37.84	47.05	43.12	44.85
	Ratio of long-term capital to fixed assets	398.66	240.35	163.41	157.33	148.68
Solvency (%)	Current ratio	121.57	136.4	129.33	114.79	87.94
	Quick ratio	108.10	118.91	107.55	86.63	63.78
	Interest coverage ratio	16.25	17.26	17.05	(0.03)	(1.86)
Operating performance	Accounts receivable turnover (times)	5.61	5.3	5.71	5.37	5.37
	Average collection period	65.06	68.86	63.92	67.97	67.97
	Inventory turnover (times)	11.36	15.47	14.36	9.97	7.50
	Accounts payable turnover (times)	3.41	91.93	4.49	4.16	3.58
	Average days in sales	32.13	23.59	25.41	36.60	48.66
	Fixed assets turnover (times)	4.46	4.01	2.3	1.42	1.37
	Total assets turnover (times)	0.82	0.86	0.85	0.64	0.60
Profitability	Return on total assets (%)	3.63	4.95	4.47	(0.60)	(1.01)
	Return on stockholders' equity (%)	5.97	8.05	7.32	(1.58)	(2.46)
	Pre-tax income to issued capital (%)	10.12	15.00	18.59	(1.16)	(4.24)
	Profit ratio (%)	4.17	5.44	4.88	(1.34)	(2.29)
	Earnings per share (NT\$)	1.01	1.43	1.37	(0.30)	(0.45)
Cash flow	Cash flow ratio (%)	19.88	32.77	42.79	6.73	38.79
	Cash flow adequacy ratio (%)	345.39	305.27	118.15	96.30	107.48
	Cash reinvestment ratio (%)	8.26	7.81	8.63	0.87	12.35
Leverage	Operating leverage	6.67	5.03	3.82	49.57	(13.86)
	Financial leverage	1.11	1.07	1.06	(8.70)	0.66

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

- A. Solvency: reduction in current assets led to decrease in current and quick ratio. The loss in 2019 contributed to the negative interest coverage ratio.
- B. Operating performance: decrease in inventory turnover and increase in average days in sales were caused by growing stock.
- C. Profitability: the deficit in 2019 generated negative figure in each ratio.
- D. Cash flow: the increase in net cash inflow from operations in 2019 gave rise to the increase in cash flow ratio in 2019.
- E. Leverage: the decrease in operating leverage resulted from the operation loss.

Note: Financial Ratio Formula

1. Financial Structure analysis

- (1) Debt ratio = Total Liabilities / Total Assets
- (2) Long-term funds to property, plant and equipment = (Total equity + Non-current liabilities) / Property, plant and equipment, net

2. Liquidity analysis

- (1) Current ratio = Current assets / Current liability
- (2) Quick ratio = (Current Assets - Inventories - Prepaid expenses) / Current liability
- (3) Interest coverage ratio = Profit Before Credit for Income Tax / Current interest expense

3. Operating performance analysis

- (1) Average collection turnover (Including Accounts Receivable and Notes Receivable from operation) = Sales / Average trade receivables
- (2) Days to collect accounts receivable = 365 / Average collection turnover
- (3) Average inventory turnover = Cost of goods sold / Average inventories
- (4) Average payment turnover (Including Accounts Payable and Notes Payable from operation) = operating costs / Average trade payables
- (5) Average days to sell inventory = 365 / Average inventory turnover
- (6) Property, plant and equipment turnover = Sales / Average property, plant and equipment, net
- (7) Total assets turnover = Sales / Average total assets

4. Return on investment analysis

- (1) Rate of return on assets = [Profit + Interest expense X (1 - Tax rate)] / Average assets
- (2) Rate of return on equity = Profit / Average total Equity
- (3) Profit to sales = Profit / Sales
- (4) Earnings per share = (Equity attributable to owners of parent - Dividend-preferred stock) / Weighted average outstanding shares

5. Cash flow

- (1) Cash flow ratio = Net cash provided by operating activities / Current liability
- (2) Cash flow adequacy ratio = 5-year net cash provided by operating activities / 5-year (Capital expense + Increase in inventories + Cash dividend)
- (3) Cash flow reinvestment ratio = (Net cash provided by operating activities - Cash dividend) - (Property, plant and equipment, net + Long-term investments + Other non-current assets + Operating Capital)

6. Leverage

(1) Operating Leverage= (Net sales – Variable cost) / Operating income

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

Note 1: The following factors are to be included for consideration for the calculation of earnings per share:

1. It is based on the weighted average common stock shares instead of the outstanding stock shares at yearend.
2. For capitalization with cash or Treasury stock trade, the stock circulation must be included for consideration to calculate weighted average stock shares.
3. For capitalization with retained earnings and capital surplus, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization.
4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) shall be deducted from net income or added to the net loss. If preferred stock shares are not cumulative, preferred stock dividend shall be deducted from net income if there is any but it needs not be added to net loss if there is any.

Note 2: The following factors are to be included for consideration for the analysis of cash flow:

1. Net cash flow from operating activity meant for the net cash inflow from operating activity on the Statement of Cash Flow.
2. Capital expenditure meant for the cash outflow of capital investment annually.
3. Increase of inventory is counted only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero value.
4. Cash dividend includes the amount for common stock and preferred stock.
5. Gross Property, plant and equipment meant for the total Property, plant and equipment before deducting the accumulated depreciation.
6. Gross investment property means the total investment property before deduction of the accumulated depreciation.

Note 3: Issuers are to have operating cost and operating expenses classified into the category of fixed and variable. If the classification of operating cost and operating expense involves estimation or discretionary judgment, it must be made reasonably and consistently.

6.3 Audit Committee's Report for the Most Recent Year

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2019 Financial Statements, Business Report and proposal for earning appropriation. The Financial Statements have been audited by CPA, Chung-Yi Chiang and Jung-Lin Lee from KPMG. The 2019 Business Report, Financial Statements, and proposal for earning appropriation have been audited by us, the Audit Committee of the Company. We found no inconsistencies in these documents. Pursuant to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report. Please review.

Giantplus Technology Corporation
Chairman of the Audit Committee: Jau-Shin Hon

On the date of March 19, 2020

6.4 Financial Statements for the most recent year

Please refer to pages 152 to 220.

6.5 A parent company only financial statement for the most recent fiscal year, certified by a CPA.

Please refer to pages 221 to 301.

If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the company's financial situation: None.

VII. Review of Financial Conditions, Financial Performance, and Risk Management

7.1 Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2018	2019	Difference	
			Amount	%
Current Assets	5,451,750	5,338,702	(113,048)	(2)
Funds and Investments	-	-	-	-
Fixed Assets	7,627,805	6,652,609	(975,196)	(13)
Intangible Assets	19,952	17,561	(2,391)	(12)
Other Assets	255,085	199,100	(55,985)	(22)
Total Assets	13,354,592	12,207,972	(1,146,620)	(9)
Current Liabilities	2,827,800	3,208,547	380,747	13
Long-term Liabilities	2,125,000	721,290	(1,403,710)	(66)
Other Liabilities	163,385	189,597	26,212	16
Total Liabilities	5,116,185	4,119,434	(996,751)	(19)
Capital stock	4,415,449	4,415,449	0	0
Capital surplus	2,618,982	2,618,982	0	0
Retained Earnings	1,435,004	1,242,647	(192,357)	(13)
Other Adjustments	(231,028)	(188,540)	42,488	(18)
Total Stockholders' Equity	8,238,407	8,088,538	(149,869)	(2)
Analysis of changes in financial ratios:				
A. Decrease in current assets: repaying loans which led to reduction in cash and cash equivalents.				
B. Decrease in fixed assets: the reasons included depreciation, amortization, and impairment loss in the amount of NT\$593 million.				
C. Decrease in total assets: mainly because of decrease in cash and cash equivalents, and fixed assets.				
D. Increase in current liabilities: mainly because of increase in accounts payable and other accounts payable.				
E. Decrease in long-term liabilities: The Company repaid the long-term loans.				
F. Decrease in total liabilities: mainly because of loan repayment decline.				
G. Decrease in retained earnings: mainly due to the increase in net loss after tax.				
H. Increase in other adjustments: mainly because of the increase in cumulative translation adjustments on foreign long-term equity investment.				
I. According to the abovementioned analysis, there is no major anomaly in the changes of the Company's assets, liabilities and shareholders' equity within the past two years.				

7.2 Analysis of Financial Performance

Unit: NT\$ thousands

Item	Year		Difference	
	2018	2019	Amount	%
Net Sales	9,887,852	8,814,979	(1,072,873)	(11)
Cost of Sales	8,738,883	8,048,523	(690,360)	(8)
Gross Profit	1,148,969	766,456	(382,513)	(33)
Operating Expenses	1,147,910	1,116,495	(31,415)	(3)
Operating Income	1,059	(350,039)	(351,098)	(33,154)
Non-operating Income and Expenses	(39,135)	292,500	331,635	(847)
Income before Tax	(38,076)	(57,539)	(19,463)	51
Income Tax Expenses	94,502	143,363	48,861	52
Cumulative Effect of Change in Accounting Principles	-	-	-	-
Net Profit	(132,578)	(200,902)	(68,324)	52
Analysis of changes in financial ratios:				
A. Decrease in gross profit: the sales performance declined due to the economic recession.				
B. Decrease in operating income: mainly due to the decline in sales performance.				
C. Increase in income tax expense: mainly because of the withholding tax of gain on disposal of the subsidiary.				
D. Increase in net loss after tax : the factors were economic recession and impairment loss recognition.				

7.3 Analysis of Cash Flow

7.3.1 Remedy for Cash Deficit and Liquidity Analysis

Item	Year		Variance (%)
	2018	2019	
Cash Flow Ratio (%)	-	10.16	-
Cash Flow Adequacy Ratio (%)	81.64	81.07	(0.7)
Cash Reinvestment Ratio (%)	-	1.71	-
Analysis of financial ratio change:			
1. Increase in cash flow ratio: mainly due to the increase in cash inflow in operating activities.			
2. Increase in cash reinvestment ratio: mainly due to the increase in cash inflow in operating activities.			

7.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
1,973,080	452,401	486,590	1,938,891	-	-
Remedy for estimated cash shortage and cash flow analysis: Not applicable.					

7.4 Major Capital Expenditure Items

The capital expenditure is mainly comprised of improvement for T2 manufacturing process, and annual maintenance.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

7.5.1 Investment Policy in Last Year

For the business that intends to increase capital or new investment, measure its investment benefits, and then increase capital or investment after reporting to the board of directors.

7.5.2 Main Causes for Profits or Losses and Improvement Plans

Investee	Main Causes for Profits or Losses	Improvement Plans
SGO	The significant decrease in the amount of production in 2019 resulted in an increase in fixed cost per unit. The personnel have been reduced, and the idle fixed assets have been disposed of in response.	Improve product quality and yield, and reduce consumption, personnel expenses and other expenditures.
KGO	In 2019, production and sales slightly increased compared with last year, despite an increase in labor cost. Additionally, the Company has disposed of idle fixed assets.	Improve product quality and yield, enhance automation and reduce personnel expenses and other expenditures to keep costs down.

7.5.3 Investment Plans for the Coming Year

There will be no new investment or capital increase plans in the coming year.

7.6 Analysis of Risk Management

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

1. Interest rate

Although the money market interest rate has risen slowly, it is still at a relatively low level, and the Company's borrowing rate has not changed much. However, if there is a large fluctuation in the interest rate trend and the Company continues to demand financing, the Company will not only use other capital market financing tools to raise funds, but also observe the interest rate trend and choose to borrow at a fixed rate or a floating rate to avoid the risk of interest rate fluctuations.

2. Foreign exchange rates

Since the Company's gain on export sales is mainly in US dollars, after deducting the US dollar demand for purchases, it presents the net foreign currency position of the US dollar. Therefore, the exchange rate changes will have a certain degree of influence on the profit of the Company; for the current foreign currency held by the Company, the Company will collect relevant information from time to time to take full control of the trend of exchange rate changes, and then consider the level of foreign currency assets and liabilities, examine the various exchange rate risks that the Company may face in the future to purchase forward foreign exchange contracts, or consider bank recommendations to determine the favorable time to make foreign currency exchanges, to control the risk of exchange rate fluctuations.

3. Inflation

The impact of inflation does not currently have a significant impact on the Company's profits and business operations.

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

1. The Company did not engage in any high-risk or high-leveraged investments.
2. The Company had formulated "Management of Loans to Others." The borrower must be an entity in whom the Company must hold 50% or more of its share. having a business need for short-term financing and the accumulated amount of such loan shall not exceed 30% of the net worth of the Company. The Company made appropriate risk assessment and no loss occurred after the loans were extended.
3. The Company had formulated "Management of Endorsement and Guarantees." Entities for which the Company may make endorsement or guarantees are mainly related parties. The aggregate amounts of endorsements/guarantees provided by the Company for any single entity shall not exceed 20% of or more of the net worth of the Company. The Company made appropriate risk assessment and no loss occurred after loans were extended.
4. The Company had formulated "Policies and Procedures for Financial Derivatives Transactions" to mainly engaged in foreign currency assets or liabilities exchange rate hedging without engaging in speculative trading. All profits and losses will offset against the foreign exchange gains and losses on the foreign currency assets or liabilities Because of the hedging, no significant gains or loss will incur.

7.6.3 Future Research & Development Projects and Corresponding Budget

In the future, the Company will construct a small and medium-sized TFT display module platform to ensure the integrity and competitiveness of the Company's product line in small and medium-sized displays, and continue to promote the display technology platform. Expected developments are:

- A. Continuously devote into developing non-LCD TFT technology for X-ray detector which mainly applied to medical purpose
- B. Develop local dimming
- C. Develop 3D curve display and free forming technology to improve TP3D and BLU.
- D. NTSC86% mass production of wide color gamut product completed; develop NTSC 100% product
- E. Ultra low power consumption reflective panels with characteristics of energy-saving and wide viewing angle.
- F. Low power consumption micro-transmissive panels with characteristics of sunlight readable.
- G. Extension of service life by combining use of thin film solar cell and low power consumption outdoor products
- H. Develop hovering touch
- I. Improvement on automotive panels which have characteristics of high reliability, wide viewing angle, high contrast, high brightness, and fast response time.
- J. In-cell touch, featuring light and thin characteristics.
- K. Develop switchable anti-peeping technology to improve personal privacy of outdoor and indoor usage of 3C devices.
- L. Develop flexible OTFT technology in response to flexible, fordable, roll to roll, and other technology in the future.
- M. Develop Cover glass surface processing techniques to meet the demand of vehicle-display surface color integration.

The total R&D budget forecast for 2020 is NT\$303.852 million.

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

1. In order to reduce production costs, the Company has moved labor-intensive production lines to Mainland China. As there are still controls on import and export trade and foreign exchange in the Mainland China. Any changes in the policy of Mainland China there may have a negative impact on the Company's business activities in the Mainland China.
2. In recent years, global environmental awareness has increased and the impact of climate change has been severely affected. International environmental protection regulations, such as the Kyoto Protocol, the Restriction of Hazardous Substances in Electrical and Electronic Equipment (ROHS) announced by the European Union, Waste Electrical and Electronic Equipment (WEEE), REACH, carbon footprint reduction, etc., all take environmental protection as an important appeal, emphasizing that green environmental protection electronic product design and manufacturing is the future industrial development trend. The Company has invested considerable resources to actively promote environmental protection activities and continue to improve pollution reduction. It also requires suppliers to set up a green supply chain system to minimize the impact of this important international policy on the Company.

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

The demand for display products has changed from black and white to color panels, and this shift could create higher product prices and increase volume of business. Although the cost of product development and design has risen significantly, the Company proactively introduced the concept of design services to enhance the added value of products and to keep in line with the large quantity characteristics of mainstream market products to produce products of universal specifications.

As the larger size TFT production line was introduced along with the production of small and medium-sized panels, the cost competition pressure is growing. The Company has taken measures to start the research and development and production of high-margin, non-LCD technology and other products. As new products enter the market, they will be able to share the increased R&D expenses.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

The procurement of components, production and sales are arranged according to the order arrangement in order to meet customer demand, improve production efficiency and reduce costs. Some of the vendors or customers accounted for a higher proportion of the Company's business; however, the customers are relatively scattered, no significant risks are expected. In terms of sales, we actively explored our business and expanded our customer base. In terms of purchases, as the volume of business grew, the volume of purchases increased, and all major cases developed multiple supply chains to enhance material mastery and bargaining power. As the trend of industrial control and vehicle-mounted products tends to be medium-sized (seven inches to ten inches), the quality and technical requirements are relatively high. In addition to actively developing new supply chains, the logistics management center also strives to reduce production costs by integrating resources.

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

Not applicable.

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

To amplify the capacity of the Group, TOPPAN PRINTING CO., LTD. integrates the organization's structure by consolidating ORTUS TECHNOLOGY CO., LTD. on April 1, 2019. The former is a surviving company, and the latter is a dissolved company. Giantplus Technology Co., Ltd. is the subsidiary of TOPPAN PRINTING CO., LTD. There is no new stock issuance, increasing capital, and additional payment during this consolidation.

7.6.12 Litigation or Non-litigation Matters

Vista Peak Ventures, LLC filed a lawsuit against the Company in the United States District Court for the Eastern District of Texas alleging that the Company has infringed on twelve of its patents on May 23, 2019. An external lawyer was hired to defend the Company against the lawsuit. On December 31, 2019, both parties agreed to settle and entered into a patent license contract.

In terms of the receivables due from CHUNGHWA PICTURE TUBES, LTD., the court ruling was final for the Company to proceed with compulsory enforcement.

7.6.13 Other Major Risks

The outbreak of COVID-19 at the end of 2019 swayed the industry supply chain, product distribution and production plans with the global spread of the pandemic.

The Company closely keeps in touch with the suppliers and customers, adjusting production plans promptly and formulates corresponding measures in advance to mitigate the impact of the pandemic.

7.7 Other Important Matters

Not applicable.

VIII. Special Disclosure

8.1 Summary of Affiliated Companies

Unit: share, %

Company	Relationship	Shares and Pledge			Director, Supervisor or managers	
		Shares	%	Pledge	Title	Names
Toppan Printing Co., Ltd.	Parent Company	234,481,757	53.10%	-	Director	Toppan Printing Co., Ltd. TAKAYUKI TAMURA, AKIMITSU MATOBA, NAOHIRO KONYA, SEIICHI ITOGA

Note: TOPPAN PRINTING Co., Ltd. consolidated Ortus Technology Co., Ltd., its wholly owned subsidiary, on April 1, 2019 and became the parent company of the Company.

8.1.1 Transactions

A.

Toppan Printing Co., Ltd.:

Unit: NT\$ thousands, %

Transactions				Trading conditions		General trading conditions		Reason for difference	Accounts receivable and accounts payable		Overdue accounts receivable			Notes
Sale /purchase	Amount	%	Gross margin	Unit price	Credit period	Unit price	Credit period		Balance	%	Amount	Method	Allowance for bad debts	
Sale	(150,500)	(1.71)	-	-	T/T 45~90	-	T/T in advance 90	-	81,196	5.04	-	-	-	-
Purchase	21,143	0.50	-	-	T/T 90	-	T/T in advance 120	-	(184,356)	11.51	-	-	-	-

Ortus Technology Co., LTD.:

Unit: NT\$ thousands, %

Transactions				Trading conditions		General trading conditions		Reason for difference	Accounts receivable and accounts payable		Overdue accounts receivable			Notes
Sale /purchase	Amount	%	Gross margin	Unit price	Credit period	Unit price	Credit period		Balance	%	Amount	Method	Allowance for bad debts	
Sale	(4,997)	(0.06)	-	-	T/T 45	-	T/T in advance 90	-	-	-	-	-	-	-
Purchase	-	-	-	-	-	-	-	-	-	-	-	-	-	-

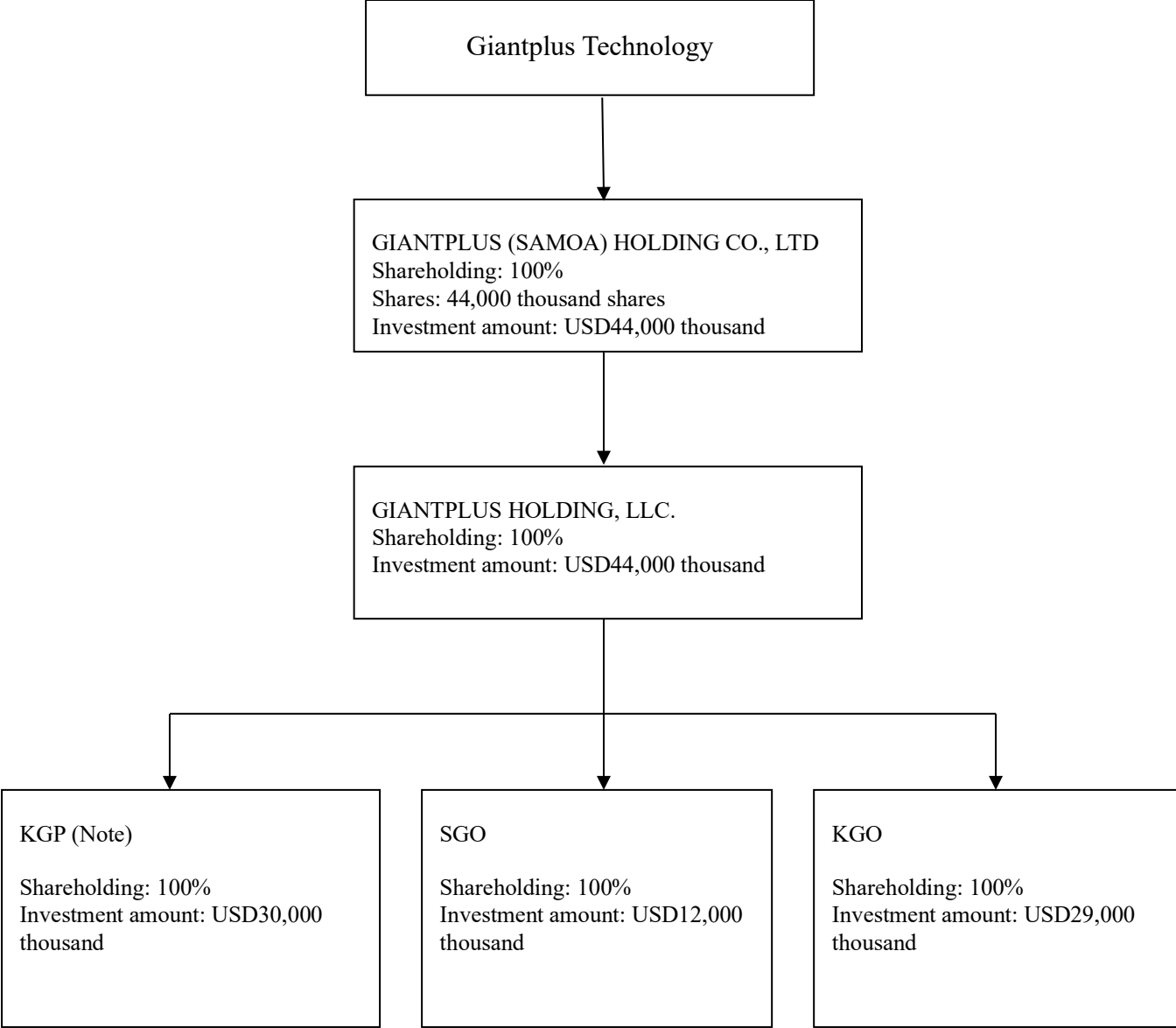
B. Property transaction: None

C. Capital Finance: None

D. Asset leasing: None

E. Other important transaction: None

8.1.2 Summary of Affiliated Companies



Note: The Company sold 100% shareholdings of KGP to Jiahang Asset Management Co., Ltd. on December 13, 2018 as resolved by the board. The registration of the share transfer has been completed on April 8, 2019.

3. Giantplus Subsidiaries

December 31, 2019

Company	Date of Incorporation	Address	Capital Stock	Business Activities
GIANTPLUS (SAMOA) HOLDING CO., LTD.	2000/02	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	NTD1,397,086 thousand	Investment
GIANTPLUS HOLDING L.L.C.	2000/02	619 NEW YORK AVE, CLAYMONT, NEW CASTLE, DELAWARE 19703.	NTD1,397,086 thousand	Investment
KGP (Note)	2000/03	88 Huang-qing Rd., Kunshan Hi-tech Park, Kunshan, Jiangsu, China	USD30,000 thousand (NTD:USD=1:29.98)	Assembly LCD module
SGO	2006/08	Building A, District A, Min zhu 99 Industrial City, Sha Jing Industrial Park, Bao An District Shen Zhen, China	USD12,000 thousand (NTD:USD=1:29.98)	Assembly LCD module
KGO	2010/01	No. 89, YuanFeng Rd., Yushan Township, Kunshan City, JiangSu, China	USD29,000 thousand (NTD:USD=1:29.98)	Assembly LCD module and sale touch panel

4. Presumed to be the same shareholder information for those with control and affiliation: None.

5. The overall relationship business

Company	Business Activities	Division
GIANTPLUS (SAMOA) HOLDING CO., LTD.	Investment	Not applicable
GIANTPLUS HOLDING L.L.C.	Investment	Not applicable
KGP (Note)	Assembly LCD module	The Company's China operations base
SGO	Assembly LCD module	The Company's China operations base
KGO	Assembly LCD module and sale touch panel	The Company's China operations base

6. Information on directors, supervisors and presidents

December.31, 2019

Company	Title	Name	Shareholding	
			Shares	% (Investment Holding)
GIANTPLUS (SAMOA) HOLDING CO., LTD.	Sole Director	Giantplus Technology Co., Ltd. TAKAYUKI TAMURA	USD44,000 thousand	100%
GIANTPLUS HOLDING L.L.C.	Operating Manager	GIANTPLUS(SAMOA) HOLDING CO., LTD. TAKAYUKI TAMURA	USD44,000 thousand	100%
KGP (Note)	Chairman Director Supervisor President	GIANTPLUS HOLDING L.L.C. Jia-Chiuan Pu Zhi-Jia Ma, Wen-Xian Bai Yi-Cheng Chen Zhi-Jia Ma	USD30,000 thousand	100%
SGO	Chairman Director President	GIANTPLUS HOLDING L.L.C. Jia-Chiuan Pu Heng-Te Chu, Jin-Sog Zeng Jin-Sog Zeng	USD12,000 thousand	100%
KGO	Chairman Director Supervisor President	GIANTPLUS HOLDING L.L.C. Jia-Chiuan Pu Qing-Hua Wu, Heng-Te Chu Yi-Cheng Chen Qing-Hua Wu	USD29,000 thousand	100%

7. Operational Highlights of Giantplus Subsidiaries

December 31, 2019, Unit: NT\$ thousands

Company	Capital Stock	Assets	Liabilities	Net Worth	Net Revenue	Income (Loss) from Operation	Net Income (Loss)	Basic Earnings (Loss) Per Share
GIANTPLUS (SAMOA) HOLDING CO., LTD.	1,397,086	3,572,388	5,016	3,567,372	-	(22,860)	366,784	Not Applicable
GIANTPLUS HOLDING L.L.C.	1,397,086	1,089,497	30,082	1,059,415	-	(241)	403,323	Not Applicable
KGP (Note)	899,400	-	-	-	-	(52,679)	(87,024)	Not Applicable
SGO	359,760	1,143,422	506,227	637,195	466,897	(140,767)	(191,313)	Not Applicable
KGO	869,420	1,967,309	1,538,694	428,615	1,038,107	1,779	(120,023)	Not Applicable

Note: KGP was the Company's reinvestment through the subsidiary, Giantplus Holding L.L.C. The shareholdings of KGP were completely transferred on April 8, 2019; only information prior to the transfer was disclosed.

8.1.3 Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2019, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements under International Financial Reporting Standards 10 recognized by the Financial Supervisory Commission. If relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare,
Giantplus Technology Co., Ltd.
Chairman TAKAYUKI TAMURA
On the date of March 19, 2020

8.2 Private Placement Securities in the Most Recent Years: None.

8.3 Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.

8.4 Special notes: None.

8.5 If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: None

IX. situation materially affects shareholders' equity or the price of the company's securities

GIANTPLUS TECHNOLOGY CO., LTD.

Corporate Governance Best Practice Principles

Section 1 Encouraging Shareholders to Participate in Corporate Governance

Article 1

To establish sound corporate governance systems, GIANTPLUS be followed by principles the Taiwan Stock Exchange Corporation (TWSE) and the Taipei Exchange (TPEX) hereby jointly adopted, establishing an effective corporate governance framework and disclosing them through the Market Observation Post System (MOPS).

Article 2

When setting up the corporate governance system, in addition to complying with relevant laws, regulations, articles of incorporation, contracts signed with the TWSE or TPEX, and other relevant regulations, GIANTPLUS shall follow the following principles:

1. Establish an effective corporate governance framework.
2. Protect the rights and interests of shareholders.
3. Strengthen the powers of the board of directors.
4. Fulfill the function of supervisors.
5. Respect the rights and interests of stakeholders.
6. Enhance information transparency.

Article 3

GIANTPLUS shall follow the Criteria Governing Establishment of Internal Control Systems by Public Reporting Companies and take into consideration the overall operational activities of itself and its subsidiaries to design and fully implement an internal control system, and shall conduct continuing reviews of the system, in order to ensure the continued effectiveness of its design and implementation in light of changes in the company's internal and external environment.

If the company has elected independent directors, the adoption or amendment of its internal control system shall be submitted to the board of directors for approval by resolution unless an approval has been obtained from the competent authority; when an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting; however if the company has established an audit committee in accordance with the Securities and Exchange Act, the adoption or amendment to its internal control system shall be subject to the consent of one-half or more of all audit committee members and be submitted to the board of directors for a resolution.

GIANTPLUS shall perform full self-assessments of its internal control system. Its board of directors and management shall review the results of the self-assessments by each department at least annually and the reports of the internal audit department on a quarterly basis. The audit committee or supervisors shall also attend to and supervise these matters. GIANTPLUS are advised to establish channels and mechanisms of communication between their independent directors, audit committees or supervisors, and chief internal auditors. Directors and supervisors shall periodically hold discussions with their internal auditors about reviews of internal control system deficiencies. A record of the discussions shall be kept, and the discussions shall be followed up, improvements implemented, and a report submitted to the board of directors. If the company has established an audit committee in accordance with the Securities and Exchange Act, the assessment of the effectiveness of the internal control system shall be subject to the consent of one-half or more of all audit committee members and submitted to the board of directors for approval.

The management of GIANTPLUS shall pay special attention to the internal audit department and its personnel, fully empower them and urge them to conduct audits effectively, to evaluate problems of the internal control system and assess the efficiency of its operations to ensure that the system can operate effectively on an on-going basis, and to assist the board of directors and the management to perform their duties effectively so as to ensure a sound corporate governance system.

To put the internal control system into effect, strengthen the professional abilities of the agent of the internal auditor and to further improve and maintain the quality and implementing result of the audit, GIANTPLUS shall have a deputy in place for the internal auditing personnel.

The qualification requirements on the internal auditor set out in Article 11, paragraph 6 of the Criteria Governing Establishment of Internal Control System by Public Reporting Companies and Articles 16, 17, and 18 of the same Criteria shall apply mutatis mutandis to the deputy as referred to in the preceding paragraph.

Article 3-1

GIANTPLUS may set up a full- (or part-) time corporate governance unit or personnel to be in charge of corporate governance affairs and designate a senior officer to be in charge of supervision. Said officer shall be a qualified lawyer or accountant or have at least three years' management experience gained at a public company in handling legal affairs, financial affairs, stock affairs, etc.

It is advisable that the corporate governance affairs mentioned in the preceding paragraph include at least the following items:

1. Handling corporate registration and amendment registration
2. Handling corporate registration and amendment registration, and assist company in relevant laws of board and
3. Handling matters relating to board meetings and shareholders meetings according to laws, and assisting the company with compliance with laws and regulations governing such meetings
4. Furnishing information required for business execution by directors and supervisors, and updating them on developments of laws and regulations relating to the operation of the company in order to assist them with legal compliance.
5. Affairs relating to investor relations
6. Other matters set out in the articles or corporation or contracts

Chapter II Protection of Shareholders' Rights and Interests

Section 1 Encouraging Shareholders to Participate in Corporate Governance **Article 4**

The corporate governance system of a TWSE/TPEX listed company shall be designed to protect shareholders' rights and interests and treat all shareholders equitably.

GIANTPLUS shall establish a corporate governance system which ensures shareholders' rights of being fully informed of, participating in and making decisions over important matters of the company.

Article 5

GIANTPLUS shall convene shareholders meetings in accordance with the Company Act and relevant laws and regulations, and provide comprehensive rules for such meetings. GIANTPLUS shall faithfully implement resolutions adopted by shareholders meetings in accordance with the rules for the meetings.

Resolutions adopted by shareholders meetings of GIANTPLUS shall comply with laws, regulations and articles of incorporation.

Article 6

The board of directors of GIANTPLUS shall properly arrange the agenda items and procedures for shareholders meetings. Shareholders shall be granted reasonable time to deliberate each proposal and an appropriate opportunity to make statements.

Article 7

GIANTPLUS shall encourage its shareholders to actively participate in corporate governance. It is advisable that the company engage a professional shareholder services agent to handle shareholders meeting matters, so that shareholders meetings can proceed on a legal, effective and secure basis. GIANTPLUS shall seek all ways and means, including fully exploiting technologies for information disclosure and casting votes, and is advised to upload notices, agendas and supplementary information of shareholders meetings in both Chinese and English concurrently in order to enhance shareholders' attendance rates at shareholders meetings and ensure their exercise of rights at such meetings in accordance with laws.

GIANTPLUS that employs electronic voting at a shareholders meeting is advised to avoid raising extraordinary motions and amendments to original proposals, and is advised to adopt a candidate nomination system for the election of directors and supervisors.

GIANTPLUS are advised to arrange for their shareholders to vote on each separate proposal in the shareholders meeting agenda, and following conclusion of the meeting, to enter the voting results the same day, namely the numbers of votes cast for and against and the number of abstentions, on the Market Observation Post System.

If the company distributes souvenirs at its shareholders meeting, it shall not practice differential treatment or discrimination.

Article 8

GIANTPLUS in accordance with the Company Act and other applicable laws and regulations, shall record in the shareholders meeting minutes the date and place of the meeting, the name of the chairperson, the method of adopting resolutions, and a summary of the essential points of the proceedings and the results of the meeting. With respect to the election of directors and supervisors, the meeting minutes shall record the method of voting adopted therefore and the total number of votes for the elected directors or supervisors.

The shareholders meeting minutes shall be properly and perpetually kept by the company during its legal existence, and should be sufficiently disclosed on the company's website.

Article 9

The chairperson of the shareholders meetings shall be fully familiar and comply with the rules governing the proceedings of the shareholders meetings established by the company. The chairperson shall ensure the proper progress of the proceedings of the meetings and may not adjourn the meetings at will.

In order to protect the interests of most shareholders, if the chairperson declares the adjournment of the meeting in a manner in violation of rules governing the proceedings of the shareholders meetings, it is advisable for the members of the board of directors other than the chairperson of the shareholders meeting to promptly assist the attending shareholders at the shareholders meeting in electing a new chairperson of the shareholders meeting to continue the proceedings of the meeting, by a resolution to be adopted by a majority of the votes represented by the shareholders attending the said meeting in accordance with the legal procedures.

Article 10

GIANTPLUS shall place high importance on the shareholder right to know, and shall faithfully comply with applicable regulations regarding information disclosure in order to provide shareholders with regular and timely information on company financial conditions and operations, insider shareholdings, and corporate governance status through the MOPS or the website established by the company.

To treat all shareholders equally, it is advisable that the company concurrently disclose the information under the preceding paragraph in English.

To protect its shareholders' rights and interests and ensure their equal treatment, GIANTPLUS shall adopt internal rules prohibiting company insiders from trading securities using information not disclosed to the market.

Article 11

The shareholders shall be entitled to profit distributions by GIANTPLUS. In order to ensure the investment interests of shareholders, the shareholders meeting may, pursuant to Article 184 of the Company Act, examine the statements and books prepared and submitted by the board of directors and the reports submitted by the audit committee or supervisors, and may decide profit distributions and deficit off-setting plans by resolution. In order to proceed with the above examination, the shareholders meeting may appoint an inspector.

The shareholders may, pursuant to Article 245 of the Company Act, apply with the court to select an inspector in examining the accounting records and assets of the company.

The board of directors, audit committee or supervisors, and managers of GIANTPLUS shall fully cooperate in the examination conducted by the inspectors in the aforesaid two paragraphs without any obstruction, rejection or circumvention.

Article 12

In entering into material financial and business transactions such as acquisition or disposal of assets, lending funds, and making endorsements or providing guarantees, GIANTPLUS listed company shall proceed in accordance with the applicable laws and/or regulations and establish operating procedures in relation to these material financial and business transactions which shall be reported to and approved by the shareholders meeting so as to protect the interests of the shareholders.

When GIANTPLUS is involved in a merger, acquisition or public tender offer, in addition to proceeding in accordance with the applicable laws and/or regulations, it shall not only pay attention to the fairness, rationality, etc. of the plan and transaction of the merger, acquisition or public tender offer, but information disclosure and the soundness of the company's financial structure thereafter.

The relevant personnel of GIANTPLUS handling the matters in the preceding paragraph shall pay attention to the occurrence of any conflicts of interest and the need for recusal.

Section 2 Establishing a Mechanism for Interaction with Shareholders

Article 13

In order to protect the interests of the shareholders, it is advisable that GIANTPLUS designate personnel exclusively dedicated to handling shareholder proposals, inquiries, and disputes.

GIANTPLUS shall properly deal with any legal action duly instituted by shareholders in which it is claimed that shareholder rights and interests were damaged by a resolution adopted at a shareholders meeting or a board of directors meeting in violation of applicable laws, regulations, or the company's articles of incorporation, or that such damage was caused by a breach of applicable laws, regulations or the company's articles of incorporation by any directors, supervisors or managers in performing their duties.

Article 13-1

The board of directors of GIANTPLUS is responsible for establishing a mechanism for interaction with shareholders to enhance mutual understanding of the development of company's objectives.

Article 13-2

In addition to communicating with shareholders through shareholders meetings and encouraging shareholders to participate in such meetings, the board of directors of GIANTPLUS together with officers and independent directors shall engage with shareholders in an efficient manner to ascertain shareholders' views and concerns, and expound company policies explicitly, in order to gain shareholders' support.

Section 3 Corporate Governance Relationships Between the Company and Its Affiliated Enterprises

Article 14

GIANTPLUS shall clearly identify the objectives and the division of authority and responsibility between it and its affiliated enterprises with respect to management of personnel, assets, and financial matters, and shall properly carry out risk assessments and establish appropriate firewalls.

Article 15

Unless otherwise provided by the laws and regulations, a manager of GIANTPLUS may not serve as a manager of its affiliated enterprises.

A director who engages in any transaction for himself or on behalf of another person that is within the scope of the company's operations shall explain the major content of such actions to the shareholders meeting and obtain its consent.

Article 16

GIANTPLUS shall establish sound objectives and systems for management of finance, operations, and accounting in accordance with applicable laws and regulations. It shall further, together with its affiliated enterprises, properly conduct an overall risk assessment of major banks they deal with and customers and suppliers, and implement the necessary control mechanisms to reduce credit risk.

Article 17

When GIANTPLUS and its affiliated enterprises enter into inter-company business transactions, and non-arm's length transactions shall be prohibited.

All transactions or contracts made by and between GIANTPLUS and its affiliated persons and shareholders shall follow the principles set forth in the preceding paragraph, and improper channeling of profits is strictly prohibited.

Article 18

A corporate shareholder having controlling power over GIANTPLUS shall comply with the following provisions:

It shall bear a duty of good faith to other shareholders and shall not directly or indirectly cause the company to conduct any business which is contrary to normal business practice or not profitable.

1. Its representative shall follow the rules implemented by its company with respect to the exercise of rights and participation of resolution, so that at a shareholders meeting, the representative shall exercise his/her voting right in good faith and for the best interest of all shareholders and shall exercise the fiduciary duty and duty of care of a director or supervisor.
2. It shall comply with relevant laws, regulations and the articles of incorporation of the company in nominating directors or supervisors and shall not act beyond the authority granted by the shareholders meeting or board meeting.

3. It shall not improperly intervene in corporate policy making or obstruct corporate management activities.
4. It shall not restrict or impede the management or production of the company by methods of unfair competition such as monopolizing corporate procurement or foreclosing sales channels.
5. The representative that is designated when a corporate shareholder has been elected as a director or supervisor shall meet the company's requirements for professional qualifications. Arbitrary replacement of the corporate shareholder's representative is inappropriate.

Article 19

GIANTPLUS shall retain at all times a register of major shareholders who own a relatively high percentage of shares and have controlling power, and of the persons with ultimate control over those major shareholders.

GIANTPLUS shall disclose periodically important information about its shareholders holding more than 10 percent of the outstanding shares of the company relating to the pledge, increase or decrease of share ownership, or other matters that may possibly trigger a change in the ownership of their shares.

The major shareholder indicated in the first paragraph refers to those who owns 5 percent or more of the outstanding shares of the company or the shareholding stake thereof is on the top 10 list, provided however that the company may set up a lower shareholding threshold according to the actual shareholding stake that may control the company.

Chapter III Enhancing the Functions of the Board of Directors

Section 1 Structure of the Board of Directors

Article 20

The board of directors of GIANTPLUS shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings.

The structure of GIANTPLUS' board of directors shall be determined by choosing an appropriate number of board members, not less than five, in consideration of its business scale, the shareholdings of its major shareholders, and practical operational needs.

The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

Basic requirements and values: Gender, age, nationality, and culture.

1. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

Article 21

GIANTPLUS shall, according to the principles for the protection of shareholder rights and interests and equitable treatment of shareholders, establish a fair, just, and open procedure for the election of directors, encourage shareholder participation, and adopt the cumulative voting mechanism pursuant to the Company Act in order to fully reflect shareholders' views.

Unless the competent authority otherwise grants an approval, a spousal relationship or a familial relationship within the second degree of kinship may not exist among more than half of the directors of GIANTPLUS.

When the director discharge for any reason, the company shall hold a by-election for director at the following shareholders meeting. When the number of directors falls short by one-third of the total number prescribed by the articles of incorporation, the company shall convene a special shareholders meeting within 60 days of the occurrence of that fact for a by-election for director(s).

The aggregate shareholding percentage of all of the directors of GIANTPLUS shall comply with the laws and regulations. Restrictions on the share transfer of each director and the creation, release, or changes of any pledges over the shares held by each director shall be subject to the relevant laws and regulations, and the relevant information shall be fully disclosed.

Article 22

GIANTPLUS is advised to specify in its articles of incorporation that it adopts the candidate nomination system for elections of directors pursuant to the Company Act. It is advisable that the Company review in advance the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to the director candidates recommended by shareholders or directors.

The Company is prohibited from adding at its own discretion in the requirement other evidentiary document of director qualifications. The result of the review in advance shall be forwarded to the shareholders for their reference in order to elect competent directors.

Before the board of directors provide the list of director candidate according to the Articles of Incorporation, they shall carefully assess the qualification requirements of the preceding paragraph and candidate's intention when they are elected.

Article 23

Clear distinctions shall be drawn between the responsibilities and duties of the chairperson of the board of GIANTPLUS and those of its president.

It is inappropriate for the chairperson to also act as the president.

Section 2 Independent Director System

Article 24

GIANTPLUS shall appoint independent directors in accordance with its articles of incorporation. They shall be not less than two in number and not less than one-fifth of the total number of directors.

Independent directors shall possess professional knowledge and there shall be restrictions on their shareholdings. Applicable laws and regulations shall be observed and, in addition, it is not advisable for an independent director to hold office concurrently as a director (including independent director) or supervisor of more than five other TWSE/TPEX listed companies. Independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the company.

GIANTPLUS, in accordance with Article 192-1 of the Company Act, adopt a candidate nomination system for election of the independent directors and expressly stipulate such system in the articles of incorporation; and the shareholders shall elect the directors from among the nominees listed in the director candidates. Independent and non-independent directors shall be elected at the same time but on separate ballots pursuant to Article 198 of the Company Act.

If GIANTPLUS and its group enterprises and organizations, and another company and its group enterprises and organizations nominate for each other any director, supervisor or managerial officer as a candidate for an independent director of the other, GIANTPLUS shall, at the time it receives the nominations for independent directors, disclose the fact and explain the suitability of the candidate for independent director. If the candidate is elected as an independent director, GIANTPLUS shall disclose the number of votes cast in favor of the elected independent director.

The "group enterprises and organizations" in the preceding paragraph comprise the subsidiaries of GIANTPLUS, any foundation to which GIANTPLUS listed company's cumulative direct or indirect contribution of funds exceeds 50 percent of its endowment, and other institutions or juristic persons that are effectively controlled by the company.

Change of status between independent directors and non-independent directors during their term of office is prohibited.

If an independent director is discharged for any reason, resulting in a number of directors lower than that required under paragraph 1 or the articles of incorporation, a by-election for independent director shall be held at the next shareholders meeting. In the event that all the independent directors have been discharged, the company shall convene a special shareholders meeting to hold a by-election within 60 days from the date on which the vacancies arise.

Where GIANTPLUS has created the position of managing director, the managing directors shall include no less than one independent director, and no less than one-fifth of the managing director seats shall be held by independent directors.

When an independent director is discharged for any reason causing the number of directors to fall below the requirement specified in the first paragraph or prescribed in the Articles of Incorporation, the Company shall hold a by-election for directors at the following shareholders meeting. When all independent directors are discharged, the Company shall convene a special shareholders meeting within 60 days of the occurrence to elect directors.

The professional qualifications, restrictions on both shareholding and concurrent positions held, determination of independence, method of nomination and other requirements with regard to the independent directors shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing Appointment of Independent Directors and Compliance Matter for Public Companies, and the rules and regulations of the Taiwan Stock Exchange or GreTai Securities Market.

Article 25

GIANTPLUS shall submit the following matters to the board of directors for approval by resolution as provided in the Securities and Exchange Act. When an independent director has a dissenting opinion or qualified opinion, it shall be noted in the minutes of the directors meeting:

1. Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
3. A matter bearing on the personal interest of a director or a supervisor.
4. A material asset or derivatives transaction.
5. A material monetary loan, endorsements, or provision of guarantee.
6. The offering, issuance, or private placement of any equity-type securities.
7. The hiring, discharge, or compensation of an attesting CPA.
8. The appointment or discharge of a financial, accounting, or internal auditing officer.
9. Any other material matter so required by the competent authority.

Article 26

GIANTPLUS shall stipulate the remuneration of the directors according to applicable laws and regulations. The remuneration of the directors shall fully reflect the personal performance and the long-term management performance of the company, and shall also take the overall operational risks of the company into consideration. Different but reasonable remuneration from that of other directors may be set forth for the independent directors.

When GIANTPLUS, under its articles of incorporation, or by resolution of its shareholders meeting, or by order of the competent authority, sets aside a certain proportion of earnings as special reserve, such allocation shall be made after the allocation of legal reserve and before the distribution of director, supervisor, and employee compensations, and the company shall provide in the articles of incorporation the method to be adopted for distributing earnings when reversal of the special reserve is added into the undistributed earnings.

Article 27

For the purpose of developing supervisory functions and strengthening management mechanisms, the board of directors of GIANTPLUS, in consideration of the company's scale and type of operations and the number of its board members, may set up functional committees for auditing, remuneration, nomination, risk management or any other functions, and based on concepts of corporate social responsibility and sustainable operation, may set up environmental protection, corporate social responsibility, or other committees, and expressly provide for them in the articles of incorporation.

Functional committees shall be responsible to the board of directors and submit their proposals to the board of directors for approval, provided that the performance of supervisor's duties by the audit committee pursuant to Article 14-4, paragraph 4 of the Securities and Exchange Act shall be excluded.

Functional committees shall adopt an organizational charter to be approved by the board of directors. The organizational charter shall contain the numbers, terms of office, and powers of committee members, as well as the meeting rules and resources to be provided by the company for exercise of power by the committee.

Article 28

GIANTPLUS shall establish either an audit committee or a supervisor.

The audit committee shall be composed of the entire number of independent directors. It shall not be fewer than three persons in number, one of whom shall be convener, and at least one of whom shall have accounting or financial expertise.

For a company that has established an audit committee, the provisions regarding supervisors in the Securities and Exchange Act, the Company Act, other laws and regulations, and these Principles shall apply *mutatis mutandis* to the audit committee.

1. For GIANTPLUS that has established an audit committee, Article 25 herein does not apply to the following matters, which shall be subject to the consent of at least one half of all audit committee members and be submitted to the board of directors for a resolution:
Adoption or amendment of internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.

4. A matter bearing on the personal interest of a director.
5. A material asset or derivatives transaction.
6. A material monetary loan, endorsements, or provision of guarantee.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring, discharge, or compensation of an attesting CPA.
9. The appointment or discharge of a financial, accounting, or internal auditing officer.
10. Annual and semi-annual financial reports.

Any other material matter so required by the company or the competent authority.

The exercise of power by audit committee and independent directors and related matters shall be set forth in accordance with the Securities and Exchange Act, the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies, and the rules and regulations of the TWSE or TPEX.

Article 28-1

GIANTPLUS shall establish a remuneration committee. The professional qualifications for the committee members, the exercise of their powers of office, the adoption of the organizational charter, and related matters shall be handled pursuant to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

The remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors. However, recommendations regarding remuneration for supervisors may be submitted for deliberation by the board of directors only when the board of directors is expressly authorized to handle supervisor remuneration by the company's articles of incorporation or by a resolution of the shareholders meeting:

1. Prescribing and periodically reviewing the policies, systems, standards, and structures for performance evaluation and remuneration for directors, supervisors and managerial officers.
2. Periodically evaluating and prescribing the remuneration of directors, supervisors, and managerial officers.

When performing the official powers of the preceding paragraph, the remuneration committee shall follow the principles listed below:

1. With respect to the performance assessments and remuneration of directors, supervisors and managerial personnel of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.
2. It shall not produce an incentive for the directors or managerial officers to engage in activity to pursue remuneration exceeding the risks that the company may tolerate.
3. It shall take into consideration the characteristics of the industry and the nature of the company's business when determining the ratio of compensation for the short-term performance of its directors and senior management and the time at which the variable part of remuneration is paid.

Article 28-2 (A whistleblowing system)

GIANTPLUS is advised to establish and announce channels for internal and external whistleblowers and have whistleblower protection mechanisms in place. The unit that handles whistleblowers' reporting shall be independent, provide encrypted protection for the files furnished by whistleblowers, and appropriately restrict access to such files. It shall also formulate internal procedures and incorporate those procedures into the company's internal control system for management purposes.

Article 29

GIANTPLUS shall select as its external auditor a professional, responsible, and independent attesting CPA, who shall perform regular reviews of the financial conditions and internal control measures of the company. With regard to any irregularity or deficiency discovered and disclosed in a timely manner by the auditor during the review, and concrete measures for improvement or prevention suggested by the auditor, the company shall faithfully implement improvement actions. It is advisable that the company establish channels and mechanisms of communication between the independent directors, the supervisor or audit committee, and the attesting CPA, and to incorporate procedures for that purpose into the company's internal control system for management purposes.

GIANTPLUS shall evaluate the independence and suitability of the CPA engaged by the company regularly, and no less frequently than once annually. In the event that the company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the company shall evaluate the necessity of replacing the CPA and submit its conclusion to the board of directors.

Article 30

It is advisable that GIANTPLUS engage a professional and competent legal counsel to provide adequate legal consultation services to the company, or to assist the directors, the supervisors and the management to improve their knowledge of the law, for the purposes of preventing any infraction of laws or regulations by the company or its staff and ensuring that corporate governance matters proceed pursuant to the relevant legal framework and the prescribed procedures.

When, as a result of performing their lawful duties, directors, supervisors or the management are involved in litigation or a dispute with shareholders, the company shall retain a legal counsel to provide assistance as circumstances require.

The audit committee or an independent director may retain the service of legal counsel, CPA, or other professionals on behalf of the company to conduct a necessary audit or provide consultation on matters in relation to the exercise of their power, at the expense of the company.

Section 4

Rules for the Proceedings and Decision-Making Procedures of Board Meetings

Article 31

The board of directors of GIANTPLUS shall meet at least once every quarter, or convene at any time in case of emergency. To convene a board meeting, a meeting notice which specifies the purposes of the meeting shall be sent to each director and supervisor no later than 7 days before the scheduled date. Sufficient meeting materials shall also be prepared and enclosed in the meeting notice. If the meeting materials are deemed inadequate, a director may ask the unit in charge to provide more information or request a postponement of the meeting with the consent of the board of directors.

GIANTPLUS shall adopt rules of procedure for board meetings, which shall follow the Regulations Governing Procedure for Board of Directors Meetings of Public Companies with regard to the content of deliberations, procedures, matters to be recorded in the meeting minutes, public announcements, and other matters for compliance.

Article 32

Company directors shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interested party relationship at the meeting. When the relationship is likely to prejudice the interests of the company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter.

Matters requiring the voluntary recusal of a director shall be clearly set forth in the rules of procedure for board meetings.

Article 33

When a board meeting is convened to consider any matter submitted to it pursuant to Article 14-3 of the Securities and Exchange Act, an independent director of GIANTPLUS shall attend the board meeting in person, and may not be represented by a non-independent director via proxy. When an independent director has a dissenting or qualified opinion, it shall be noted in the minutes of the board of directors meeting; if the independent director cannot attend the board meeting in person to voice his or her dissenting or qualified opinion, he or she should provide a written opinion before the board meeting unless there are justifiable reasons for failure to do so, and the opinion shall be noted in the minutes of the board of directors meeting.

In any of the following circumstances, decisions made by the board of directors shall be noted in the meeting minutes, and in addition, publicly announced and filed on the MOPS before the beginning of trading hours on the first business day after the date of the board meeting:

1. An independent director has a dissenting or qualified opinion which is on record or stated in a written statement.
2. The matter was not approved by the audit committee (if the company has set up an audit committee), but had the consent of more than two-thirds of all directors.

During a board meeting, managers from relevant departments who are not directors may, in view of the meeting agenda, sit in at the meetings, make reports on the current business conditions of the company and respond to inquiries raised by the directors. Where necessary, a CPA, legal counsel, or other professional may be invited to sit in at the meetings to assist the directors in understanding the conditions of the company for the purpose of adopting an appropriate resolution, provided that they shall leave the meeting when deliberation or voting takes place.

Article 34

Staff personnel of GIANTPLUS attending board meetings shall collect and correctly record the meeting minutes in detail, as well as a summary, the method of resolution, and voting results of all the proposals submitted to the board meeting in accordance with relevant regulations.

The minutes of the board of director meetings shall be signed by the chairperson and secretary of the meeting and sent to each director and supervisor within 20 days after the meeting. The director attendance records shall be made part of the meeting minutes, treated as important corporate records, and kept safe permanently during the life of the company.

Meeting minutes may be produced, distributed, and preserved by electronic means.

A company shall record on audio or video tape the entire proceedings of a board of directors meeting and preserve the recordings for at least 5 years, in electronic form or otherwise.

If before the end of the preservation period referred to in the preceding paragraph a lawsuit arises with respect to a resolution of a board of directors meeting, the relevant audio or video recordings shall be preserved for a further period, in which case the preceding paragraph does not apply.

Where a board of directors meeting is held via teleconference or video conference, the audio or video recordings of the meeting form a part of the meeting minutes and shall be preserved permanently.

When a resolution of the board of directors violates laws, regulations, the articles of incorporation, or resolutions adopted in the shareholders meeting, and thus causes an injury to the company, dissenting directors whose dissent can be proven by minutes or written statements will not be liable for damages.

Article 35

GIANTPLUS shall submit the following matters to its board of directors for discussion:

Corporate business plans.

1. Annual and semi-annual financial reports, with the exception of semi-annual financial reports which, under relevant laws and regulations, need not be CPA audited and attested.
2. Adoption or amendment to an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
3. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, to the handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
4. The offering, issuance, or private placement of any equity-type securities.
5. The performance assessment and the standard of remuneration of the managerial officers.
6. The structure and system of director's remuneration.
7. The appointment or discharge of a financial, accounting, or internal audit officer.
8. Any matter required by Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw to be approved by resolution at a shareholders meeting or to be submitted to a meeting of the board of directors, or any such significant matter as may be prescribed by the competent authority.

Except for matters that must be submitted to the board of directors for discussion under the preceding paragraph, when the board of directors is in recess, it may delegate the exercise of its power to others in accordance with law, regulations, or its articles of incorporation. However, the level of delegation or the content or matters to be delegated shall be clearly specified, and general authorization is not permitted.

Article 36

GIANTPLUS shall ask the appropriate corporate department or personnel to execute matters pursuant to board of directors' resolutions in a manner consistent with the planned schedule and objectives. It shall also follow up on those matters and faithfully review their implementation.

The board of directors shall remain informed of the progress of implementation and receive reports in subsequent meetings to ensure the actual implementation of the board's management decisions.

Section 5

Fiduciary Duty, Duty of Care and Responsibility of Directors

Article 37

Members of the board of directors shall faithfully conduct corporate affairs and perform the duty of care of a good administrator. In conducting the affairs of the company, they shall exercise their powers with a high level of self-discipline and prudence. Unless matters are otherwise reserved by law for approval in shareholders meetings or in the articles of incorporation, they shall ensure that all matters are handled according to the resolutions of board of directors.

Any resolution of the board of directors that involves the company's business development or a major policy direction shall be carefully considered and may not affect the implementation or effectiveness of corporate governance.

To maintain right of company and director, independent director shall performance of his duties according to related laws and regulations and claims of the articles of incorporation

Article 38

If a resolution of the board of directors violates law, regulations or the company's articles of incorporation, then at the request of shareholders holding shares continuously for a year or an independent director, or at the notice of a supervisor to discontinue the implementation of the resolution, members of the board shall take appropriate measures or discontinue the implementation of such resolution as soon as possible.

Upon discovering a likelihood that the company would suffer material injury, members of the board of directors shall immediately report to the audit committee, an independent director member of the audit committee, or a supervisor in accordance with the foregoing paragraph.

Article 39

GIANTPLUS is advised to take out directors' liability insurance with respect to liabilities resulting from exercising their duties during their terms of occupancy so as to reduce and spread the risk of material harm to the company and shareholders arising from the wrongdoings or negligence of a director.

GIANTPLUS is advised to report the insured amount, coverage, premium rate, and other major contents of the liability insurance it has taken out or renewed for directors, at the next board meeting.

Article 40

Members of the board of directors are advised to participate in training courses on finance, risk management, business, commerce, accounting, law or corporate social responsibility offered by institutions designated in the Rules Governing Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies, which cover subjects relating to corporate governance upon becoming directors and throughout their terms of occupancy. They shall also ensure that company employees at all levels will enhance their professionalism and knowledge of the law.

Chapter IV Respecting Stakeholders' Rights

Article 41

GIANTPLUS shall maintain channels of communication with its banks, other creditors, employees, consumers, suppliers, community, or other stakeholders of the company, respect and safeguard their legal rights and interests, and designate a stakeholder section on its website.

When any of a stakeholder's legal rights or interests is harmed, the company shall handle the matter in a proper manner and in good faith.

Article 42

GIANTPLUS shall provide sufficient information to banks and its other creditors to facilitate their evaluation of the operational and financial conditions of the company and its decision-making process. When any of their legal rights or interest is harmed, the company shall respond with a responsible attitude and assist creditors in obtaining compensation through proper means.

Article 43

GIANTPLUS shall establish channels of communication with employees and encourage employees to communicate directly with the management, directors, or supervisors so as to reflect employees' opinions about the management, financial conditions, and material decisions of the company concerning employee welfare.

Article 44

In developing its normal business and maximizing the shareholders' interest, GIANTPLUS shall pay attention to consumers' interests, environmental protection of the community, and public interest issues, and shall give serious regard to the company's social responsibility.

Chapter V improving Information Transparency

Section 1 Enhancing Information Disclosure

Article 45

Disclosure of information is a major responsibility of GIANTPLUS. GIANTPLUS shall perform its obligations faithfully in accordance with the relevant laws and the related TWSE and TPEX rules.

GIANTPLUS shall establish an Internet-based reporting system for public information, appoint personnel responsible for gathering and disclosing the information, and establish a spokesperson system so as to ensure the proper and timely disclosure of information about policies that might affect the decisions of shareholders and stakeholders.

Article 46

In order to enhance the accuracy and timeliness of the material information disclosed, GIANTPLUS shall appoint a spokesperson and acting spokesperson(s) who understand thoroughly the company's financial and business conditions and who are capable of coordinating among departments for gathering relevant information and representing the company in making statements independently.

In order to implement the spokesperson system, GIANTPLUS shall unify the process of making external statements. It shall require the management and employees to maintain the confidentiality of financial and operational secrets and prohibit their disclosure of any such information at will.

The company shall disclose the relevant information immediately whenever there is any change to the position of a spokesperson or acting spokesperson.

Article 47

In order to keep shareholders and stakeholders fully informed, GIANTPLUS shall utilize the convenience of the Internet and set up a website containing the information regarding the company's finances, operations, and corporate governance. It is also advisable for the company to furnish the financial, corporate governance, and other relevant information in English.

To avoid misleading information, the aforesaid website shall be maintained by specified personnel, and the recorded information shall be accurate, detailed and updated on a timely basis.

Article 48

GIANTPLUS shall hold an investor conference in compliance with the regulations of the TWSE and TPEX, and shall keep an audio or video record of the meeting. The financial and business information disclosed in the investor conference shall be disclosed on the Market Observation Post System and provided for inquiry through the website established by the company, or through other channels, in accordance with the TWSE or TPEX rules.

Section 2 Disclosure of Information on Corporate Governance

Article 49

GIANTPLUS shall disclose and update from time to time the following information regarding corporate governance in the fiscal year in accordance with laws and regulations and TWSE or TPEX rules (disclosure of supervisors' information is not required if the company has an audit committee):

1. Corporate governance framework and rules.
2. Ownership structure and the rights and interests of shareholders, including specific and explicit dividend policy).
3. Structure, professionalism and independence of the board of directors.
4. Responsibility of the board of directors and managerial officers.
5. Composition, duties and independence of the audit committee or supervisors.
6. Composition, duties and operation of the remuneration committee and other functional committees.
7. The remuneration paid to the directors, supervisors, president and vice president in the last two fiscal years, the analysis of the percentage of total remuneration to net profit after tax in the parent company only financial reports or individual financial reports, the policy, standard and package of remuneration payment, the procedure for determination of remuneration and the connection with the operation performance and future risk. Under special individual circumstances, remuneration of individual directors and supervisors shall be disclosed.
8. The progress of training of directors and supervisors.
9. The rights, relationships, avenues for complaint, concerns, and appropriate response mechanism regarding stakeholders.
10. Details of the events subject to information disclosure required by law and regulations.
11. The enforcement of corporate governance, differences between the corporate governance principles implemented by the company and these Principles, and the reason for the differences.
12. Other information regarding corporate governance.

GIANTPLUS is advised, according to the actual performance of the corporate governance system, to disclose the plans and measures to improve its corporate governance system through appropriate mechanisms.

Chapter VI Supplementary Provisions

Article 50

GIANTPLUS shall at all times monitor domestic and international developments in corporate governance as a basis for review and improvement of the Company's own corporate governance mechanisms, so as to enhance their effectiveness.

Article 51

The Principle and any amendments hereto are approved by the Audit Committee and shall be implemented after adoption by resolution of the board of directors and reported to the shareholders meeting

The Principles were enacted on December 25, 2014.

The Principles were first amended on March 27, 2017.

GIANTPLUS TECHNOLOGY CO., LTD.

Corporate Social Responsibility Best Practice Principles

Chapter I General Principles

Article 1

The Company promulgates corporate social responsibility principles in accordance with Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies listed on the Taiwan Stock Exchange Corporation ("TWSE") and Gre Tai Securities Market ("GTSM") as reference to fulfill the corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development.

Article 2

The Principles apply to the entire operations of each such company and its business group.

The Company actively fulfill the corporate social responsibility in the course of their business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on corporate social responsibility.

Article 3

In fulfilling corporate social responsibility initiatives, the Company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.

Article 4

To implement corporate social responsibility initiatives, the Company is advised to follow the principles below:

1. Exercise corporate governance
2. Foster a sustainable environment
3. Preserve public welfare
4. Enhance disclosure of corporate social responsibility information

Article 5

The Company shall take into consideration the correlation between the development of domestic and international corporate social responsibility principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility programs, which shall be approved by the board of directors.

Chapter II Exercising Corporate Governance

Article 6

The directors of the Company shall exercise the due care of good administrators to urge the company to perform its corporate social responsibility initiatives, review the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its corporate social responsibility policies.

The board of directors of the Company is advised to include the following matters in the Company's performance of its corporate social responsibility initiatives:

2. Identifying the Company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines
1. Making corporate social responsibility the guiding principle of the company's operations and development
2. Identifying the company's corporate social responsibility mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines
3. Enhancing the disclosure of corporate social responsibility information

Article 7

For the purpose of managing corporate social responsibility initiatives, the Company designates general affairs department to be in charge of proposing and enforcing the corporate social responsibility policies, systems, or relevant management guidelines, and concrete promotional plans.

Article 8

The Company shall, based on respect for the rights and interests of stakeholders, understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important corporate social responsibility issues which they are concerned about.

Article 9

The Company shall follow the Corporate Governance Best Practice Principles and the Code of Ethical Conduct to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

Article 10

The Company shall comply with relevant regulations in its operational activities and implement the following matters to create a level playing field:

1. Avoid engaging in violations of unfair competition
2. The actual implementation of tax obligations
3. Anti-bribery and greed, and establish an appropriate management system
4. Corporate donations are in line with internal operating procedures

Article 11

The Company shall hold business ethics education courses for the board and other employees on a periodic basis. The employee performance evaluation system be combined with business ethics, and that a clear and effective incentive and discipline system be established.

Chapter III Fostering a Sustainable Environment

Article 12

The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 13

The Company shall endeavor to utilize all resources more efficiently and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 14

The Company shall establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:

1. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
2. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
3. Adopting enforcement measures such as concrete plans or action plans, and examining the results of their operation on a regular basis.

Article 15

The Company designates Department of Construction and Security to maintain relevant environment management systems and hold environment education courses for their managerial officers and other employees on a periodic basis.

Article 16

The Company shall take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from their business operations:

1. Reduce resource and energy consumption of their products and services
2. Reduce emission of pollutants, toxins and waste, and dispose of waste properly
3. Improve recyclability and reusability of raw materials or products
4. Maximize the sustainability of renewable resources
5. Enhance the durability of products
6. Improve efficiency of products and services

Article 17

To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.

The Company avoids polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 18

The Company shall monitor the impact of climate change on their operations and should establish company strategies for energy conservation to minimize the impact of their business operations on climate change.

Chapter IV Preserving Public Welfare

Article 19

The Company shall comply with relevant laws and regulations, fulfill its responsibility to protect human rights and comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination and respect to matters adversely impacting the rights and interests of the labor force.

The Company shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

Article 20

The Company shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

Article 21

The Company shall provide safe and healthful work environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company shall organize training on safety and health for their employees on a regular basis.

Article 22

The Company shall create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills.

Article 23

The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions.

The Company shall respect the employee representatives' rights to bargain for the working conditions, and shall provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The Company shall, by reasonable means, inform employees of operation changes that might have material impacts.

Article 23-1

The Company treats consumers or consumer in a fair and reasonable way, including the principle of contractual fairness and integrity, attention and loyalty obligations, truthful advertising, merchandise or service suitability, informing and disclosure, remuneration and performance equity, appeal protection, professionalism of business personnel to protect customer or consumer rights.

Article 24

The Company shall take responsibility for their products and services, and take marketing ethics seriously.

Article 25

The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.

The Company shall follow relevant laws, regulations and international guidelines when marketing or labeling their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 26

The Company shall provide a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 27

The Company shall assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the corporate social responsibility initiative.

Article 28

The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the location of the business operations, to enhance community acceptance.

The Company are through commercial activities, non-cash property endowments, volunteering service or other charitable professional services, participate in events held by citizen organizations, charities and local government agencies relating to community development and community education to promote community development.

Chapter V Enhancing Disclosure of Corporate Social Responsibility Information

Article 29

The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles and shall fully disclose relevant and reliable information relating to their corporate social responsibility initiatives to improve information transparency.

Article 30

Relevant information relating to corporate social responsibility which the Company shall disclose includes:

1. The policy, systems or relevant management guidelines, and concrete promotion plans for corporate social responsibility initiatives, as resolved by the board of directors.

2. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
3. Goals and measures for realizing the corporate social responsibility initiatives established by the company, and performance in implementation.
4. Performance of corporate social responsibility
5. Other information relating to corporate social responsibility initiatives.

Article 31

The Company shall produce corporate social responsibility reports, to disclose the status of their implementation of the corporate social responsibility policy. The reports are advised to include:

1. The policy, system, or relevant management guidelines and concrete promotion plans for implementing corporate social responsibility initiatives
2. Major stakeholders and their concerns.
3. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
4. Future improvements and goals.

Chapter VI Supplementary Provisions

Article 32

The Company shall at all times monitor the development of domestic and foreign corporate social responsibility standards and the change of business environment so as to examine and improve corporate social responsibility framework and to obtain better results from the implementation of the corporate social responsibility policy.

Article 33

The Principle and any amendments hereto are approved by Audit Committee and shall be implemented after adoption by resolution of the board of directors and reported to the shareholders meeting.

Article 34

The Principles are established on 25 December 2014 and first amended on 27 March 2017.

GIANTPLUS TECHNOLOGY CO., LTD.

Procedures for Ethical Management and Guidelines for Conduct

Article 1

The Company engages in commercial activities following the principles of fairness, honesty, faithfulness, and transparency, and in order to fully implement a policy of ethical management and actively prevent unethical conduct, these Procedures for Ethical Management and Guidelines for Conduct (hereinafter, "Procedures and Guidelines") are adopted pursuant to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies with a view to providing all personnel of this Corporation with clear directions for the performance of their duties.

The scope of application of these Procedures and Guidelines includes the subsidiaries of this Corporation, any incorporated foundation in which this Corporation's accumulated contributions, and other group enterprises and organizations, such as institutions or juristic persons, substantially controlled by this Corporation.

Article 2

For the purposes of these Procedures and Guidelines, the term "personnel of this Corporation" refers to any director, supervisor, managerial officer, employee, mandatary or person having substantial control, of this Corporation or its group enterprises and organizations.

Any provision, promise, request, or acceptance of improper benefits by any personnel of this Corporation through a third party will be presumed to be an act by the personnel of this Corporation.

Article 3

For the purposes of these Procedures and Guidelines, "unethical conduct" means that any personnel of this Corporation, in the course of their duties, directly or indirectly provides, promises, requests, or accepts improper benefits or commits a breach of ethics, unlawful act, or breach of fiduciary duty for purposes of acquiring or maintaining benefits.

The counterparties of the unethical conduct under the preceding paragraph include public officials, political candidates, political parties or their staffs, and government-owned or private-owned enterprises or institutions and their directors, supervisors, managerial officers, employees, persons having substantial control, or other interested parties.

Article 4

For the purposes of these Procedures and Guidelines, the term "benefits" means any money, gratuity, gift, commission, position, service, preferential treatment, rebate, facilitating payment, entertainment, dining, or any other item of value in whatever form or name.

Article 5

This Corporation shall designate the administrative management service as the solely responsible unit (hereinafter, "responsible unit") and in charge of the amendment, implementation, interpretation, and advisory services with respect to these Procedures and Guidelines, the recording and filing of reports, and the monitoring of implementation and submit regular reports to the board of directors at least once a year.

Article 6 (Prohibition of unreasonable gifts, hospitality or accepting improper benefits)

The Company absolutely prohibits the employees of the Company from requesting any gift, preferential or special treatment, including business or customs, directly or indirectly to suppliers, distributors or customers who have business dealings with the company or seek to trade with the company, including any compliments, discounts or other forms of hospitality. All employees of the Company are prohibited from accepting gifts or offers from any supplier, distributor or customer. However, souvenirs or promotional gifts with a value of no more than NT\$3,300 or the company's souvenir with custom-printed logo are not prohibited as required by local customs and customs. Other items or cash shall be rejected in a polite manner stating the Company policy. If it is not possible to reject it, the item must be handed over to the Human Resources Department for proper disposal. The employees of the Company shall not accept the prizes or gifts from any related suppliers during the Company's celebration and networking activities.

The employees of the Company are strictly forbidden to accept the hospitality provided by the supplier, dealer or customer during any journey except during business travel and when approved by the Company.

The employees of the Company shall not borrow money from the Company's supplier, dealer, customer, or engage in any leasing with or without consideration or engage in any borrowing.

Article 7 (Prohibition of illegal political contributions)

The employees of the Company directly or indirectly provide donations to political parties or organizations or individuals of political activities, which shall comply with the political contribution law and relevant internal operating procedures of the Company, and shall not be used for commercial interests or trading advantages.

Article 8 (Prohibition of improper charitable donations or sponsorships)

The employees of the Company shall comply with relevant laws and internal procedures when making charitable donations or sponsorships, and shall not engaged in any disguised form of bribery.

Article 9 (Prohibition of infringement of business secrets, trademarks, patents, copyrights and other intellectual property rights)

The employees of the Company shall abide by the relevant regulations of intellectual property, the procedures of internal operating and contractual provisions; shall not use, leak, dispose, damage or otherwise infringe intellectual property rights without the consent of the owner of intellectual property rights.

Article 10 (Prohibition of unfair competition)

The employees of the Company shall engage in business activities in accordance with relevant competition regulations, and may not rigid prices, manipulate bids, limit production and quotas, or share or segment markets by assigning customers, suppliers, operating areas or business types.

Article 11 (Prevent products or services from harming stakeholders)

The employees of the Company shall follow the relevant laws and international standards in the research and development, procurement, manufacturing, supply or sales of products and services to ensure the information transparency and security of products and services, and to develop and disclose their consumers or other stakeholder protection policies and implement them in operational activities to prevent products or services from directly or indirectly harming the rights, health and safety of consumers or other interested parties. In the event that it is true that the goods and services are harmful to the safety and health of consumers or other interested parties, in principle, the batch of products should be recycled or their services should be stopped.

Article 12

The directors of the Company shall be highly self-disciplined. When the directors themselves or their legal persons have a stake in the resolutions set out by the board of directors, which may be harmful to the interests of the company, they may express their opinions and answer questions but not participate in discussions and voting, and they shall recuse themselves from the discussions and voting and no other directors may be allowed to act as a proxy to exercise their voting rights. Directors should also be self-disciplined and do not support each other inappropriately.

When the employees of the Company find themselves, or the legal entity then present, in conflict of interest with the Company, when performing their business, or they may cause themselves, spouse, parents, children or their interested parties to obtain illegitimate interests, the related matters shall be reported to the direct supervisor and the Company's special unit, and the direct supervisor shall provide appropriate guidance.

The employees of the Company may not use resources of Company except for commercial activities of the Company, and may not affect work performance due to participation in other business activities.

Article 13 (Avoidance of conflict of interest)

The employees of the Company may not use their position or influence in the Company to obtain illegitimate benefits for themselves, their spouses, parents, children or anyone else.

Article 14

The Company shall set up a special unit dealing with trade secrets, responsible for formulating and implementing the management, preservation and confidentiality procedures of the Company's trade secrets, and shall regularly review the implementation results to ensure that its operating procedures are still effective.

Article 15

The employees of the Company shall strictly abide by the relevant operational rules of trade secrets of the Company, and shall not disclose trade secrets of the Company to others, and may not inquire or collect the business secrets of non-job-related companies.

Article 16

The employees of the Company shall abide by the Securities Exchange Act and shall not engage in insider trading using the undisclosed information they know, nor disclose it to others to prevent others from using the such information to engage in insider trading.

Article 17

Other institutions or personnel involved in the merger, division, acquisition and share transfer, important memorandum, strategic alliance, other business cooperation plan or important contract of the Company shall sign a confidentiality agreement with the Company and commit to not disclosing the trade secret of the Company or other material information n they are aware of to others and may not use the information without obtaining consent from the Company.

Article 18

The Company discloses its integrity management policies on internal regulations, annual reports, company websites or other publications, and declares at appropriate time in product announcements, corporate briefings to make its suppliers, customers or other business-related institutions and personnel can clearly understand its integrity management philosophy and norms.

Article 19

Before establishing a business relationship with others, the Company shall first assess the legality, integrity management policies of agents, suppliers, customers or other business contacts, and whether there have been records of dishonesty to ensure that its business operations are fair, transparent and does not require, offer or accept bribes.

When conducting the assessment of the preceding paragraph, the Company may adopt an appropriate procedure to examine the following matters to understand the status of business partner's integrity management:

1. The country, location, organization structure, operating policy and payment location of the company
2. Whether the company has a policy of integrity management and its implementation
3. Whether the location where the company operates in is a country with high risk of corruption
4. Whether the business the company engages in is a high-risk industry
5. The long-term operating status and goodwill of the company
6. Consult their business partners for their opinions on the company
7. Enquire whether the company was ever recorded acts of dishonesty, such as bribery or illegal political contributions.

Article 20

In the course of engaging in business conduct, the employees of the Company shall explain to the transaction counterparty the Company's integrity management policies and related regulations, and expressly refuse to provide, promise, demand or accept any form of improper benefits, including rebates and commissions, directly or indirectly, facilitating payments or providing or receiving undue benefits through other channels.

Article 21

The employees of the Company should avoid engaging in commercial transactions with agents, suppliers, customers or other business partners who operate in bad faith. If they find any business dealings or untrustworthy partners, they shall immediately terminate business relationship with them and list them as rejected business partners to implement integrity management policy of the Company.

Article 22

When the Company signs a contract with others, it shall fully understand the other party's integrity management status, and incorporate the integrity management into the contract terms. At least the following items shall be clearly stated in the contract:

1. Any party who learns that a person has violated the contractual terms of prohibition of commission, rebate or other benefits shall promptly inform the other party of the person's identity, the manner of the offer, promise, request or receipt, amount, or other benefits, and provide relevant evidence and cooperate with other parties for investigation.
2. In the event any party is involved in an act of dishonesty in a business activity, the other party may terminate the contract at any time unconditionally.
3. Setting clear and reasonable payment terms, including payment location, method, and relevant tax regulations to be complied with.

Article 23

When the Company discovers or receives reports of acts of dishonesty involving the employees of the Company, it shall promptly ascertain the relevant facts. If it is confirmed that there is a violation of relevant laws or the Company's integrity management policies and regulations, the person committing such act shall be immediately requested to discontinue such action. The Company will render appropriate disciplinary actions, and when necessary, claim damages to safeguard the Company's reputation and interests through legal proceedings.

Article 24

When the employees of the Company find a person commits act of dishonesty against the Company, if the act is illegal, the Company shall notify the judicial and prosecutorial organs of the relevant facts. If a government entity or officer is involved, the Company shall notify the government's integrity administration.

Article 25

The Company should incorporate integrity management into employee performance appraisal and human resources policies, and establish a clear and effective reward and punishment and appeal system.

In the event any employee of the Company commits material violation of integrity, such employee shall be dismissed according to relevant laws or regulations.

The Company shall disclose information such as the title and name of the person committing a violation, date of violation, violation fact and handling of the breach of integrity on the internal website.

Article 26

The Procedures and Guidelines and any amendments hereto are approved by the Audit Committee and shall be implemented after adoption by resolution of the board of directors and reported to the shareholders meeting.

Article 27

The Procedure is established on December 24, 2012, first amended on March 27, 2017, second amended on March 20, 2015, and third amended on March 19, 2020.

Giantplus Technology Co., Ltd.

Statement of internal control system

Date: March 19, 2020

According to the examination on internal control systems done by the Company itself in 2019, we hereby state as follows:

- I. The Company's board of directors and management team understand their responsibilities of developing, implementing and maintaining the Company's internal control system, and such a system has been established. The purpose of establishing the internal control system is to reasonably assure the following objectives: The effectiveness and efficiency of business operation (including earnings, operation performance, and the safeguard of company assets); The reliability of the financial and related reports; and the compliance of the relevant laws/regulations and company policies;
- II. Due to the innate limitations in designing a faultless internal control system, this system can only assure that the reasonableness of the above three objectives has been fairly achieved. In addition, the effectiveness of the internal control system may change over time due to the change of the business environment or situation. Since the Company's internal control system has included a self-examination capability, the Company will make immediate corrections when errors are detected.
- III. The evaluation of effectiveness of the internal control system design and implementation is made in accordance with the "Guidelines for the Establishment of Internal Control Systems by Public Companies" (the Guidelines). The Guidelines are made to examine the following five factors during the management and control process: (1) control environment, (2) risk assessment and response, (3) control activities, (4) information and communication, and (5) supervision. Each factor also includes several items. Details of each factor can be found in the Guidelines.
- IV. The Company has examined the effectiveness of each respected area in the internal control system based on the Guidelines.
- V. The examination results indicated that the Company's internal control system (including subsidiary governance) dated December 31, 2019 had effectively assured that the following objectives had been reasonably achieved during the assessing period: The degree of effectiveness and efficiency of business operation; The reliability of the financial and related reports; The compliance of the relevant laws/regulations and company policies
- VI. This Statement is a significant part of the Company's annual report and prospectus available to the general public. If it contains false information or omits any material content, the Company is in violation of Article 20, Article 32, Article 171, and Article 174 set forth in the Taiwan's Securities and Exchange Act.

VII. The Company hereby declares that this statement had been approved by the Board of Directors on March 19, 2020. Among the 7 attending Directors, no one raised any objection to the contents of this statement.

Giantplus Technology Co., Ltd.

Chairman:

President:

Independent Auditors' Report

To the Board of Directors of Giantplus Technology Co., Ltd:

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. Revenue recognition

Please refer to Note 4(o) and Note 6(u) for the “Revenue” section of the consolidated financial statements.

Description of key audit matter:

Revenue of the Group is generated in accordance with the sellers and buyers' trading terms, and it is recognized when the obligation and the risk of loss are transferred from sellers to buyers. The revenue can be fluctuated during different season since the touch panel industry changes rapidly which will increase the risk of inappropriate revenue recognition timing, therefore, we identified revenue recognition as one of our key audit matters.

How the matter was addressed in our audit:

As mentioned above, our principal audit procedures included understanding the internal control of revenue cycle and testing the effectiveness of related controls, selecting samples and verifying relevant documents to ensure the amount of revenue is accurate and the recognition timing is proper, understanding whether significant sales returns exist in subsequent period.

2. Impairment of Non-financial Assets

For details of the impairment valuation of non-financial assets, please refer to Note 4(m), 5(b) and 6(i).

Description of key audit matter:

Due to the economic downturn and growing competition within panel industry, material risk in impairment of non-financial assets might exist. The Group used its estimated future cash flows discounted by the adequate discount rate to measure the recoverable amount of the cash-generating-units. The future cash flows were estimated based on how assets are utilized, useful lives of assets, and estimated income and expenses in the future. Since the estimate involved several assumptions, such as determination of discount rate and future financial projections which were easily affected by management judgement and with high uncertainty, we identified the impairment of non-financial assets as one of our key audit matters.

How the matter was addressed in our audit:

As mentioned above, our principal audit procedures included assessing the reasonableness of expected operating revenue, gross profit and changes in expenses by comparing historical results; understanding the key assumptions used by management in estimating future cash flows; reviewing the parameters of discount rate, including the risk-free rate of return on equity capital and the risk factor of the industry.

Other Matter

The Company has prepared its parent-company-only financial statements as of and for the years ended December 31, 2019 and 2018, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chung-Yi Chiang and Jung-Lin Lee.

KPMG

Taipei, Taiwan (Republic of China)

March 19, 2020

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018				December 31, 2019		December 31, 2018	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 1,973,080	16	2,402,344	18	2100	Short-term borrowings (note 6(l))	\$ 250,000	2	400,000	3
1110	Current financial assets at fair value through profit or loss (note 6(b))	123	-	-	-	2170	Accounts payable	1,417,921	12	1,219,095	9
1170	Accounts receivable, net (note 6(d)&7)	1,612,076	13	1,663,323	12	2180	Accounts payable to related parties (note 7)	184,382	2	41,587	-
1200	Other receivables (note 6(e)&7)	80,064	1	138,657	1	2200	Other payables	965,607	8	881,441	7
1310	Inventories (note 6(f))	1,278,886	11	1,017,900	8	2220	Other payables to related parties (note 7)	44,332	-	19,882	-
1470	Other current assets (notes 7&8)	394,473	3	229,526	2	2230	Current tax liabilities	12,369	-	39,619	-
	Total current assets	<u>5,338,702</u>	<u>44</u>	<u>5,451,750</u>	<u>41</u>	2280	Current lease liabilities (note 6(n))	36,457	-	-	-
Non-current assets:						2322	Long-term borrowings, current portion (note 6(m))	110,968	1	141,667	1
1600	Property, plant and equipment (notes 6(i), 7&8)	6,652,609	55	7,627,805	57	2399	Other current liabilities (notes 6(t)&7)	186,511	2	84,509	1
1755	Right-of-use assets (note 6(j))	153,259	1	-	-		Total current liabilities	<u>3,208,547</u>	<u>27</u>	<u>2,827,800</u>	<u>21</u>
1780	Intangible assets (note 6(k))	17,561	-	19,952	-	Non-Current liabilities:					
1840	Deferred tax assets (note 6(r))	28,924	-	31,011	-	2540	Long-term borrowings (note 6(m))	721,290	6	2,125,000	16
1985	Long-term prepaid rents	-	-	143,080	1	2550	Non-current provisions (note 6(o))	95,238	1	95,238	1
1900	Other non-current assets (note 8)	16,917	-	80,994	1	2570	Deferred tax liabilities (note 6(m))	41,741	-	-	-
	Total non-current assets	<u>6,869,270</u>	<u>56</u>	<u>7,902,842</u>	<u>59</u>	2580	Non-current lease liabilities (note 6(n))	17,382	-	-	-
						2640	Net defined benefit liability, non-current (note 6(q))	17,652	-	45,651	-
						2600	Other non-current liabilities	17,584	-	22,496	-
							Total non-current liabilities	<u>910,887</u>	<u>7</u>	<u>2,288,385</u>	<u>17</u>
							Total liabilities	<u>4,119,434</u>	<u>34</u>	<u>5,116,185</u>	<u>38</u>
						Equity attributable to owners of parent (note 6(s)):					
						3110	Ordinary shares	4,415,449	36	4,415,449	33
						3200	Capital surplus	2,618,982	21	2,618,982	20
							Retained earnings:				
						3310	Legal reserve	177,220	1	177,220	1
						3320	Special reserve	231,028	2	142,453	1
						3350	Unappropriated retained earnings	834,399	7	1,115,331	8
							Other equity interest:				
						3410	Exchange differences on translation of foreign financial statements	(142,504)	(1)	(184,992)	(1)
						3420	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	(46,036)	-	(46,036)	-
							Total equity	<u>8,088,538</u>	<u>66</u>	<u>8,238,407</u>	<u>62</u>
	Total assets	<u>\$ 12,207,972</u>	<u>100</u>	<u>13,354,592</u>	<u>100</u>		Total liabilities and equity	<u>\$ 12,207,972</u>	<u>100</u>	<u>13,354,592</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		<u>2019</u>		<u>2018</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
	Operating Revenues:				
4110	Sales revenue	\$ 8,900,926	101	10,012,255	101
4170	Less: Sales returns	17,324	-	36,474	-
4190	Sales discounts and allowances	<u>68,623</u>	<u>1</u>	<u>87,929</u>	<u>1</u>
	Operating revenue, net (notes 6(u)&7)	8,814,979	100	9,887,852	100
5110	Cost of sales (notes 6(e)&7)	<u>8,048,523</u>	<u>91</u>	<u>8,738,883</u>	<u>88</u>
	Gross profit	<u>766,456</u>	<u>9</u>	<u>1,148,969</u>	<u>12</u>
	Operating expenses:				
6100	Selling expenses	332,702	4	393,455	4
6200	Administrative expenses	525,986	6	401,866	4
6300	Research and development expenses	266,793	3	275,742	3
6450	Expected credit loss (gain) (note 6(d))	<u>(8,986)</u>	<u>-</u>	<u>76,847</u>	<u>1</u>
	Total operating expenses	<u>1,116,495</u>	<u>13</u>	<u>1,147,910</u>	<u>12</u>
	Net operating (loss) income	<u>(350,039)</u>	<u>(4)</u>	<u>1,059</u>	<u>-</u>
	Non-operating income and expenses(note 6(w)):				
7010	Other income	220,520	3	261,942	3
7020	Other gains and losses	97,673	1	(265,435)	(3)
7050	Finance costs	<u>(25,693)</u>	<u>-</u>	<u>(35,642)</u>	<u>-</u>
	Total non-operating income and expenses	<u>292,500</u>	<u>4</u>	<u>(39,135)</u>	<u>-</u>
	Profit (loss) before tax	(57,539)	-	(38,076)	-
7950	Less: Income tax expenses (note 6(r))	<u>143,363</u>	<u>2</u>	<u>94,502</u>	<u>1</u>
	Profit (loss)	<u>(200,902)</u>	<u>(2)</u>	<u>(132,578)</u>	<u>(1)</u>
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	8,545	-	1,532	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>8,545</u>	<u>-</u>	<u>1,532</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	42,488	-	(42,539)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>42,488</u>	<u>-</u>	<u>(42,539)</u>	<u>-</u>
8300	Other comprehensive income	<u>51,033</u>	<u>-</u>	<u>(41,007)</u>	<u>-</u>
8500	Comprehensive income (loss)	<u>\$ (149,869)</u>	<u>(2)</u>	<u>(173,585)</u>	<u>(1)</u>
	Earnings per share (note 6(t))				
9750	Basic earnings per share(NT dollars)	<u>\$ (0.45)</u>		<u>(0.30)</u>	
9850	Diluted earnings per share(NT dollars)	<u>\$ (0.45)</u>		<u>(0.30)</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Consolidated Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent					Other equity interest		Total equity
	Share capital		Legal reserve	Retained earnings		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
	Ordinary shares	Capital surplus		Special reserve	Unappropriated retained earnings			
Balance at January 1, 2018	\$ 4,415,449	2,618,982	116,641	92,945	1,398,737	(142,453)	-	8,500,301
Effects of retrospective application	-	-	-	-	46,036	-	(46,036)	-
Balance at January 1, 2018 after adjustments	4,415,449	2,618,982	116,641	92,945	1,444,773	(142,453)	(46,036)	8,500,301
Profit (loss) for the year	-	-	-	-	(132,578)	-	-	(132,578)
Other comprehensive income	-	-	-	-	1,532	(42,539)	-	(41,007)
Comprehensive income	-	-	-	-	(131,046)	(42,539)	-	(173,585)
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	60,579	-	(60,579)	-	-	-
Special reserve	-	-	-	49,508	(49,508)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(88,309)	-	-	(88,309)
Balance at December 31, 2018	4,415,449	2,618,982	177,220	142,453	1,115,331	(184,992)	(46,036)	8,238,407
Profit (loss) for the year	-	-	-	-	(200,902)	-	-	(200,902)
Other comprehensive income	-	-	-	-	8,545	42,488	-	51,033
Comprehensive income	-	-	-	-	(192,357)	42,488	-	(149,869)
Appropriation and distribution of retained earnings:								
Special reserve	-	-	-	88,575	(88,575)	-	-	-
Balance at December 31, 2019	\$ 4,415,449	2,618,982	177,220	231,028	834,399	(142,504)	(46,036)	8,088,538

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Consolidated Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Loss before tax	\$ (57,539)	(38,076)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	832,796	871,652
Amortization expense	8,076	10,710
Expected credit loss (gain)	(8,986)	76,847
Interest expense	25,693	35,642
Interest income	(32,781)	(32,795)
Loss on disposal of property, plant and equipment	4,144	6,435
Impairment loss on non-financial assets	(123)	-
Gain from disposal of subsidiary	593,006	174,594
	(934,889)	-
Total adjustments to reconcile profit	486,936	1,143,085
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	48,267	290,940
Other receivables	(80,800)	(69,050)
Inventories	(259,450)	(136,985)
Other current assets	(168,752)	(20,664)
Total changes in operating assets	(460,735)	64,241
Changes in operating liabilities:		
Accounts payable	198,826	(612,274)
Accounts payable to related parties	142,795	11,260
Other payables	39,626	(367,912)
Other payables to related parties	24,450	(5,625)
Other current liabilities	102,002	(8,212)
Net defined benefit liability	(19,454)	(1,536)
Total changes in operating liabilities	488,245	(984,299)
Total changes in operating assets and liabilities	27,510	(920,058)
Total adjustments	514,446	223,027
Cash inflow generated from operations	456,907	184,951
Interest received	32,781	32,949
Interest paid	(26,777)	(36,273)
Income taxes paid	(136,785)	(238,357)
Net cash flows from (used in) operating activities	326,126	(56,730)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	-	(118,833)
Proceeds from disposal of financial assets at amortized cost	-	148,300
Proceeds from disposal of subsidiary	1,542,095	-
Acquisition of property, plant and equipment	(340,440)	(355,799)
Proceeds from disposal of property, plant and equipment	74,906	280
Acquisition of intangible assets	(3,746)	(1,466)
Other non-current assets	(411,038)	(197,198)
Net cash flows from (used in) investing activities	861,777	(524,716)
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(150,000)	50,000
Repayments of long-term borrowings	(1,434,409)	(733,333)
Guarantee deposits	(2,061)	-
Repayments of lease liabilities	(37,962)	-
Other non-current liabilities	-	7,986
Cash dividends paid	-	(88,309)
Net cash flows used in financing activities	(1,624,432)	(763,656)
Effect of exchange rate changes on cash and cash equivalents	7,265	(26,169)
Net decrease in cash and cash equivalents	(429,264)	(1,371,271)
Cash and cash equivalents at beginning of period	2,402,344	3,773,615
Cash and cash equivalents at end of period	\$ 1,973,080	2,402,344

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

GIANTPLUS TECHNOLOGY CO., LTD. (the “Company”) was incorporated on December 15, 1997, as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The Company’s registered office address is located at 15 Industrial Rd., Toufen, Miao-Li, Taiwan. The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) on December 27, 2006. The primary business scope of the Company and its subsidiaries (together referred to as the Group) includes the research, development, production and sale of thin film transistor liquid crystal displays (“TFT-LCDs”).

Toppan printing Co., Ltd (“TOPPAN”) acquired Ortus Technology Co. Ltd. (“Ortus”), the former parent company of the Company, on April 1, 2019. Since then, TOPPAN has become the parent company and ultimate controlling company of the Company.

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 19, 2020.

(3) New standards, amendments and interpretations adopted:

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
IFRS 16 “Leases”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019
Amendments to IFRS 9 “Prepayment features with negative compensation”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 “Long-term interests in associates and joint ventures”	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16“Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below,

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(k).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Group decided to apply recognition exemptions to short-term leases of part of staff dormitory and office equipment.

- Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee’s incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property leases; or

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other lease.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
 - Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
 - Applied the exemption not to recognize right-of-use assets and lease liabilities for leases with less than 12 months of lease term.
 - Excluded initial direct costs from measuring the right-of-use assets at the date of initial application.
 - Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use assets and the lease liabilities at January 1, 2019 are determined at the carrying amount of the lease asset and lease liabilities under IAS 17 immediately before that date.

3) As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Group is required to assess the classification of a sub-lease by reference to the right-of-use assets, not the underlying asset. On transition, the Group reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The Group concluded that the sub-lease is a finance lease under IFRS 16.

4) Impacts on financial statements

On transition to IFRS 16, the Group decreased the long-term prepaid rents and the prepaid rents (recorded in other current assets) by \$143,080 and \$3,781 thousand and recognised additional \$233,057 thousands of right-of-use assets and \$86,196 thousands of lease liabilities. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 4.28%.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	\$ 97,238
Recognition exemption for:	
short-term leases	(4,648)
leases of low-value assets	(2,011)
	\$ 90,579
Discounted using the incremental borrowing rate at January 1, 2019	\$ 86,196
Finance lease liabilities recognized as at December 31, 2018	-
Lease liabilities recognized at January 1, 2019	\$ 86,196

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Rule No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(4) Summary of significant accounting policies:

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

(a) Statement of compliance

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

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (or assets) are measured at fair value of plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(p).

(ii) Functional and presentation currency

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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

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

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

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group’s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

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

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding		Notes
			December 31, 2019	December 31, 2018	
The Company	Giantplus (Samoa) Holding Co., Ltd	General investing	100 %	100 %	
Giantplus (Samoa) Holding Co., Ltd	Giantplus Holding L.L.C.	General investing	100 %	100 %	
Giantplus Holding L.L.C.	Kunshan Giantplus Optoelectronics Technology Co., Ltd	The assembly of liquid crystal displays.	100 %	100 %	Note 1
Giantplus Holding L.L.C.	Shenzhen Giantplus Optoelec. Display Co., Ltd	The assembly of liquid crystal displays.	100 %	100 %	
Giantplus Holding L.L.C.	Kunshan Giantplus Optronics Display Tech Co. Ltd	The assembly of liquid crystal displays and the production and sale business of touch panel.	100 %	100 %	

Note 1: A resolution was made during the board of directors meeting held on December 13, 2018 to dispose the entire equity shares of the Group in Kunshan Giantplus Optoelectronics Technology Co., Ltd. (KGP) to Kunshan Jiahang Asset Management Co., Ltd. (KJAM). All related registration procedures were completed on April 8, 2019; and KGP was no longer a subsidiary of the Group.

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

(d) Foreign currencies

(i) Foreign currency transactions

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

(ii) Foreign operations

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

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

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

(g) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

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

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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

5) Derecognition of financial assets

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

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(h) Inventories

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

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

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings	3 ~ 36 years
2) Equipment	2 ~ 12 years
3) Other equipment	2 ~ 11 years

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(k) Lease

Applicable from January 1, 2019

(i) Identifying a lease

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

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
 - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a lessee

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

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

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modifications

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

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

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

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

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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(iii) As a lessor

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

Applicable before January 1, 2019

(i) Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

(ii) Lessee

Other leases are operating leases and are not recognized in the Group's balance sheets.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease.

(l) Intangible assets

(i) Recognition and measurement

Computer software is measured at cost less accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- 1) Computer software 1~ 10 years

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

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Impairment of non-financial assets

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

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

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

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

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

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

(n) Provisions

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

(i) Site restoration

In accordance with the Group's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land and the related expense is recognized when the land is contaminated.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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(o) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods—electronic components

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

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

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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- 2) Costs to fulfil a contract
- a) the cost relate directly to a contract or to an anticipated contract that the Group can specifically identify;
 - b) the costs generate or enhance resources of the Group the will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
 - c) the costs are expected to be recovered.

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(q) Income taxes

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

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

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

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

- (r) Earnings per share

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

- (s) Operating segments

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

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

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

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

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Valuation of inventories

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

(b) Impairment of property, plant and equipment, and intangible assets

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Group is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to Note 6(i) for further description of the key assumptions used to determine the recoverable amount.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash on hand	\$ 183	276
Cash in banks		
Checking and savings accounts	1,582,000	1,874,661
Time deposits	<u>390,897</u>	<u>527,407</u>
	<u>\$ 1,973,080</u>	<u>2,402,344</u>

Please refer to Note 6 (y) for the risk of credit and rate of financial assets of the Group.

Cash and cash equivalents of the Group were not pledged as collateral.

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward exchange contracts	<u>\$ 123</u>	<u>-</u>

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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(i) Derivative financial instruments not designated as hedging instruments

The Group uses derivative financial instruments to hedge the certain foreign exchange and interest risk the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

Forward exchange contracts:

	December 31, 2019		
	Amount (in thousands)	Currency	Maturity dates
Forward exchange sold	\$ 4,000	USD	2020.02.05

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

The Group holds the stocks of domestic non-listed (cabinet) stock-Chenfeng Optronics Corporation, after assessing its recoverable amount, it has recognized the accumulated impairment loss for \$46,036 thousand. Until December 31, 2019 and 2018, the value of available-for-sale financial assets is zero dollars.

The Group reclassified the available-for-sale financial assets to financial assets at fair value through other comprehensive income in accordance with IFRS 9 “Financial Instruments” on January 1, 2018. Until December 31, 2019 and 2018, the value of available-for-sale financial assets is zero dollars.

(d) Accounts receivable

	December 31, 2019	December 31, 2018
Trade receivables—measured as amortized cost	\$ 1,659,315	1,728,268
Trade receivables –fair value through profit or loss	20,622	11,902
Less: Loss allowance	(67,861)	(76,847)
Total	\$ 1,612,076	1,663,323

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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The loss allowance provision as of December 31, 2019 and 2018 was determined as follows:

	December 31, 2019		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,460,637	0.00%	-
1 to 30 days past due	10,524	0.00%	-
31 to 60 days past due	37,848	0.00%	-
61 to 90 days past due	8,698	0.00%	-
91 to 180 days past due	594	1.01%	6
	\$ 1,518,301		6
	December 31, 2018		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,548,537	0.00%	-
1 to 30 days past due	16,398	0.00%	-
31 to 60 days past due	14,848	0.00%	-
61 to 90 days past due	5,122	0.00%	-
91 to 180 days past due	7,537	0.00%	-
	\$ 1,592,442		-

In addition, the Group recognized the allowance for losses of \$67,855 thousands and \$76,847 thousands for accounts receivable that could not reasonably be expected to be recoverable on December 31, 2019 and 2018.

The movement in the allowance for notes and trade receivable was as follows:

	2019	2018
Balance on January 1, 2019 and 2018	\$ 76,847	-
Impairment losses recognized	-	76,847
Impairment losses reversed	(8,986)	-
Balance on December 31, 2019 and 2018	\$ 67,861	76,847

Note and trade receivables of the Group were not pledged as collateral.

The Group entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Group does not have the responsibility to assume the default risk of the transferred trade receivables but is liable for the losses incurred on any business dispute. The Group derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The amounts receivable from the financial institutions were recognized as “other receivables” upon the derecognition of those trade receivables.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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As of December 31, 2019 and 2018, the Group sold its trade receivable without recourse as follows:

Unit: thousand dollars

December 31, 2019					
Purchaser	Derecognition Amount	Factoring Line	Advanced Amount	Range of Interest Rat	Collateral
Financial institution	USD <u>395</u>	USD <u>2,800</u>	TWD <u>-</u>	-	None
December 31, 2018					
Purchaser	Derecognition Amount	Factoring Line	Advanced Amount	Range of Interest Rat	Collateral
Financial institution	USD <u>2,338</u>	USD <u>5,000</u>	TWD <u>-</u>	-	None

The Group recognized the trade receivable without recourse of \$11,844 and \$71,796 thousand on December 31, 2019 and 2018, which was recognized as other receivables.

(e) Other receivables

	December 31, 2019	December 31, 2018
Accounts receivable factoring	\$ 11,844	71,796
Tax refund	36,497	30,080
Others	31,723	36,781
	\$ 80,064	138,657

Other receivables of the Group were not past due and pledged as collateral.

(f) Net Inventories

	December 31, 2019	December 31, 2018
Raw materials and consumables	\$ 404,371	354,184
Work in progress	479,812	367,152
Finished goods	394,703	296,564
	\$ 1,278,886	1,017,900

The factors that caused the net realizable value of inventories lower than the cost have disappeared in 2019, which resulted in the net realizable value has increased and the recognition of the inventory recovery benefit is \$55,074 thousand, which has been reported as the cost of goods sold.

In 2018, the Group recognized a provision on inventory market price decline of \$2,569 thousand, which was charged to cost of goods sold.

Inventories of the Group were not past due and pledged as collateral.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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(g) Investments accounted for using equity method

The proportion of D&Y Intelligent Co., Ltd entity held by the Group is 23.27%. Since the recoverable amount is expected to be lower than the book value, the impairment loss has been recognized in 2014. The book value of the investment is zero. As of December 31, 2019, the company states of D&Y Intelligent Co., Ltd entity was others (abolish) on Department of Commerce.

As of December 31, 2019 and 2018, investments accounted for using equity method of the Group were not past due and pledged as collateral.

(h) Loss control of subsidiaries

The Group disposed its entire shares in KGP to KJAM at the amount of 1,920,760 thousand on April 8, 2019, and lost its control over KJAM since then, resulting in a disciplinary benefit amounting to 934,889 thousand, including the accumulated conversion difference of (61,981) thousand from the reclassification of equity to profit or loss due to the loss control of the subsidiary, to be recognized as other gains and losses in the consolidated comprehensive income statement.

Analysis of the assets Analysis the assets and liabilities of loss of subsidiaries.

Cash and cash equivalents	\$	378,665
Notes and accounts receivable		11,966
Other receivables		149,393
Other current assets		24
Property, plant and equipment		97,722
Right-of-use assets		39,573
Other current assets		246,547
	\$	<u>923,890</u>

(i) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2019 and 2018, were as follows:

	<u>Land</u>	<u>Buildings and construction</u>	<u>Machinery and equipment</u>	<u>Other facilities</u>	<u>Lease improvement</u>	<u>Construction in progress and testing equip</u>	<u>Total</u>
Cost or deemed cost:							
Balance on January 1, 2019	\$ 4,133,511	4,550,581	9,824,257	793,619	218,890	292,685	19,813,543
Additions	-	46,025	94,038	137,720	211	108,070	386,064
Disposal	-	(498,808)	(2,937,905)	(198,556)	(23,578)	-	(3,658,847)
Transfer (out) in	-	18,459	538,864	6,355	843	(340,893)	223,628
Effect of movements in exchange rates	-	(20,405)	(34,112)	(3,692)	(7,764)	45	(65,928)
Balance on December 31, 2019	\$ <u>4,133,511</u>	<u>4,095,852</u>	<u>7,485,142</u>	<u>735,446</u>	<u>188,602</u>	<u>59,907</u>	<u>16,698,460</u>

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	Land	Buildings and construction	Machinery and equipment	Other facilities	Lease improvement	Construction in progress and testing equip	Total
Balance on January 1, 2018	\$ 4,133,511	4,520,551	9,925,373	696,476	220,490	73,528	19,569,929
Additions	-	30,491	23,034	104,497	1,492	172,233	331,747
Disposal	-	-	(123,379)	(8,462)	-	-	(131,841)
Transfer (out) in	-	17,607	107,423	5,791	785	9,436	141,042
Effect of movements in exchange rates	-	(18,068)	(108,194)	(4,683)	(3,877)	37,488	(97,334)
Balance on December 31, 2018	<u>\$ 4,133,511</u>	<u>4,550,581</u>	<u>9,824,257</u>	<u>793,619</u>	<u>218,890</u>	<u>292,685</u>	<u>19,813,543</u>
Depreciation and impairments loss:							
Balance on January 1, 2019	\$ -	2,467,650	8,876,089	666,102	175,897	-	12,185,738
Depreciation	-	259,452	407,128	119,405	6,061	-	792,046
Impairment loss	-	25,631	564,062	3,313	-	-	593,006
Disposal	-	(380,263)	(2,894,257)	(196,320)	(13,266)	-	(3,484,106)
Transfer (out) in	-	-	85	(332)	-	-	(247)
Effect of movements in exchange rates	-	(7,347)	(23,157)	(3,391)	(6,691)	-	(40,586)
Balance on December 31, 2019	<u>\$ -</u>	<u>2,365,123</u>	<u>6,929,950</u>	<u>588,777</u>	<u>162,001</u>	<u>-</u>	<u>10,045,851</u>
Balance on January 1, 2018	\$ -	2,204,696	8,398,348	568,716	172,932	-	11,344,692
Depreciation	-	272,124	483,234	110,207	6,087	-	871,652
Impairment loss	-	-	174,594	-	-	-	174,594
Disposal	-	-	(116,727)	(8,399)	-	-	(125,126)
Transfer (out) in	-	-	23	(23)	-	-	-
Effect of movements in exchange rates	-	(9,170)	(63,383)	(4,399)	(3,122)	-	(80,074)
Balance on December 31, 2018	<u>\$ -</u>	<u>2,467,650</u>	<u>8,876,089</u>	<u>666,102</u>	<u>175,897</u>	<u>-</u>	<u>12,185,738</u>
Carrying amounts:							
Balance on December 31, 2019	<u>\$ 4,133,511</u>	<u>1,730,729</u>	<u>555,192</u>	<u>146,669</u>	<u>26,601</u>	<u>59,907</u>	<u>6,652,609</u>
Balance on January 1, 2018	<u>\$ 4,133,511</u>	<u>2,315,855</u>	<u>1,527,025</u>	<u>127,760</u>	<u>47,558</u>	<u>73,528</u>	<u>8,225,237</u>
Balance on December 31, 2018	<u>\$ 4,133,511</u>	<u>2,082,931</u>	<u>948,168</u>	<u>127,517</u>	<u>42,993</u>	<u>292,685</u>	<u>7,627,805</u>

Due to the economic downturn and growing competition within the industry. The Group expects that the future cash inflow of some machinery will decline, which results in that its recoverable amount is less than the carrying amount. Therefore, the Group recognized the impairment loss of \$593,006 and \$174,594 thousand in 2019 and 2018, which was recognized in non-operating income and expense .

The estimate of value in use was determined using a pre-tax discount rate of 10.52% and 9.40% percent in 2019 and 2018.

As of December 31, 2019 and 2018, the property, plant and equipment of the Group had been pledged as collateral for long-term borrowings; please refer to note 8.

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(j) Right-of-use assets

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

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance on January 1, 2019	\$ -	-	-	-	-
Effects of retrospective application	147,417	75,532	6,268	3,840	233,057
Additions	-	-	3,437	-	3,437
Reclassified	-	-	-	2,947	2,947
Derecognition	(38,988)	-	(1,544)	-	(40,532)
	<u>(4,220)</u>	<u>(2,954)</u>	<u>(66)</u>	<u>(2)</u>	<u>(7,242)</u>
Balance on December 31, 2019	<u>\$ 104,209</u>	<u>72,578</u>	<u>8,095</u>	<u>6,785</u>	<u>191,667</u>
Accumulated depreciation and impairment losses:					
Balance on January 1, 2019	\$ -	-	-	-	-
Depreciation	3,077	31,713	4,077	1,883	40,750
Reclassified	-	-	-	246	246
Derecognition	(301)	-	(861)	-	(1,162)
Effect of changes in exchange rates	<u>(112)</u>	<u>(1,277)</u>	<u>(34)</u>	<u>(3)</u>	<u>(1,426)</u>
Balance on December 31, 2019	<u>\$ 2,664</u>	<u>30,436</u>	<u>3,182</u>	<u>2,126</u>	<u>38,408</u>
Carrying amounts:					
Balance on December 31, 2019	<u>\$ 101,545</u>	<u>42,142</u>	<u>4,913</u>	<u>4,659</u>	<u>153,259</u>

The Group leases warehouses, vehicles and staff dormitory under an operating lease in 2018, please refer to note 6(o).

(k) Intangible assets

	<u>Computer software</u>
Costs :	
Balance at January 1, 2019	\$ 136,153
Acquired separately	3,745
Reclassified	1,741
Disposals	(13,060)
Effect of movement in exchange rates	<u>(512)</u>
Balance at December 31, 2019	<u>\$ 128,067</u>
Balance at January 1, 2018	\$ 135,128
Acquired separately	1,466
Effect of movement in exchange rates	<u>(441)</u>
Balance at December 31, 2018	<u>\$ 136,153</u>

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	Computer software
Accumulated amortization and impairment losses:	
Balance at January 1, 2019	\$ 116,201
Amortization for the year	7,826
Disposals	(13,060)
Effect of movement in exchange rates	(461)
Balance at December 31, 2019	<u><u>\$ 110,506</u></u>
Balance at January 1, 2018	\$ 107,315
Amortization for the year	9,305
Effect of movement in exchange rates	(419)
Balance at December 31, 2018	<u><u>\$ 116,201</u></u>
Carrying value:	
Balance at December 31, 2019	<u><u>\$ 17,561</u></u>
Balance at January 1, 2018	<u><u>\$ 27,813</u></u>
Balance at December 31, 2018	<u><u>\$ 19,952</u></u>

The amortization of intangible assets and their impairment losses are included in the statement of comprehensive income in 2019 and 2018:

	2019	2018
Operating Costs	<u><u>\$ 670</u></u>	<u><u>719</u></u>
Operating expenses	<u><u>\$ 7,156</u></u>	<u><u>8,586</u></u>

(l) Short-term borrowings

	December 31, 2019	December 31, 2018
Secured bank loans	\$ -	150,000
Unsecured bank loans	250,000	250,000
Total	<u><u>\$ 250,000</u></u>	<u><u>400,000</u></u>
Unused short-term credit lines	<u><u>\$ 2,075,841</u></u>	<u><u>2,007,354</u></u>
Range of interest rates	<u><u>0.67%~0.69%</u></u>	<u><u>0.66%~1.25%</u></u>

Please refer to Note 6(w) for interest expense of the Group.

Please refer to Note 6(x) for the risk information of the liquidity risk of the Group.

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

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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(m) Long-term borrowings

December 31, 2019				
	Currency	Rate	Maturity day	Amount
Secured bank loans	TWD	1.30%	2027.4.10	\$ 832,258
Less: current portion				(110,968)
Total				\$ 721,290
Unused long-term credit lines				\$ -

December 31, 2018				
	Currency	Rate	Maturity day	Amount
Secured bank loans	TWD	1.30%	2027.4.10	\$ 2,266,667
Less: current portion				(141,667)
Total				\$ 2,125,000
Unused long-term credit lines				\$ 100,000

(i) Loan repayable

The Group had a secured bank loan with a carrying amount of \$3,000,000 thousand in April, 2017. According to the terms of the agreement, this loan was repayable in tranches, starting from July 2020, over the next 68 periods, once every three months.

According to the terms of the agreement, this loan is repayable from 2020 to 2037. The Group had paid the debt \$1,434,409 and \$733,333 thousand in advance 2019 and 2018, due to capital operation and the high costs of loan. Modifying the terms of the agreement, this loan is repayable in tranches over the next 32 periods from July, 2019, once every three months.

Please refer to Note 6(w) for interest expense of the Group.

Please refer to Note 6(x) for the risk information of the liquidity risk of the Group.

(ii) Collateral for bank loan

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

(n) Lease liabilities

The lease liabilities were as follows:

	December 31, 2019
Current	\$ 36,457
Non-current	\$ 17,382

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

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The amounts recognized in profit or loss were as follows:

	For the year ended December 31, 2019
Interest on lease liabilities	<u>\$ 3,081</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 796</u>
Expenses relating to short-term leases	<u>\$ 5,722</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 1,180</u>

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

	For the years ended December 31, 2019
Total cash outflow for leases	<u>\$ 48,741</u>

(i) Real estate leases

As of December 31, 2019, the Group leases lands and buildings for its office space and warehouses. The leases of office space and warehouses typically run for a period of 3 years.

(ii) Other leases

The Group lease vehicles and equipment, with lease terms of one to four years.

The Group also leases office equipments and part of the staff dormitory with lease terms of one to two years. These leases are short-term or leases of low-value items. The Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

The lease liabilities were classified as operating lease on December 31, 2018, please refer to Note 6(o).

(o) Operating lease

(i) Leases as lessee

Non-cancellable operating lease rentals payable was as follows:

	December 31, 2018
Less than one year	<u>\$ 43,209</u>
Between one and five years	<u>54,029</u>
	<u>\$ 97,238</u>

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(ii) Leases as lessor

The Group leases out its real estate. The Group has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2019
Less than one year	\$ 45,168
One to two years	29,118
Two to three years	23,710
Three to four years	23,253
Four to five years	22,758
More than five years	<u>122,887</u>
Total undiscounted lease payments	<u>\$ 266,894</u>

The Group leases out its properties. The future minimum lease payments under non-cancellable leases are as follows:

	December 31, 2018
Less than one year	\$ 44,561
Between one and five years	100,219
More than five years	<u>145,455</u>
	<u>\$ 290,235</u>

(p) Provisions

	December 31, 2019	December 31, 2018
Site restoration	<u>\$ 95,238</u>	<u>95,238</u>

A provision of \$95,238 thousand was made during 2017 in respect of the Group's obligation to restore the land.

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Due to the nature of long-term liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Group has assumed that the site will be restored using technology and materials that are available currently. The Group has been provided with a range of reasonably possible outcomes of the total cost. The rehabilitation is expected to occur in the future.

(q) Employee benefits

(i) Defined benefit plans

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

	December 31, 2019	December 31, 2018
Present value of the defined benefit obligations	\$ 90,128	114,193
Fair value of plan assets	<u>(72,476)</u>	<u>(68,542)</u>
Net defined benefit liabilities (assets)	<u>\$ 17,652</u>	<u>45,651</u>

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

1) Composition of plan assets

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

The Group Bank of Taiwan labor pension reserve account balance amounted to \$72,476 thousand as of December 31, 2019. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

	<u>2019</u>	<u>2018</u>
Defined benefit obligations at January 1	\$ 114,193	114,406
Current service costs and interest cost	1,310	1,607
Remeasurement on the net defined benefit liabilities (assets)		
– Experience adjustments arising on the actuarial gains or losses	1,979	(4,170)
– Actuarial loss (gain) arising from:		
- demographic assumptions	2,185	606
- financial assumptions	(10,316)	3,814
Benefits paid	(1,285)	(2,070)
Past service credit and curtailment or settlement gains	(17,938)	-
Defined benefit obligations at December 31	<u>\$ 90,128</u>	<u>114,193</u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	<u>2019</u>	<u>2018</u>
Fair value of plan assets at January 1	\$ (68,542)	(65,688)
Interest income	(695)	(835)
Remeasurement on the net defined benefit liabilities (assets)		
– Actuarial loss (gain)	(2,393)	(1,782)
Contribution made	(2,131)	(2,307)
Benefits paid	1,285	2,070
Fair value of plan assets at December 31	<u>\$ (72,476)</u>	<u>(68,542)</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	<u>2019</u>	<u>2018</u>
Current service costs	\$ 170	178
Net interest of net liabilities for defined benefit obligations	445	594
Past service credit and curtailment or settlement gains	(17,938)	-
	<u>\$ (17,323)</u>	<u>772</u>

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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	<u>2019</u>	<u>2018</u>
Operating cost	\$ (14,051)	374
Operating expenses	<u>(3,272)</u>	<u>398</u>
	<u>\$ (17,323)</u>	<u>772</u>

- 5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Group's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2019 and 2018, was as follows:

	<u>2019</u>	<u>2018</u>
Accumulated amount at January 1	\$ 25,399	26,931
Recognized during the period	<u>(8,545)</u>	<u>(1,532)</u>
Accumulated amount at December 31	<u>\$ 16,854</u>	<u>25,399</u>

- 6) Actuarial assumptions

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

	<u>2019</u>	<u>2018</u>
Discount rate	0.75 %	1.00 %
Future salary increase rate	2.00 %	3.00 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$1,927 thousand.

The weighted average lifetime of the defined benefits plans is 12 years.

- 7) Sensitivity analysis

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

	Influences of defined benefit obligations	
	<u>Increased0.25%</u>	<u>Decreased0.25%</u>
December 31, 2019:		
Discount rate	\$ (2,814)	2,934
Future salary increasing rate	2,890	(2,786)
Influences of defined benefit obligations		
	<u>Increased0.25%</u>	<u>Decreased0.25%</u>
December 31, 2018:		
Discount rate	\$ (3,838)	4,010
Future salary increasing rate	3,921	(3,774)

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(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to \$54,185 thousand and \$61,772 thousand for the years ended December 31, 2019 and 2018, respectively.

The foreign merged company provided pension costs from the contributions to the local Bureau of the Labor Insurance amounted to \$51,750 and \$35,824 for the years ended December 31, 2019 and 2018, respectively.

(r) Income taxes

(i) The components of income tax in the year 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Current income tax expense (benefit):		
Current period	\$ 104,991	90,255
Adjustment for prior periods	<u>(5,456)</u>	<u>10,324</u>
	<u>99,535</u>	<u>100,579</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	<u>43,828</u>	<u>(6,077)</u>
	<u>43,828</u>	<u>(6,077)</u>
Income tax expense from continuing operations	<u><u>\$ 143,363</u></u>	<u><u>94,502</u></u>

No Income tax expense (benefit) recognized directly in other comprehensive income.

Reconciliation of income tax and profit before tax for 2019 and 2018 is as follows.

	<u>2019</u>	<u>2018</u>
Profit excluding income tax	<u>\$ (57,539)</u>	<u>(38,076)</u>
Income tax using the Company's domestic tax rate	\$ (116,483)	(21,234)
Adjustment in tax rate	-	(4,400)
Non-deductible expenses	70	-
Current year losses for which no deferred tax assets was recognized	60,669	-
Change in unrecognized temporary differences	204,563	101,713
Recognition of previously unrecognized tax losses	-	(32,022)
Change in provision in prior periods	(5,456)	10,324
Undistributed earnings additional tax	<u>-</u>	<u>40,121</u>
Income tax expense	<u><u>\$ 143,363</u></u>	<u><u>94,502</u></u>

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2019 and 2018. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2019	December 31, 2018
Aggregate amount of temporary differences related to investments in subsidiaries	\$ 2,362,445	2,006,728
Unrecognized deferred tax liabilities	\$ 472,489	401,346

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2019	December 31, 2018
Tax effect of deductible Temporary Differences	\$ 222,997	134,888
The carryforward of unused tax losses	97,193	107,752
	\$ 320,190	242,640

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

Year of loss	Unused tax loss	Expiry date
2014	\$ 89,982	2019
2015	58,969	2020
2019	283,262	2029

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2019 and 2018 were as follows:

		<u>Others</u>	
Deferred tax liabilities:			
Balance at January 1, 2019	\$	-	
Recognized in profit or loss		<u>41,741</u>	
Balance at December 31, 2019	\$	<u><u>41,741</u></u>	
		<u>Others</u>	<u>Total</u>
Deferred tax assets:			
Balance at January 1, 2019	\$	29,727	1,284
Recognized in profit or loss		<u>(2,199)</u>	<u>112</u>
Balance at December 31, 2019	\$	<u><u>27,528</u></u>	<u><u>1,396</u></u>
Balance at January 1, 2018	\$	22,450	2,484
Recognized in profit or loss		<u>7,277</u>	<u>(1,200)</u>
Balance at December 31, 2018	\$	<u><u>29,727</u></u>	<u><u>1,284</u></u>

(iii) Assessment of tax

The Company's tax returns for the years through 2017 were assessed by the Taipei National Tax Administration.

(s) Capital and other equity

(i) Ordinary shares

As of December 31, 2019 and 2018, the total value of nominal ordinary shares amounted to \$6,500,000 thousand. The face value of each share is \$10. In total, there were both 441,545 thousands of ordinary shares issued. All issued shares were paid up upon issuance.

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(ii) Capital surplus

The balances of capital surplus as of December 31, 2019 and 2018, were as follows:

	December 31, 2019	December 31, 2018
Share capital	\$ 2,308,555	2,308,555
From conversion of convertible bonds	286,921	286,921
Lapsed employee share options	17,253	17,253
Stock options – fair value differences of associates and joint ventures under equity method	5,832	5,832
Treasury share transactions	<u>421</u>	<u>421</u>
	<u>\$ 2,618,982</u>	<u>2,618,982</u>

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

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

In order to bring about stability in the payment of dividends, the Board of Directors distributes dividends depending on the level of earnings and the funding needs. The cash dividends shall not be less than 10% of total dividends. If no earnings to be distributed, earnings are far less than the amount distributed in the previous year, or the Company considers its finance, business and operating factors, all surplus can be distributed, or be distributed under law or regulations of the authority.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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2) Special reserve

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions

3) Earnings distribution

Earnings distribution for 2018 was decided by the resolution adopted, at the general meeting of shareholders held on June 26, 2019, no earning is distributed.

Earnings distribution for 2017 was decided by the resolution adopted, at the general meeting of shareholders held on June 26, 2018. The relevant dividend distributions to shareholders were as follows:

	2017	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders:		
Cash	0.20	88,309

(iv) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2019	\$ (184,992)	(46,036)	(231,028)
Exchange differences on foreign operations	42,488	-	42,488
Balance at December 31, 2019	\$ (142,504)	(46,036)	(188,540)
Balance at January 1, 2018	\$ (142,453)	-	(142,453)
Effects on retrospective application	-	(46,036)	(46,036)
Balance at January 1, 2018 after adjustments	(142,453)	(46,036)	(188,489)
Exchange differences on foreign operations	(42,539)	-	(42,539)
Balance at December 31, 2018	\$ (184,992)	(46,036)	(231,028)

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(t) Earnings per share

The calculations of basic earnings per share and diluted earnings per share for the year ended December 31, 2019 was as follows:

	2019	2018
Basic earnings per share		
Loss attributable to ordinary shareholders of the Company	\$ <u>(200,902)</u>	<u>(132,578)</u>
Weighted average number of ordinary shares	<u>441,545</u>	<u>441,545</u>
Basic earnings per share (NT dollars)	\$ <u><u>(0.45)</u></u>	<u><u>(0.30)</u></u>
Diluted earnings per share		
Loss attributable to ordinary shareholders of the Company (diluted)	\$ <u>(200,902)</u>	<u>(132,578)</u>
Weighted average number of ordinary shares	\$ <u>441,545</u>	<u>441,545</u>
Weighted average number of ordinary shares (diluted)	<u>441,545</u>	<u>441,545</u>
Diluted earnings per share (NT dollars)	\$ <u><u>(0.45)</u></u>	<u><u>(0.30)</u></u>

The following items have an anti-dilutive effect, and hence they are not included in the calculation of the weighted average number of shares (diluted).

	2019	2018
Effect of employee stock compensation	\$ <u>-</u>	<u>312</u>

Note: Assume that employee bonuses are allotted in stock.

(u) Revenue from contracts with customers

(i) Disaggregation

	2019	2018
Primary geographical markets:		
China	\$ 2,900,888	3,794,946
Taiwan	2,050,625	1,995,457
Japan	1,024,842	781,404
Other	<u>2,838,624</u>	<u>3,316,045</u>
	\$ <u><u>8,814,979</u></u>	<u><u>9,887,852</u></u>
Major products:		
LCD panel and module	\$ <u><u>8,814,979</u></u>	<u><u>9,887,852</u></u>

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(ii) Contract balances

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>January 1, 2018</u>
Accounts receivable	\$ 1,679,937	1,740,170	2,031,110
Less: allowance for impairment	<u>(67,861)</u>	<u>(76,847)</u>	<u>-</u>
	<u>\$ 1,612,076</u>	<u>1,663,323</u>	<u>2,031,110</u>
Contract liabilities (recorded in other current liabilities)	<u>\$ 169,408</u>	<u>63,381</u>	<u>83,250</u>

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the year ended December 31, 2019 that was included in the contract liability balance at the beginning of the period was \$38,650 and \$83,250 thousand.

(v) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 1.5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Company incurred losses before tax for the years ended December 31, 2019 and 2018, therefore, there were no remunerations allocated to employees and directors.

(w) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	<u>2019</u>	<u>2018</u>
Interest income	\$ 32,781	32,795
Rent income	46,019	33,624
Others	<u>141,720</u>	<u>195,523</u>
	<u>\$ 220,520</u>	<u>261,942</u>

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(ii) Other gains and losses

The details of other gains and losses were as follows:

	<u>2019</u>	<u>2018</u>
Losses on disposals of property, plant and equipment	\$ (4,144)	(6,435)
Foreign exchange gains (losses)	(41,688)	61,445
Gains on financial assets at fair value through profit or loss	123	-
Gains on disposal of subsidiaries	934,889	-
Impairment loss on non-financial assets	(593,006)	(174,594)
Others	<u>(198,501)</u>	<u>(145,851)</u>
	<u>\$ 97,673</u>	<u>(265,435)</u>

(iii) Finance costs

The details of finance costs were as follows:

	<u>2019</u>	<u>2018</u>
Interest expense	<u>\$ 25,693</u>	<u>35,642</u>

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

The major customers of the group are centralized in producing various panels. In order to minimize the credit risk, the Group periodically evaluates the financial position of customers, assessing the possibility of receivables recovery, and providing allowance for bad debts regularly. The impairment is always within the management's expectations. The Group's receivables accounted for 54% and 42% of the total receivables, respectively, on December 31, 2019 and 2018. The concentration of credit risk of other receivables is relatively insignificant.

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3) Receivables securities

For credit risk exposure of accounts receivable, please refer to note 6(d).

Other financial assets at amortized cost includes other receivables. Please refer to note 6(e).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2019							
Non derivative financial liabilities							
Secured loans	\$ 832,258	872,380	60,683	60,323	119,563	350,034	281,777
Unsecured loans	250,000	250,183	250,183	-	-	-	-
Accounts payable	1,417,921	1,417,921	1,417,921	-	-	-	-
Accounts payable-related party	184,382	184,382	184,382	-	-	-	-
Other payable	965,607	965,607	965,607	-	-	-	-
Other payable-related party	44,332	44,332	44,332	-	-	-	-
Lease liabilities	53,839	55,514	18,881	18,414	16,100	2,119	-
Guarantee deposits received (recorded in other non-current liabilities)	17,584	17,584	17,584	-	-	-	-
Derivative financial liabilities							
Other forward exchange contracts:							
Outflow	(123)	120,225	120,225	-	-	-	-
Inflow	-	(120,348)	(120,348)	-	-	-	-
	<u>\$ 3,765,800</u>	<u>3,807,780</u>	<u>2,959,450</u>	<u>78,737</u>	<u>135,663</u>	<u>352,153</u>	<u>281,777</u>

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	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2017							
Non derivative financial liabilities							
Secured loans	\$ 2,416,667	2,548,510	165,204	155,863	308,963	904,790	1,013,690
Unsecured loans	250,000	250,366	250,366	-	-	-	-
Accounts payable	1,219,095	1,219,095	1,219,095	-	-	-	-
Accounts payable-related party	41,587	41,587	41,587	-	-	-	-
Other payable	881,441	881,441	881,441	-	-	-	-
Other payable-related party	19,882	19,882	19,882	-	-	-	-
Guarantee deposits received (recorded in other non-current liabilities)	19,645	19,645	19,645	-	-	-	-
	<u>\$ 4,848,317</u>	<u>4,980,526</u>	<u>2,597,220</u>	<u>155,863</u>	<u>308,963</u>	<u>904,790</u>	<u>1,013,690</u>

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	<u>December 31, 2019</u>			<u>December 31, 2018</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 194,342	29.980	5,826,373	140,237	30.715	4,307,379
JPY	386,420	0.276	106,652	427,759	0.278	119,003
CNY	76,038	4.297	326,735	22,029	4.475	98,587
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 148,983	29.980	4,466,510	83,631	30.715	2,568,726
JPY	1,344,458	0.276	371,070	727,137	0.278	202,290

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, financial assets measured at amortized cost, trade and other receivables, trade and other payables and lease liabilities that are denominated in foreign currency. The analysis is performed on the same basis for 2019 and 2018.

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A weakening or strengthening of 1% of the TWD against the USD as of December 31, 2019 and 2018 would have increased or decreased the net profit before tax by \$13,599 thousand and \$17,387 thousand. The analysis assumes that all other variables remain constant.

A weakening or strengthening of 1% of the TWD against the JPY as of December 31, 2019 and 2018 would have decreased or increased the net profit before tax by \$2,644 thousand and \$833 thousand. The analysis assumes that all other variables remain constant.

A weakening or strengthening of 1% of the TWD against the CNY as of December 31, 2019 and 2018 would have increased or decreased the net profit before tax by \$3,267 thousand and \$986 thousand. The analysis assumes that all other variables remain constant.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2019 and 2018, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$(41,688) thousand and \$61,445 thousand, respectively.

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased / decreased by 10 basis points, the Group's net profit (loss) would have increased or decreased by \$638 thousand and decreased or increased by \$434 thousand for the year ended December 31, 2019 and 2018, respectively with all other variable factors remaining constant. This is mainly due to the variable rates on the Group's bank deposits and borrowings.

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(v) Fair value of financial instruments

1) Fair value hierarchy

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2019				
	Book Value	Fair Value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value through profit or loss					
Derivative financial assets	\$ 123	-	123	-	123
Financial assets measured at amortized cost					
Cash and cash equivalents	1,973,080				
Accounts receivable	1,612,076				
Other receivables	80,064				
Guaranteed deposits paid (recorded in other current assets and other non-current assets)	76,102				
Total	<u>3,741,322</u>				
Financial liabilities measured at amortized cost					
Bank loan	\$ 1,082,258				
Accounts payable	1,417,921				
Accounts payable-related party	184,382				
Other payables	965,607				
Other payables-related party	44,332				
Lease liabilities	53,839				
Guarantee deposits received (recorded in other non-current liabilities)	17,584				
Total	<u>3,765,923</u>				

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
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		December 31, 2018				
		Book Value	Fair Value			
			Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost						
	Cash and cash equivalents	\$ 2,402,344				
	Accounts receivable	1,663,323				
	Other receivables	138,658				
	Guarantee deposits paid (recorded in other non-current assets)	6,827				
	Total	4,211,152				
Financial liabilities measured at amortized cost						
	Bank loan	\$ 2,666,667				
	Accounts payable	1,219,095				
	Accounts payable-related party	41,587				
	Other payables	881,441				
	Other payables-related party	19,882				
	Guarantee deposits received (recorded in other non-current liabilities)	19,645				
	Total	4,848,317				

2) Valuation techniques for financial instruments not measured at fair value

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Transfers between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 in 2019 and 2018.

(y) Financial risk management

(i) Overview

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

- 1) credit risk
- 2) liquidity risk
- 3) market risk

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

(ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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

(iii) Credit risk

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

1) Accounts and other receivables

Each business unit manages customer credit risk by following the policies, procedures and controls of the customer's credit risk of the Group. The credit risk assessment of all customers is based on factors such as the financial status of the customer, the evaluation of the credit rating agency, past historical trading experience, current economic environment and internal company evaluation criteria. The Group also uses certain credit enhancement tools (such as advance sales receipts) at appropriate times to reduce the credit risk of specific customers.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees for transactions involving equity investment that is more than 50% owned. At December 31, 2019, no other guarantees were outstanding (2018: none).

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's unused credit line please refer to note 6(l) and (m).

(v) Market risk

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

1) Currency risk

The Group is exposed to currency risk on sales, expenditures and net investment in a foreign operation that are denominated in a currency other than the respective functional currencies of the Group.

Part of the Group's receivables and payables are the same currency. Meanwhile, a considerable portion will have a natural hedging effect. For some foreign currency payments, forward exchange agreements are used to manage currency risk based on the aforementioned natural hedging. Thus the Group does not comply hedge accounting. Otherwise, the net investment in a foreign operation is considered strategic investment, so the Group has not hedged against this.

2) Interest rate risk

Interest rate risk is the risk of fluctuations in the fair value or future cash flows due to changes in market interest rates. The interest rate risk of the Group is mainly derived from floating rate investments classified as loans and receivables and floating rate borrowings.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Other market price risk

The Group holds unlisted equity securities. The price of such equity securities is affected by the uncertainty of the future value of these investment targets. The unlisted equity securities held by the Group are all available for sale. The Group manages the market price risk of equity securities by diversifying investments and setting limits on single and overall equity securities investments. The portfolio information of equity securities is required to be regularly provided to the senior management of the Group, and the board of directors must review and approve all equity securities investment.

(z) Capital management

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

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

The Group use the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

The Group's debt-to-equity ratio at the end of the reporting period, is as follows:

	December 31, 2019	December 31, 2018
Total liabilities	\$ 4,119,434	5,116,185
Less: cash and cash equivalents	<u>(1,973,080)</u>	<u>(2,402,344)</u>
Net debt	2,146,354	2,713,841
Total equity	<u>8,088,538</u>	<u>8,238,407</u>
Adjusted equity	<u>\$ 10,234,892</u>	<u>10,952,248</u>
Debt-to-equity ratio	<u>20.97 %</u>	<u>24.78 %</u>

There were no significant changes on the Group's capital management for the year ended December 31, 2019.

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(aa) Financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow in the years ended December 31, 2019 and 2018, were as follows:

	January 1, 2019	Cash flows	Acquisitio n	Non-cash changes		December 31, 2019
				Foreign exchange movement	Fair value changes	
Long-term borrowings	\$ 2,266,667	(1,434,409)	-	-	-	832,258
Short-term borrowings	400,000	(150,000)	-	-	-	250,000
Lease liabilities	86,196	(37,962)	-	5,605	-	53,839
Total liabilities from financing activities	<u>\$ 2,752,863</u>	<u>(1,622,371)</u>	<u>-</u>	<u>5,605</u>	<u>-</u>	<u>1,136,097</u>

	January 1, 2018	Cash flows	Acquisitio n	Non-cash changes		December 31, 2018
				Foreign exchange movement	Fair value changes	
Long-term borrowings	\$ 3,000,000	(733,333)	-	-	-	2,266,667
Short-term borrowings	350,000	50,000	-	-	-	400,000
Total liabilities from financing activities	<u>\$ 3,350,000</u>	<u>(683,333)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,666,667</u>

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

Toppan Printing Co., Ltd. is the parent company and the ultimate controlling party of the Company.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Toppan Printing Co., Ltd.(TOPPAN)	The parent company (Note)
Ortus Technology Co., Ltd.(Ortus)	Former parent company (Note)
Toppan Chunghwa Electronics Co., Ltd.(TCE)	Other related party

Note: Toppan printing Co., Ltd (“TOPPAN”) acquired Ortus Technology Co. Ltd.(“Ortus”), the former parent company of the Company, on April 1, 2019. Since then, TOPPAN has become the parent company and ultimate controlling company of the Company.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Group to related parties were as follows:

	<u>2019</u>	<u>2018</u>
Former parent company—Ortus	4,997	5,986
The parent company—TOPPAN	\$ 150,500	-
	<u>\$ 155,497</u>	<u>5,986</u>

There were no comparable non-related parties of price and no significant differences between the terms of transactions with related parties and those carried out with other normal customers. The payment terms for related parties transaction ranged from 45 days to 3 months, while the terms for routine sales ranged from T/T in advanced to 3 months.

(ii) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	<u>2019</u>	<u>2018</u>
The parent company—TOPPAN	\$ 21,143	8,296
Other related party—TCE	25	-
	<u>\$ 21,168</u>	<u>8,296</u>

There were no significant differences between the terms and pricing of transactions with related parties and those carried out with other normal vendors. The payment terms for related parties' transaction is 3 months, while the terms for routine purchases ranged from T/T in advance to 4 months.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts receivable	The parent company— TOPPAN	\$ 81,196	4,681
Accounts receivable	Former parent company— Ortus	-	1,008
Other receivables	Other related party—TCE	9,845	9,201
Other current assets	The parent company— TOPPAN	55,180	14,059
Other current assets	Other related party—TCE	1,560	360
		<u>\$ 147,781</u>	<u>29,309</u>

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Payables to Related Parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts payable	The parent company – TOPPAN	\$ 184,356	41,587
Accounts payable	Other related party – TCE	26	-
Other payables	The parent company – TOPPAN	43,445	16,644
Other payables	Former parent company – Ortus	-	1,878
Other payables	Other related party – TCE	887	1,360
Other current liabilities	The parent company – TOPPAN	35,997	-
Other current liabilities	Former parent company – Ortus	-	2,356
		<u>\$ 264,711</u>	<u>63,825</u>

(v) Property transactions

1) Purchases of property, plant and equipment

The purchases price of property, plant and equipment purchased from related parties are summarized as follows:

	<u>2019</u>	<u>2018</u>
The parent company – TOPPAN	\$ 107,461	20,521
Other related party – TCE	1,850	1,670
	<u>\$ 109,311</u>	<u>22,191</u>

2) Disposals of property, plant and equipment

The disposals of property, plant and equipment to related parties are summarized as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Disposal price</u>	<u>Gain (loss) from disposal</u>	<u>Disposal price</u>	<u>Gain (loss) from disposal</u>
Former parent company – Ortus	\$ 1,111	225	-	-

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Others

		Production overheads	
		2019	2018
	The parent company – TOPPAN	\$ 262,746	108,109
	Former parent company – Ortus	<u>571</u>	<u>1,938</u>
		<u>\$ 263,317</u>	<u>110,047</u>
		Operating expenses	
		2019	2018
	Former parent company – Ortus	<u>\$ -</u>	<u>326</u>
		Other income	
		2019	2018
	Former parent company – Ortus	\$ 1,175	44,810
	The parent company – TOPPAN	49,821	-
	Other related party – TCE	<u>6,436</u>	<u>6,092</u>
		<u>\$ 57,432</u>	<u>50,902</u>
		Other expenses	
		2019	2018
	The parent company – TOPPAN	\$ 27,024	43,693
	Other related party – TCE	<u>1,590</u>	<u>3,485</u>
		<u>\$ 28,614</u>	<u>47,178</u>

(d) Transactions with key management personnel

	2019	2018
Short-term employee benefits	<u>\$ 44,770</u>	<u>50,369</u>

(8) Pledged assets:

The carrying value of pledged assets were as follows:

Assets	Purpose of Pledge	December 31, 2019	December 31, 2018
Property, plant and equipment	Bank loan credit lines	\$ 4,445,857	4,965,703
Guarantee deposits paid	Collateral for provisional attachment, guarantee for property and tooling leases	<u>76,102</u>	<u>6,827</u>
		<u>\$ 4,521,959</u>	<u>4,972,530</u>

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Significant Commitments and contingencies:

- (a) Unused standby letters of credit

	December 31, 2019	December 31, 2018
JPY	\$ -	12,780
USD	50	-

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

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

By item	By function	2019			2018		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		1,261,185	394,581	1,655,766	1,453,276	303,586	1,756,862
Labor and health insurance		95,991	26,878	122,869	106,662	29,103	135,765
Pension		58,493	30,119	88,612	77,527	20,842	98,369
Remuneration of directors		-	3,113	3,113	-	3,302	3,302
Others		69,614	47,177	116,791	77,882	29,929	107,811
Depreciation		677,311	155,485	832,796	753,460	118,192	871,652
Amortization		920	7,156	8,076	2,124	8,586	10,710

- (b) On September 6, 2019, a U.S. company filed a lawsuit in the United States District Court for the Eastern District of Texas against the Company, claiming the infringement of patent. On December 18, 2019, the both parties have reached a settlement agreement, under which the plaintiff agreed to dismiss all pending lawsuits that had been filed against the Company, and the relevant settlement fee has been recognized.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 4)	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Giantplus Technology Co., LTD	Kunshan Giantplus Optronics Display Tech Co.LTD	Other receivables	Yes	158,000	-	-	0%	2	-	Operating Capital	-	None	-	2,426,561	3,235,415
2	Giantplus (Samoa) Holding Co., Ltd	Kunshan Giantplus Optronics Display Tech Co.LTD	Other receivable	Yes	915,000	899,400	719,520	3.55%-4.32%	2	-	Operating Capital	-	None	-	3,210,634	3,210,634
2	Giantplus (Samoa) Holding Co., Ltd	The Company	Other receivables	Yes	1,823,820	1,730,321	1,730,321	2.38%-3.07%	2	-	Operating Capital	-	None	-	3,210,634	3,210,634

Note 1: For those companies with short-term financing needs, please fill in 2.

Note 2: The Company's total fund financing amount for individual party cannot exceed 30% of its net asset value. Giantplus (Samoa) Holding Co., LTD 's total fund financing amount for individual party cannot exceed 90% of its net asset value.

Note 3: The Company's total fund financing amount cannot exceed 40% of its net asset value. Giantplus (Samoa) Holding Co., LTD 's total fund financing amount for individual party cannot exceed 90% of its net asset value.

Note 4: Highest balance of financing to other party during the period.

Note 5: If the public company submits fund financing based on each transaction for a resolution by the Board of Directors in accordance with Article 14(1) of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, although the funds have not been allocated, the amount approved by the board shall be included in the ending balance of loans of funds in the announcement to reflect the risk that the company has undertaken

However, if the loans of funds are repaid, the balance of the repayment shall be disclosed to reflect the adjustment of risk.

If the public company authorizes the chairman of the board to allocate the loans of funds within particular amounts (authorized limits) and repaid over several installments in a year according to the resolution of the board of directors in accordance with Article 14(2) of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company shall still disclose the amount approved by the board of directors.

Although the funds will be repaid afterwards, in the consideration of the possibilities of re-loan, the company shall still disclose the amount approved by the board of directors.

Note 6: The amount is based on foreign currency, please refer the spot exchange rate on financial statement date.

(ii) Guarantees and endorsements for other parties:None

(iii) Securities held as of December 31, 2019 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Fair value	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)		
The Company	Chenfeng Optronics Corporation	None	FVOCI	2,141,452	-	3.75 %	-	Note 1

Note 1: No public offer.

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

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party (Note 1)	Relationship with the company (Note 1)	Beginning Balance		Purchases		Sales			Ending Balance		Note	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares		Amount
The Company	Kunshan Giantplus Optoelectronics Technology Co., Ltd	Investments accounted for using equity method	Kunshan Jiahang Asset Management Co, Ltd	None	-	986,855	-	-	-	1,920,760	923,890	934,889	-	-	Note 2, 3

Note 1: Fill in the columns if securities are accounted for using the equity method; otherwise leave the columns blank.

Note 2: The carrying amount at disposal included the related adjustments while using equity method.

Note 3: The disposal gain or loss included the translation differences of reclassification from equity to profit or loss amounting to (61,981) thousand.

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Shenzhen Giantplus Optoelec. Display Co., Ltd.	Grandson company	Purchase	465,000	12 %	60 Days	-		(696,805)	(27)%	
The Company	Kunshan Giantplus Optronics Display Tech Co., Ltd	Grandson company	Purchase	950,044	24 %	60 Days	-		(450,249)	(17)%	
Shenzhen Giantplus Optoelec. Display Co., Ltd.	The Company	The parent company's holding company	Sale	(465,000)	(100)%	60 Days	-		696,805	100%	
Kunshan Giantplus Optronics Display Tech Co., Ltd	The Company	The parent company's holding company	Sale	(950,044)	(92) %	60 Days	-		450,249	100%	

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance Note 2	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
Shenzhen Giantplus Optoelec. Display Co., Ltd.	The Company	The parent company's holding company	722,660	- %	-		239,543	-
Kunshan Giantplus Optronics Display Tech Co., Ltd	The Company	The parent company's holding company	451,864	- %	-		451,864	-

Note 1: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 2: Contain Other non-operating receivables.

- (ix) Trading in derivative instruments:Please refer to notes 6(b)
- (x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Shenzhen Giantplus Optoelec. Display Co., Ltd	1	Purchase	465,000	60 Days	5.28%
0	The Company	Shenzhen Giantplus Optoelec. Display Co., Ltd	1	Accounts Payable	696,805	60 Days	5.71%
0	The Company	Kunshan Giantplus Optronics Display Tech Co., Ltd	1	Purchase	950,044	60 Days	10.78%
0	The Company	Kunshan Giantplus Optronics Display Tech Co., Ltd	1	Accounts Payable	450,249	60 Days	3.69%

Note 1: The labeling method is as follows:

- 1.Parent company labeled 0.
- 2.Subsidiaries labeled in number sequence from 1.

Note 2: Relationship is classified into three types:

- 1.Parent company to subsidiary
- 2.Subsidiary to parent company
- 3.Subsidiary to subsidiary

Note 3: The Group did not disclose transactions for which the dollar amount did not reach \$100,000 thousand. The Group did not disclose transactions for which

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GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the year 2019 (excluding information on investees in Mainland China):

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2019			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2019	December 31, 2018	Shares (thousands)	Percentage of ownership	Carrying value				
The Company	Giantplus (Samoa) Holding Co., Ltd	Samoa	Investment activities	1,397,086	1,397,086	44,000,000	100.00 %	3,567,372	100.00 %	366,784	366,784	Subsidiary
The Company	D&Y INTELLIGENT CO., LTD.	Taiwan	Research and development, design, production and sales of medical device products	35,106	35,106	2,606,250	23.27 %	-	23.27 %	-	-	Related Company(note)
Giantplus (Samoa) Holding Co., Ltd	Giantplus Holding L.L.C.	U.S.A	Investment activities	1,397,086	1,397,086	-	100.00 %	1,059,415	100.00 %	403,323	403,323	Subsidiary

Note: Has been recognized 100% impairment loss.

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2019	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (Note 2(3))	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Kunshan Giantplus Optoelectronics Technology Co., Ltd (note 6,9)	The assembly of liquid crystal displays	899,400	(2)	899,400	-	-	899,400	(87,024)	100.00%	100.00%	(87,024)	-	-
Shenzhen Giantplus Optoelec. Display Co., Ltd. (note 7)	The assembly of liquid crystal displays	359,760	(2)	359,760	-	-	359,760	(191,313)	100.00%	100.00%	(191,313)	637,195	-
Kunshan Giantplus Optronics Display Tech Co., Ltd (note 8)	The assembly of liquid crystal displays and the production and sale business of touch panel	869,420	(2)	869,420	-	-	869,420	(120,023)	100.00%	100.00%	(120,023)	428,615	-

(ii) Limitation on investment in Mainland China:

Company Name	Accumulated Investment in Mainland China as of December 31, 2019 (Note 9)	Investment Amounts Authorized by Investment Commission, MOEA (Note 9)	Upper Limit on Investment (Note 3)
The Company	2,128,580	2,128,580	4,853,122

Note 1: Investments in Mainland China are differentiated by the following 3 methods:

1. Direct investment in Mainland China
2. Investment in Mainland China with remittance through a third region company
3. Other methods

Note 2: Recognition of investment gain or loss during current period is pursuant to the following:

1. If the corporation is in the set-up phase, no investment gain or loss recognition is required
2. Recognition basis of investment gains or losses is determined by the following three types:
 - (1) Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.
 - (2) Financial statements of the investee company were audited and certified by the external accountant of the parent company
 - (3) Others-financial statement compiled by investee.

Note 3: The upper limit on investment was the greatest of 60% of the consolidated total net worth based on "Principle of investment or Technical Cooperation in Mainland China".

Note 4: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate at the year ended December 31, 2019.

Note 5: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 6: Kunshan Giantplus Optoelectronics Technology Co., Ltd is the indirect investees of Giantplus Holding L.L.C..

Note 7: Shenzhen Giantplus Optoelec. Display Co., Ltd. is the investees of Giantplus Holding L.L.C..

Note 8: Kunshan Giantplus Optronics Display Tech Co., Ltd. is the investees of Giantplus Holding L.L.C..

Note 9: In April 2019, the Group disposed its investment of "The accumulated investment amount remitted from Taiwan to China at the year ended December 31, 2019" and the "investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs", including the original remittance of US \$ 30,000 thousand, which has yet to be remitted as of December 31, 2019, in the equity of KGP.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

The Group's chief decision makers believe that the Group has only a single segment, mainly engaged in research, development, production and sale of thin film transistor liquid crystal displays (“TFT-LCDs”)

(a) Geographic information

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

<u>Geographic information</u>	<u>2019</u>	<u>2018</u>
Revenue from external customers:		
Asia	\$ 7,169,748	8,405,158
Europe	1,056,334	1,045,264
America	588,897	436,587
Oceania	-	843
Total	<u>\$ 8,814,979</u>	<u>9,887,852</u>
	<u>December 31,</u>	<u>December 31,</u>
	<u>2019</u>	<u>2018</u>
Non-current assets:		
Asia	<u>\$ 6,833,986</u>	<u>7,865,003</u>

Non-current assets include property, plant and equipment, investment property, right-of-use assets, intangible assets, prepayments for construction and business facilities, long-term prepaid rents and other assets, not including financial instruments, deferred tax assets, pension fund assets, and rights arising from an insurance contract (non-current).

(b) Major customers

The details of major customers comprised more than 5% of sales revenue were as follows:

	<u>2019</u>	<u>2018</u>
Customer A	\$ 26,753	461,546
Customer B	613,817	445,975
Customer C	692,299	379,060
Customer D	689,911	432,854
Total	<u>\$ 2,022,780</u>	<u>1,719,435</u>

Independent Auditors' Report

To the Board of Directors of Giantplus Technology Co., Ltd:

Opinion

We have audited the financial statements of Giantplus Technology Co., Ltd (“the Company”), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the year ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

Please refer to Note 4(o) and Note 6(t) for the “Revenue” section of the financial statements.

Description of key audit matter:

Revenue of the Company is generated in accordance with the sellers and buyers' trading terms, and it is recognized when the obligation and the risk of loss are transferred from sellers to buyers. The revenue can be fluctuated during different season since the touch panel industry changes rapidly which will increase the risk of inappropriate revenue recognition timing, therefore, we identified revenue recognition as one of our key audit matters.

How the matter was addressed in our audit:

As mentioned above, our principal audit procedures included understanding the internal control of revenue cycle and testing the effectiveness of related controls, selecting samples and verifying relevant documents to ensure the amount of revenue is accurate and the recognition timing is proper, understanding whether significant sales returns exist in subsequent period.

2. Impairment of Non-financial Assets

For details of the impairment valuation of non-financial assets, please refer to Note 4(m), 5(b) and 6(h).

Description of key audit matter:

Due to the economic downturn and growing competition within panel industry, material risk in impairment of non-financial assets might exist. The Company used its estimated future cash flows discounted by the adequate discount rate to measure the recoverable amount of the cash-generating-units. The future cash flows were estimated based on how assets are utilized, useful lives of assets, and estimated income and expenses in the future. Since the estimate involved several assumptions, such as determination of discount rate and future financial projections which were easily affected by management judgement and with high uncertainty, we identified the impairment of non-financial assets as one of our key audit matters.

How the matter was addressed in our audit:

As mentioned above, our principal audit procedures included assessing the reasonableness of expected operating revenue, gross profit and changes in expenses by comparing historical results; understanding the key assumptions used by management in estimating future cash flows; reviewing the parameters of discount rate including the risk-free rate of return on equity capital and the risk factor of the industry.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chung-Yi Chiang and Jung-Lin Lee.

KPMG

Taipei, Taiwan (Republic of China)

March 19, 2020

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

Assets		December 31, 2019		December 31, 2018		Liabilities and Equity		December 31, 2019		December 31, 2018	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(a))	\$ 1,817,490	12	1,587,350	11	2100	Short-term borrowings (note 6(k))	\$ 250,000	2	400,000	3
1110	Current financial assets at fair value through profit or loss (note 6(b))	123	-	-	-	2170	Accounts payable	1,288,450	9	1,103,108	7
1170	Accounts receivable, net (notes 6(d)&7)	1,602,513	11	1,653,320	11	2180	Accounts payable to related parties (note 7)	1,331,437	9	771,613	5
1200	Other receivables (notes 6(e)&7)	81,499	1	141,096	1	2200	Other payables	703,368	5	759,202	5
1310	Inventories (note 6(f))	1,202,109	8	946,357	7	2220	Other payables to related parties (note 7)	1,830,197	12	665,521	5
1470	Other current assets (notes 7&8)	319,899	2	215,183	1	2230	Current tax liabilities	12,369	-	39,619	-
	Total current assets	<u>5,023,633</u>	<u>34</u>	<u>4,543,306</u>	<u>31</u>	2280	Current lease liabilities (note 6(m))	4,650	-	-	-
Non-current assets:						2322	Long-term borrowings, current portion (note 6(l))	110,968	1	141,667	1
1550	Investments accounted for using equity method (note 6(g))	3,558,437	25	3,125,229	22	2399	Other current liabilities (notes 6(t)&7)	180,591	1	77,118	1
1600	Property, plant and equipment (notes 6(h), 7&8)	6,023,488	41	6,690,218	46		Total current liabilities	<u>5,712,030</u>	<u>39</u>	<u>3,957,848</u>	<u>27</u>
1755	Right-of-use assets (note 6(i))	9,380	-	-	-	Non-Current liabilities:					
1780	Intangible assets (note 6(j))	16,027	-	18,698	-	2540	Long-term borrowings (note 6(l))	721,290	5	2,125,000	15
1840	Deferred tax assets (note 6(q))	28,924	-	31,011	-	2550	Non-current provisions (note 6(o))	95,238	1	95,238	1
1900	Other non-current assets (note 8)	8,434	-	75,430	1	2580	Non-current lease liabilities (note 6(m))	4,762	-	-	-
	Total non-current assets	<u>9,644,690</u>	<u>66</u>	<u>9,940,586</u>	<u>69</u>	2640	Net defined benefit liability, non-current (note 6(p))	17,652	-	45,651	-
						2570	Deferred tax liabilities (note 6(q))	11,659	-	-	-
						2600	Other non-current liabilities	17,154	-	21,748	-
							Total non-current liabilities	<u>867,755</u>	<u>6</u>	<u>2,287,637</u>	<u>16</u>
							Total liabilities	<u>6,579,785</u>	<u>45</u>	<u>6,245,485</u>	<u>43</u>
						Equity (note 6(r)):					
						3110	Ordinary shares	4,415,449	30	4,415,449	30
						3200	Capital surplus	2,618,982	18	2,618,982	18
							Retained earnings:				
						3310	Legal reserve	177,220	1	177,220	1
						3320	Special reserve	231,028	1	142,453	1
						3350	Unappropriated retained earnings	834,399	6	1,115,331	8
							Other equity interest:				
						3410	Exchange differences on translation of foreign financial statements	(142,504)	(1)	(184,992)	(1)
						3420	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	(46,036)	-	(46,036)	-
							Total equity	<u>8,088,538</u>	<u>55</u>	<u>8,238,407</u>	<u>57</u>
							Total liabilities and equity	<u>\$ 14,668,323</u>	<u>100</u>	<u>14,483,892</u>	<u>100</u>
	Total assets	<u>\$ 14,668,323</u>	<u>100</u>	<u>14,483,892</u>	<u>100</u>						

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD

Statements of Comprehensive Income
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

		2019		2018	
		Amount	%	Amount	%
Operating Revenues:					
4110	Sales revenue	\$ 8,838,357	101	9,978,288	101
4170	Less: Sales returns	17,175	-	36,400	-
4190	Sales discounts and allowances	<u>68,623</u>	<u>1</u>	<u>87,929</u>	<u>1</u>
	Operating revenue, net (notes 6(t)&7)	8,752,559	100	9,853,959	100
5110	Cost of sales (notes 6(e)&7)	<u>8,060,277</u>	<u>92</u>	<u>8,845,161</u>	<u>90</u>
	Gross profit	692,282	8	1,008,798	10
5910	Unrealized profit (loss) from sales	(8,935)	-	(32,870)	-
5920	Realized profit (loss) on from sales	<u>32,870</u>	<u>-</u>	<u>37,053</u>	<u>-</u>
	Gross profit	<u>716,217</u>	<u>8</u>	<u>1,012,981</u>	<u>10</u>
Operating expenses:					
6100	Selling expenses	327,350	4	390,283	4
6200	Administrative expenses	260,356	3	225,347	2
6300	Research and development expenses	266,793	3	275,742	3
6450	Expected credit loss (gain) (note 6(d))	<u>(8,986)</u>	<u>-</u>	<u>76,847</u>	<u>1</u>
	Total operating expenses	<u>845,513</u>	<u>10</u>	<u>968,219</u>	<u>10</u>
	Net operating (loss) income	<u>(129,296)</u>	<u>(2)</u>	<u>44,762</u>	<u>-</u>
Non-operating income and expenses:(note 6(v))					
7010	Other income	221,833	3	274,533	3
7020	Other gains and losses	(550,396)	(6)	(309,989)	(3)
7050	Finance costs	(65,368)	(1)	(49,905)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method (note 6(g))	<u>336,011</u>	<u>4</u>	<u>(10,830)</u>	<u>-</u>
	Total non-operating income and expenses	<u>(57,920)</u>	<u>-</u>	<u>(96,191)</u>	<u>-</u>
	Profit (loss) before tax	(187,216)	(2)	(51,429)	-
7950	Less: Tax expenses (note 6(q))	<u>13,686</u>	<u>-</u>	<u>81,149</u>	<u>1</u>
	Profit (loss)	<u>(200,902)</u>	<u>(2)</u>	<u>(132,578)</u>	<u>(1)</u>
8300	Other comprehensive income:				
8310	Items that may not be reclassified subsequently to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	8,545	-	1,532	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>8,545</u>	<u>-</u>	<u>1,532</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	42,488	-	(42,539)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>42,488</u>	<u>-</u>	<u>(42,539)</u>	<u>-</u>
	Other comprehensive income	<u>51,033</u>	<u>-</u>	<u>(41,007)</u>	<u>-</u>
8500	Total comprehensive (loss) income	<u>\$ (149,869)</u>	<u>(2)</u>	<u>(173,585)</u>	<u>(1)</u>
	Earnings per share (note 6(s))				
9750	Basic earnings per share (NT dollars)	<u>\$ (0.45)</u>		<u>(0.30)</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ (0.45)</u>		<u>(0.30)</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD

Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Other equity interest		Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	
Balance at January 1, 2018	\$ 4,415,449	2,618,982	116,641	92,945	1,398,737	(142,453)	-	8,500,301
Effects of retrospective application	-	-	-	-	46,036	-	(46,036)	-
Balance at January 1, 2018 after adjustments	4,415,449	2,618,982	116,641	92,945	1,444,773	(142,453)	(46,036)	8,500,301
Profit (loss) for the year	-	-	-	-	(132,578)	-	-	(132,578)
Other comprehensive income	-	-	-	-	1,532	(42,539)	-	(41,007)
Comprehensive income	-	-	-	-	(131,046)	(42,539)	-	(173,585)
Appropriation and distribution of retained earnings:								
Legal reserve	-	-	60,579	-	(60,579)	-	-	-
Special reserve	-	-	-	49,508	(49,508)	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(88,309)	-	-	(88,309)
Balance at December 31, 2018	4,415,449	2,618,982	177,220	142,453	1,115,331	(184,992)	(46,036)	8,238,407
Profit (loss) for the year	-	-	-	-	(200,902)	-	-	(200,902)
Other comprehensive income	-	-	-	-	8,545	42,488	-	51,033
Comprehensive income	-	-	-	-	(192,357)	42,488	-	(149,869)
Appropriation and distribution of retained earnings:								
Special reserve	-	-	-	88,575	(88,575)	-	-	-
Balance at December 31, 2019	\$ 4,415,449	2,618,982	177,220	231,028	834,399	(142,504)	(46,036)	8,088,538

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD

Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Loss before tax	\$ (187,216)	(51,429)
Adjustments:		
Adjustments to reconcile profit :		
Depreciation expense	663,067	694,650
Amortization expense	6,734	7,735
Expected credit loss (gain)	(8,986)	76,847
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(123)	-
Interest expense	65,368	49,905
Interest income	(26,285)	(29,561)
Share of (gain) loss of subsidiaries, associates and joint ventures accounted for using equity method	(336,011)	10,830
Gain (loss) on disposal of property, plant and equipment	(60,379)	6,642
Impairment loss on non-financial assets	499,394	174,594
Total adjustments to reconcile profit	802,779	991,642
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	59,793	282,896
Other receivables	69,597	(72,355)
Inventories	(255,752)	(119,215)
Other current assets	(104,716)	(25,773)
Total changes in operating assets	(231,078)	65,553
Changes in operating liabilities:		
Accounts payable	185,342	(613,533)
Accounts payable to related parties	559,824	117,721
Other payables	(109,353)	(319,562)
Other payables to related parties	1,164,676	334,009
Other current liabilities	103,473	(13,360)
Net defined benefit liability	(19,454)	(1,535)
Total changes in operating liabilities	1,884,508	(496,260)
Total changes in operating assets and liabilities	1,653,430	(430,707)
Total adjustments	2,456,209	560,935
Cash inflow generated from operations	2,268,993	509,506
Interest received	26,285	29,561
Interest paid	(42,391)	(49,820)
Income taxes paid	(37,190)	(222,571)
Net cash flows from operating activities	2,215,697	266,676
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	-	(118,833)
Proceeds from disposal of financial assets at amortized cost	-	118,833
Acquisition of property, plant and equipment	(339,482)	(291,249)
Proceeds from disposal of property, plant and equipment	34,557	-
Acquisition of intangible assets	(2,141)	(1,133)
Other non-current assets	(86,403)	(210,671)
Net cash flows used in investing activities	(393,469)	(503,053)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(150,000)	50,000
Repayments of long-term borrowings	(1,434,409)	(733,333)
Repayments of lease liabilities	(5,936)	-
Other non-current liabilities	(1,743)	7,986
Cash dividends paid	-	(88,309)
Net cash flows used in financing activities	(1,592,088)	(763,656)
Net increase (decrease) in cash and cash equivalents	230,140	(1,000,033)
Cash and cash equivalents at beginning of period	1,587,350	2,587,383
Cash and cash equivalents at end of period	\$ 1,817,490	1,587,350

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

GIANTPLUS TECHNOLOGY CO., LTD. (the “Company”) was incorporated on December 15, 1997, as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The Company’s registered office address is located at 15 Industrial Rd., Toufen, Miao-Li, Taiwan. The Company’s common shares were listed on the Taiwan Stock Exchange (TWSE) on December 27, 2006. The primary business scope of the Company includes the research, development, production and sale of thin film transistor liquid crystal displays (“TFT-LCDs”).

Toppan printing Co., Ltd (“TOPPAN”) acquired Ortus Technology Co. Ltd. (“Ortus”), the former parent company of the Company, on April 1, 2019. Since then, TOPPAN has become the parent company and ultimate controlling company of the Company.

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

These financial statements were authorized for issue by the Board of Directors on March 19, 2020.

(3) New standards, amendments and interpretations adopted:

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019.

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
IFRS 16 “Leases”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019
Amendments to IFRS 9 “Prepayment features with negative compensation”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 “Long-term interests in associates and joint ventures”	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Company believes that the adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of signification changes are as follows:

- (i) IFRS 16 “Leases”

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

The Company applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below,

1) Definition of a lease

Previously, the Company determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Company assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(k).

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

The Company decided to apply recognition exemptions to short-term leases of part of staff dormitory and office equipment.

- Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Company applied this approach to its largest property leases; or
- an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments – the Company applied this approach to all other lease.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

In addition, the Company used the following practical expedients when applying IFRS 16 to leases.

- Applied a single discount rate to a portfolio of leases with similar characteristics.
 - Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
 - Applied the exemption not to recognize right-of-use assets and lease liabilities for leases with less than 12 months of lease term.
 - Excluded initial direct costs from measuring the right-of-use assets at the date of initial application.
 - Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.
- Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use assets and the lease liabilities at January 1, 2019 are determined at the carrying amount of the lease asset and lease liabilities under IAS 17 immediately before that date.

3) As a lessor

The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Company accounted for its leases in accordance with IFRS 16 from the date of initial application.

Under IFRS 16, the Company is required to assess the classification of a sub-lease by reference to the right-of-use asset, not the underlying asset. On transition, the Company reassessed the classification of a sub-lease contract previously classified as an operating lease under IAS 17. The Company concluded that the sub-lease is a finance lease under IFRS 16.

4) Impacts on financial statements

On transition to IFRS 16, the Company recognised additional \$9,743 thousands of both right-of-use assets and lease liabilities. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 0.70%.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Company's financial statements	\$ 14,184
Recognition exemption for:	
short-term leases	(3,929)
leases of low-value assets	(426)
	\$ 9,829
Discounted using the incremental borrowing rate at January 1, 2019	\$ 9,743
Finance lease liabilities recognized as at December 31, 2018	-
Lease liabilities recognized at January 1, 2019	\$ 9,743

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2020 in accordance with Rule No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Company assesses that the adoption of the abovementioned standards would not have any material impact on its financial statements.

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

As of the date, the following IFRSs that have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

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

(4) Summary of significant accounting policies:

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

(a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (or assets) are measured at fair value of plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(p).

(ii) Functional and presentation currency

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

(c) Foreign currencies

(i) Foreign currency transactions

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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(ii) Foreign operations

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

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

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

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

(e) Cash and cash equivalents

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

(f) Financial instruments

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

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

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

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization;
or

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

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

5) Derecognition of financial assets

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

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

3) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(iii) Derivative financial instruments

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(g) Inventories

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

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

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Company's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

(i) Investment in subsidiaries

The Company adopts the equity method to evaluate an investee which is under control when preparing the financial statements. Under the equity method, the profit or loss and other comprehensive income shall be attributed to the owners of the parent on the basis of the proportion of existing ownership interests. The Company's equity in the financial statement shall be equal to the share attributed to the parent in the financial statement.

Changes in the Company's ownership interests in subsidiaries do not result in loss of control of subsidiaries are equity transactions with owners.

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(iii) Depreciation

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

Land is not depreciated.

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

- | | |
|--------------------|--------------|
| 1) Buildings | 3 ~ 36 years |
| 2) Equipment | 2 ~ 12 years |
| 3) Other equipment | 2 ~ 11 years |

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

(k) Lease

Applicable from January 1, 2019

(i) Identifying a lease

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

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- 3) the customer has the right to direct the use of the asset throughout the period of use only if either:
 - the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and:
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

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

(ii) As a lessee

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

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

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is any lease modification

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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

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

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, staff dormitory and office equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

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

Applicable before January 1, 2019

(i) Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and recognized as an expense over the lease term on the same basis as the lease income. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

(ii) Lessee

Other leases are operating leases and are not recognized in the Company's balance sheets.

Payments made under operating leases (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(l) Intangible assets

(i) Recognition and measurement

Computer software is measured at cost less accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows:

- 1) Computer software 1~ 10 years

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

(m) Impairment of non-financial assets

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

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

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

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

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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

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

(n) Provisions

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

(i) Site restoration

In accordance with the Company's published environmental policy and applicable legal requirements, a provision for site restoration in respect of contaminated land and the related expense is recognized when the land is contaminated.

(o) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods—electronic components

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

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

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(ii) Contract costs

1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria.

- a) the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- b) the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- c) the costs are expected to be recovered

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

(p) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(q) Income taxes

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

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

- (r) Earnings per share

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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(s) Operating segments

The Company has provided the operating segments disclosure in the consolidated financial statements.

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

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

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

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(a) Valuation of inventories

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

(b) Impairment of property, plant and equipment, and intangible assets

In the process of evaluating the potential impairment of tangible and intangible assets other than goodwill, the Company is required to make subjective judgments in determining the independent cash flows, useful lives, expected future income and expenses related to the specific asset groups considering of the nature of the industry. Any changes in these estimates based on changed economic conditions or business strategies and could result in significant impairment charges or reversal in future years. Refer to Note 6(h) for further description of the key assumptions used to determine the recoverable amount.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	\$ 183	231
Cash in banks		
Checking and savings accounts	1,491,671	1,520,437
Time deposits	<u>325,636</u>	<u>66,682</u>
	<u>\$ 1,817,490</u>	<u>1,587,350</u>

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

Please refer to Note 6 (w) for the risk of credit and rate of financial assets of the Company.

Cash and cash equivalents of the Company were not pledged as collateral.

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

	December 31, 2019	December 31, 2018
Mandatorily measured at fair value through profit or loss:		
Derivative instruments not used for hedging		
Forward exchange contracts	\$ 123	-
	\$ 123	-

(i) Derivative financial instruments not designated as hedging instruments

The Company uses derivative financial instruments to hedge the certain foreign exchange and interest risk the Company is exposed to, arising from its operating, financing and investing activities. The following derivative instruments, without the application of hedge accounting, were classified as mandatorily measured at fair value through profit or loss and held-for-trading financial liabilities:

Forward exchange contracts:

	December 31, 2019		
	Amount (in thousands)	Currency	Maturity dates
Forward exchange sold	\$ 4,000	USD	2020.02.05

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

The Company holds the stocks of domestic non-listed (cabinet) stock-Chenfeng Optronics Corporation, after assessing its recoverable amount, it has recognized the accumulated impairment loss for \$46,036 thousands. Until December 31, 2019 and 2018, the value of available-for-sale financial assets is zero dollars.

The Company reclassified the available-for-sale financial assets to financial assets at fair value through other comprehensive income in accordance with IFRS 9 “Financial Instruments” on January 1, 2018. Until December 31, 2019 and 2018, the value of available-for-sale financial assets is zero dollars.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(d) Accounts receivable

	December 31, 2019	December 31, 2018
Trade receivables—measured as amortized cost	\$ 1,649,752	1,718,265
Trade receivables —fair value through profit or loss	20,622	11,902
Less: Loss allowance	<u>(67,861)</u>	<u>(76,847)</u>
Total	<u>\$ 1,602,513</u>	<u>1,653,320</u>

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on December 31, 2019. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information.

The loss allowance provision as of December 31, 2019 and 2018 was determined as follows:

	December 31, 2019		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,451,074	0.00%	-
1 to 30 days past due	10,524	0.00%	-
31 to 60 days past due	37,848	0.00%	-
61 to 90 days past due	8,698	0.00%	-
91 to 180 days past due	<u>594</u>	1.01%	<u>6</u>
	<u>\$ 1,508,738</u>		<u>6</u>
	December 31, 2018		
	Gross carrying amount	Weighted- average loss rate	Loss allowance provision
Current	\$ 1,543,845	0.00%	-
1 to 30 days past due	14,441	0.00%	-
31 to 60 days past due	11,494	0.00%	-
61 to 90 days past due	5,122	0.00%	-
91 to 180 days past due	<u>7,537</u>	0.00%	<u>-</u>
	<u>\$ 1,582,439</u>		<u>-</u>

In addition, the Company recognized the allowance for losses of \$67,855 and \$76,847 thousands for accounts receivable that could not reasonably be expected to be recoverable on December 31, 2019 and 2018.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

The movement in the allowance for notes and trade receivable was as follows:

	<u>2019</u>	<u>2018</u>
Balance on January 1, 2019 and 2018	\$ 76,847	-
Impairment losses recognized	-	76,847
Impairment losses reversed	<u>(8,986)</u>	<u>-</u>
Balance on December 31, 2019 and 2018	<u>\$ 67,861</u>	<u>76,847</u>

Note and trade receivables of the Company were not pledged as collateral.

The Company entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Company does not have the responsibility to assume the default risks of the transferred trade receivables but is liable for the losses incurred on any business dispute. The Company derecognized the above trade receivables because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The amounts receivable from the financial institutions were recognized as "other receivables" upon the derecognition of those trade receivables.

As of December 31, 2019 and 2018, the Company sold its trade receivable without recourse as follows:

Unit: thousand dollars

December 31, 2019					
<u>Purchaser</u>	<u>Derecognition Amount</u>	<u>Factoring Line</u>	<u>Advanced Amount</u>	<u>Range of Interest Rat</u>	<u>Collateral</u>
Financial institution	USD <u>395</u>	USD <u>2,800</u>	TWD <u>-</u>	-	None
December 31, 2018					
<u>Purchaser</u>	<u>Derecognition Amount</u>	<u>Factoring Line</u>	<u>Advanced Amount</u>	<u>Range of Interest Rat</u>	<u>Collateral</u>
Financial institution	USD <u>2,338</u>	USD <u>5,000</u>	TWD <u>-</u>	-	None

The Company recognized the trade receivables without recourse of \$11,844 and \$71,796 thousand on December 31, 2019 and 2018, which was recognized as other receivables.

(e) Other receivables

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts receivable factoring	\$ 11,844	71,796
Tax refund	33,430	27,828
Others	<u>36,225</u>	<u>41,472</u>
	<u>\$ 81,499</u>	<u>141,096</u>

Other receivables of the Company were not past due and pledged as collateral.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(f) Net Inventories

	December 31, 2019	December 31, 2018
Raw materials and consumables	\$ 626,523	502,987
Work in progress	348,306	259,780
Finished goods	227,280	183,590
	\$ 1,202,109	946,357

The factors that caused the net realizable value of inventories lower than the cost have disappeared in 2019, which resulted in the net realizable value has increased and the recognition of the inventory recovery benefit is \$10,990 thousand, which has been reported as the cost of goods sold.

In 2018, the Company recognized a provision on inventory market price decline of \$16,573 thousand, which was charged to cost of goods sold.

Inventories of the Company were not past due and pledged as collateral.

(g) Investments accounted for using equity method

	December 31, 2019	December 31, 2018
Subsidiary of the Company	\$ 3,558,437	3,125,229
Associates	-	-
	\$ 3,558,437	3,125,229

(i) Subsidiary of the Company

Please refer to the consolidated financial statements.

(ii) Associates

The proportion of D&Y Intelligent Co., Ltd entity held by the Company is 23.27%. Since the recoverable amount is expected to be lower than the book value, the impairment loss has been recognized in 2014. The book value of the investment is zero. As of December 31, 2019, the company status of D&Y Intelligenet Co.,Ltd entity was others(abolish) on Department of Commerce.

(iii) Guarantee

As of December 31, 2019 and 2018, investments accounted for using equity method of the Company were not past due and pledged as collateral.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2019 and 2018, were as follows:

	Land	Buildings and construction	Machinery and equipment	Other equipment	租賃改良	Construction in progress and testing equipment	Total
Cost or deemed cost:							
Balance on January 1, 2019	\$ 4,133,511	3,529,531	8,117,583	528,717	-	270,447	16,579,789
Additions	-	38,471	82,467	141,015	-	108,070	370,023
Disposal	-	(4,757)	(2,010,536)	(28,073)	-	-	(2,043,366)
Transfer (out) in	-	18,459	427,350	(2,603)	-	(318,610)	124,596
Balance on December 31, 2019	<u>\$ 4,133,511</u>	<u>3,581,704</u>	<u>6,616,864</u>	<u>639,056</u>	<u>-</u>	<u>59,907</u>	<u>15,031,042</u>
Balance on January 1, 2018	\$ 4,133,511	3,483,622	8,166,249	426,322	-	61,317	16,271,021
Additions	-	30,491	22,973	104,884	-	132,924	291,272
Disposal	-	-	(120,419)	(2,800)	-	-	(123,219)
Transfer (out) in	-	15,418	48,780	311	-	76,206	140,715
Balance on December 31, 2018	<u>\$ 4,133,511</u>	<u>3,529,531</u>	<u>8,117,583</u>	<u>528,717</u>	<u>-</u>	<u>270,447</u>	<u>16,579,789</u>
Depreciation and impairments loss:							
Balance on January 1, 2019	\$ -	1,954,578	7,516,874	418,119	-	-	9,889,571
Depreciation	-	227,747	318,763	110,738	-	-	657,248
Impairment loss	-	-	499,394	-	-	-	499,394
Disposal	-	(4,756)	(2,005,744)	(27,912)	-	-	(2,038,412)
Transfer (out) in	-	-	85	(332)	-	-	(247)
Balance on December 31, 2019	<u>\$ -</u>	<u>2,177,569</u>	<u>6,329,372</u>	<u>500,613</u>	<u>-</u>	<u>-</u>	<u>9,007,554</u>
Balance on January 1, 2018	\$ -	1,732,577	7,081,015	323,312	-	-	9,136,904
Depreciation	-	222,001	375,019	97,630	-	-	694,650
Impairment loss	-	-	174,594	-	-	-	174,594
Disposal	-	-	(113,777)	(2,800)	-	-	(116,577)
Transfer (out) in	-	-	23	(23)	-	-	-
Balance on December 31, 2018	<u>\$ -</u>	<u>1,954,578</u>	<u>7,516,874</u>	<u>418,119</u>	<u>-</u>	<u>-</u>	<u>9,889,571</u>
Carrying amounts:							
Balance on December 31, 2019	<u>\$ 4,133,511</u>	<u>1,404,135</u>	<u>287,492</u>	<u>138,443</u>	<u>-</u>	<u>59,907</u>	<u>6,023,488</u>
Balance on January 1, 2018	<u>\$ 4,133,511</u>	<u>1,751,045</u>	<u>1,085,234</u>	<u>103,010</u>	<u>-</u>	<u>61,317</u>	<u>7,134,117</u>
Balance on December 31, 2018	<u>\$ 4,133,511</u>	<u>1,574,953</u>	<u>600,709</u>	<u>110,598</u>	<u>-</u>	<u>270,447</u>	<u>6,690,218</u>

Due to the economic downturn and growing competition within the industry. The Company expects that the future cash inflow of some machinery will decline, which results in that its recoverable amount is less than the carrying amount. Therefore, the Company recognized the impairment loss of \$499,394 and \$174,594 thousand in 2019 and 2018, which is recognized in non-operating income and expense.

The estimate of value in use was determined using a pre-tax discount rate of 10.52% and 9.40% percent in 2019 and 2018.

As of December 31, 2019 and 2018, the property, plant and equipment of the Company had been pledged as collateral for long-term borrowings; please refer to note 8.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(i) Right-of-use assets

The Company leases many assets including land and buildings, vehicles and other equipment. Information about leases for which the Company as a lessee is presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Vehicles</u>	<u>Other equipment</u>	<u>Total</u>
Cost:					
Balance on January 1, 2019	\$ -	-	-	-	-
Effects of retrospective application	556	1,200	4,215	3,772	9,743
Additions	-	-	3,437	-	3,437
Reclassified	-	-	-	2,947	2,947
Derecognition	-	-	(1,182)	-	(1,182)
Balance on December 31, 2019	<u>\$ 556</u>	<u>1,200</u>	<u>6,470</u>	<u>6,719</u>	<u>14,945</u>
Accumulated depreciation and impairment losses:					
Balance on January 1, 2019	\$ -	-	-	-	-
Depreciation	185	900	2,915	1,819	5,819
Reclassified	-	-	-	246	246
Derecognition	-	-	(500)	-	(500)
Balance on December 31, 2019	<u>\$ 185</u>	<u>900</u>	<u>2,415</u>	<u>2,065</u>	<u>5,565</u>
Carrying amounts:					
Balance on December 31, 2019	<u>\$ 371</u>	<u>300</u>	<u>4,055</u>	<u>4,654</u>	<u>9,380</u>

The Company leases warehouses, vehicles and staff dormitory under an operating lease in 2018, please refer to note 6(n).

(j) Intangible assets

	<u>Computer software</u>
Costs :	
Balance at January 1, 2019	\$ 111,319
Acquired separately	2,141
Reclassified	<u>1,741</u>
Balance at December 31, 2019	<u>\$ 115,201</u>
Balance at January 1, 2018	\$ 110,186
Acquired separately	<u>1,133</u>
Balance at December 31, 2018	<u>\$ 111,319</u>
Accumulated amortization and impairment losses:	
Balance at January 1, 2019	\$ 92,621
Amortization for the year	<u>6,553</u>
Balance at December 31, 2019	<u>\$ 99,174</u>

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

	Computer software
Balance at January 1, 2018	\$ 84,886
Amortization for the year	7,735
Balance at December 31, 2018	\$ 92,621
Carrying value:	
Balance at December 31, 2019	\$ 16,027
Balance at January 1, 2018	\$ 25,300
Balance at December 31, 2018	\$ 18,698

The amortization of intangible assets and their impairment losses are included in the statement of comprehensive income in 2019 and 2018:

	2019	2018
Operating Costs	\$ 436	560
Operating expenses	\$ 6,117	7,175

(k) Short-term borrowings

	December 31, 2019	December 31, 2018
Secured bank loans	\$ -	150,000
Unsecured bank loans	250,000	250,000
Total	\$ 250,000	400,000
Unused short-term credit lines	\$ 2,075,841	2,007,354
Range of interest rates	0.67%~0.69%	0.66%~1.25%

Please refer to Note 6(v) for interest expense of the Company.

Please refer to Note 6(w) for the risk information of the liquidity risk of the Company.

For the collateral for short-term borrowings; please refer to note 8.

(l) Long-term borrowings

	December 31, 2019				Amount
Currency	Rate	Maturity day			
Secured bank loans	TWD	1.30%	2027.4.10	\$	832,258
Less: current portion					(110,968)
Total					\$ 721,290
Unused long-term credit lines					\$ -

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

	December 31, 2018			
	Currency	Rate	Maturity day	Amount
Secured bank loans	TWD	1.30%	2027.4.10	\$ 2,266,667
Less: current portion				(141,667)
Total				<u>\$ 2,125,000</u>
Unused long-term credit lines				<u>\$ 100,000</u>

(i) Loan repayable

The Company had a secured bank loan with a carrying amount of \$3,000,000 thousand in April, 2017. According to the terms of the agreement, this loan was repayable in tranches, starting from July, 2020, over the next 68 periods, once every three months.

According to the terms of the agreement, this loan is repayable from 2020 to 2037. The Company had paid the debt \$1,434,409 and \$733,333 thousand in advance on 2019 and 2018, due to capital operation and the high costs of loan. Modifying the terms of the agreement, this loan is repayable in tranches over the next 32 periods from July, 2019, once every three months.

Please refer to Note 6(v) for interest expense of the Company.

Please refer to Note 6(w) for the risk information of the liquidity risk of the Company.

(ii) Collateral for bank loan

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

(m) Lease liabilities

The lease liabilities were as follows:

	December 31, 2019
Current	<u>\$ 4,650</u>
Non-current	<u>\$ 4,762</u>

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

The amounts recognized in profit or loss were as follows:

	For the year ended December 31, 2019
Interest on lease liabilities	<u>\$ 84</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 24</u>
Expenses relating to short-term leases	<u>\$ 4,480</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 474</u>

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

The amounts recognized in the statement of cash flows for the Company were as follows:

	For the years ended December 31, 2019
Total cash outflow for leases	\$ 10,998

(i) Real estate leases

As of December 31, 2019, the Company leases lands and buildings for its office space and warehouses. The leases of office and warehouses space typically run for a period of 3 years.

(ii) Other leases

The Company leases vehicles and other equipments, with lease terms of one to four years

The Company also leases office equipments and part of the staff dormitory with lease terms of one to two years. These leases are short-term or leases of low-value items. The Company has elected not to recognize its right-of-use assets and lease liabilities for these leases.

The lease liabilities were classified as operating lease on December 31, 2019 please refer to Note 6(n).

(n) Operating lease

(i) Leases as lessee

Non-cancellable operating lease rentals payable was as follows:

	December 31, 2018
Less than one year	\$ 8,978
Between one and five years	5,206
	\$ 14,184

(ii) Leases as lessor

The Company leases out its real estate. The Company has classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2019
Less than one year	\$ 43,787
One to two years	28,657
Two to three years	23,710
Three to four years	23,253
Four to five years	22,758
More than five years	<u>122,887</u>
Total undiscounted lease payments	<u>\$ 265,052</u>

The Company leases out its properties. The future minimum lease payments under non-cancellable leases are as follows:

	December 31, 2018
Less than one year	\$ 41,212
Between one and five years	95,822
More than five years	<u>145,454</u>
	<u>\$ 282,488</u>

(o) Provisions

	December 31, 2019	December 31, 2018
Site restoration	<u>\$ 95,238</u>	<u>95,238</u>

A provision of \$95,238 thousand was made during 2017 in respect of the Company's obligation to restore the land.

Due to the nature of long-term liability, the greatest uncertainty in estimating the provision is the costs that will be incurred. In particular, the Company has assumed that the site will be restored using technology and materials that are available currently. The Company has been provided with a range of reasonably possible outcomes of the total cost. The rehabilitation is expected to occur in the future.

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(p) Employee benefits

(i) Defined benefit plans

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

	December 31, 2019	December 31, 2018
Present value of the defined benefit obligations	\$ 90,128	114,193
Fair value of plan assets	<u>(72,476)</u>	<u>(68,542)</u>
Net defined benefit liabilities (assets)	<u>\$ 17,652</u>	<u>45,651</u>

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

1) Composition of plan assets

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

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$72,476 thousand as of December 31, 2019. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Company were as follows:

	<u>2019</u>	<u>2018</u>
Defined benefit obligations at January 1	\$ 114,193	114,406
Current service costs and interest cost	1,310	1,607
Remeasurement on the net defined benefit liabilities (assets)		
– Experience adjustments arising on the actuarial gains or losses	1,979	(4,170)
– Actuarial loss (gain) arising from:		
- demographic assumptions	2,185	606
- financial assumptions	(10,316)	3,814
Benefits paid	(1,285)	(2,070)
Past service credit and curtailment or settlement gains	(17,938)	-
Defined benefit obligations at December 31	<u>\$ 90,128</u>	<u>114,193</u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	<u>2019</u>	<u>2018</u>
Fair value of plan assets at January 1	\$ (68,542)	(65,688)
Interest income	(695)	(835)
Remeasurement on the net defined benefit liabilities (assets)		
– actuarial loss (gain)	(2,393)	(1,782)
Contribution made	(2,131)	(2,307)
Benefits paid	1,285	2,070
Fair value of plan assets at December 31	<u>\$ (72,476)</u>	<u>(68,542)</u>

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2019	2018
Current service costs	\$ 170	178
Net interest of net liabilities for defined benefit obligations	445	594
Past service credit and curtailment or settlement gains	(17,938)	-
	\$ (17,323)	772
	2019	2018
Operating cost	\$ (14,051)	374
Operating expenses	(3,272)	398
	\$ (17,323)	772

5) Remeasurement of net defined benefit liability (asset) recognized in other comprehensive income

The Company's remeasurement of the net defined benefit liability (asset) recognized in other comprehensive income for the years ended December 31, 2019 and 2018, was as follows:

	2019	2018
Accumulated amount at January 1	\$ 25,399	26,931
Recognized during the period	(8,545)	(1,532)
Accumulated amount at December 31	\$ 16,854	25,399

6) Actuarial assumptions

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

	2019	2018
Discount rate	0.75 %	1.00 %
Future salary increase rate	2.00 %	3.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$1,927 thousand.

The weighted average lifetime of the defined benefits plans is 12 years.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

7) Sensitivity analysis

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

	Influences of defined benefit obligations	
	Increased0.25%	Decreased0.25%
December 31, 2019:		
Discount rate	\$ (2,814)	2,934
Future salary increasing rate	2,890	(2,786)
	Influences of defined benefit obligations	
	Increased0.25%	Decreased0.25%
December 31, 2018:		
Discount rate	\$ (3,838)	4,010
Future salary increasing rate	3,921	(3,774)

(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of Labor Insurance amounted to \$54,185 thousand and \$61,773 thousand for the years ended December 31, 2019 and 2018, respectively.

(q) Income taxes

(i) Income tax expense recognized in profits or losses

The components of income tax in the year 2019 and 2018 were as follows:

	2019	2018
Current income tax expense (benefit):		
Current period	\$ -	76,931
Adjustment for prior periods	(60)	10,295
	(60)	87,226
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	13,746	(6,077)
	13,746	(6,077)
Income tax expense from continuing operations	\$ 13,686	81,149

No Income tax expense (benefit) recognized directly in other comprehensive income.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

Reconciliation of income tax and profit before tax for 2019 and 2018 is as follows.

	<u>2019</u>	<u>2018</u>
Profit excluding income tax	\$ <u>(187,216)</u>	<u>(51,429)</u>
Income tax using the Company's domestic tax rate	\$ (37,443)	(10,286)
Adjustment in tax rate	-	(4,400)
Non-deductible expenses	70	-
Current-year losses for which no deferred tax assets was recognized	43,442	-
Change in unrecognized temporary differences	7,677	55,878
Recognition of previously unrecognized tax losses	-	(10,459)
Change in provision in prior periods	(60)	10,295
Undistributed earnings additional tax	<u>-</u>	<u>40,121</u>
Income tax expense	<u>\$ 13,686</u>	<u>81,149</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2019 and 2018. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Aggregate amount of temporary differences related to investments in subsidiaries	\$ <u>2,362,445</u>	<u>2,006,491</u>
Unrecognized deferred tax liabilities	\$ <u>472,489</u>	<u>401,298</u>

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Tax effect of deductible Temporary Differences	\$ 222,997	134,888
The carryforward of unused tax losses	<u>43,442</u>	<u>-</u>
	<u>\$ 266,439</u>	<u>134,888</u>

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

Year of loss	Unused tax loss	Expiry date
2019	\$ 217,209	2029

3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2019 and 2018 were as follows:

	Others
Deferred tax liabilities:	
Balance at January 1, 2019	\$ -
Recognized in profit or loss	<u>11,659</u>
Balance at December 31, 2019	<u><u>\$ 11,659</u></u>

	Unrealized Gain (Loss) of Inventories	Others	Total
Deferred tax assets:			
Balance at January 1, 2019	\$ 29,727	1,284	31,011
Recognized in profit or loss	<u>(2,199)</u>	<u>112</u>	<u>(2,087)</u>
Balance at December 31, 2019	<u><u>\$ 27,528</u></u>	<u><u>1,396</u></u>	<u><u>28,924</u></u>
Balance at January 1, 2018	\$ 22,450	2,484	24,934
Recognized in profit or loss	<u>7,277</u>	<u>(1,200)</u>	<u>6,077</u>
Balance at December 31, 2018	<u><u>\$ 29,727</u></u>	<u><u>1,284</u></u>	<u><u>31,011</u></u>

(iii) Assessment of tax

The Company's tax returns for the years through 2017 were assessed by the Taipei National Tax Administration.

(r) Capital and other equity

(i) Ordinary shares

As of December 31, 2019 and 2018, the total value of nominal ordinary shares amounted to \$6,500,000 thousand. The face value of each share is \$10. In total, there were both 441,545 thousands of ordinary shares issued. All issued shares were paid up upon issuance.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(ii) Capital surplus

The balance of capital surplus as of December 31, 2019 and 2018, were as follows:

	December 31, 2019	December 31, 2018
Share capital	\$ 2,308,555	2,308,555
From conversion of convertible bonds	286,921	286,921
Lapsed employee share options	17,253	17,253
Stock options – fair value differences of associates and joint ventures under equity method	5,832	5,832
Treasury share transactions	421	421
	\$ 2,618,982	2,618,982

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

(iii) Retained earnings

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

In order to bring about stability in the payment of dividends, the Board of Directors distributes dividends depending on the level of earnings and the funding needs. The cash dividends shall not be less than 10% of total dividends. If no earnings to be distributed, earnings are far less than the amount distributed in the previous year, or the Company considers its finance, business and operating factors, all surplus can be distributed, or be distributed under law or regulations of the authority.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

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GIANTPLUS TECHNOLOGY CO., LTD
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2) Special reserve

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2018 was decided by the resolution adopted, at the general meeting of shareholders held on June 26, 2019, no earning is distributed.

Earnings distribution for 2017 was decided by the resolution adopted, at the general meeting of shareholders held on June 26, 2018. The relevant dividend distributions to shareholders were as follows:

	2017	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.20	88,309

(iv) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance at January 1, 2019	\$ (184,992)	(46,036)	(231,028)
Exchange differences on foreign operations	42,488	-	42,488
Balance at December 31, 2019	\$ (142,504)	(46,036)	(188,540)
Balance at January 1, 2018	\$ (142,453)	-	(142,453)
Effects on retrospective application	-	(46,036)	(46,036)
Exchange differences on foreign operations	(42,539)	-	(42,539)
Balance at December 31, 2018	\$ (184,992)	(46,036)	(231,028)

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(s) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the years ended December 31, 2019 and 2018 was as follows:

	2019	2018
Basic earnings per share		
Loss attributable to ordinary shareholders of the Company	\$ <u>(200,902)</u>	<u>(132,578)</u>
Weighted average number of ordinary shares	<u>441,545</u>	<u>441,545</u>
Basic earnings per share (NT dollars)	\$ <u>(0.45)</u>	<u>(0.30)</u>
Diluted earnings per share		
Loss attributable to ordinary shareholders of the Company (diluted)	\$ <u>(200,902)</u>	<u>(132,578)</u>
Weighted average number of ordinary shares	\$ <u>441,545</u>	<u>441,545</u>
Weighted average number of ordinary shares (diluted)	441,545	441,545
Diluted earnings per share (NT dollars)	\$ <u>(0.45)</u>	<u>(0.30)</u>

The following items have an anti-dilutive effect, and hence they are not included in the calculation of the weighted average number of shares (diluted).

	2019	2018
Effect of employee stock compensation (Note)	\$ <u>-</u>	<u>312</u>

Note: Assume that employee bonuses are allotted in stock.

(t) Revenue from contracts with customers

(i) Disaggregation of revenue

	2019	2018
Primary geographical markets:		
China	\$ 2,839,280	3,761,065
Taiwan	2,050,337	1,995,457
Japan	1,024,767	781,404
Other	<u>2,838,175</u>	<u>3,316,033</u>
	\$ <u>8,752,559</u>	<u>9,853,959</u>
Major products:		
LCD panel and module	\$ <u>8,752,559</u>	<u>9,853,959</u>

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(ii) Contract balances

	<u>December 31, 2019</u>	<u>December 31, 2018</u>	<u>January 1, 2018</u>
Accounts receivable	\$ 1,670,374	1,730,167	2,013,063
Less: allowance for impairment	<u>(67,861)</u>	<u>(76,847)</u>	<u>-</u>
	<u>\$ 1,602,513</u>	<u>1,653,320</u>	<u>2,013,063</u>
Contract liabilities (recorded in other current liabilities)	<u>\$ 163,488</u>	<u>55,990</u>	<u>81,008</u>

For details on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue recognized for the year ended December 31, 2019 and 2018 that was included in the contract liability balance at the beginning of the period were \$31,353 thousand and \$81,008 thousand, respectively.

(u) Employee compensation and directors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and less than 1.5% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Company incurred loss before tax for the years ended December 31, 2019 and 2018, therefore, there were no remunerations allocated to employees and directors.

(v) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	<u>2019</u>	<u>2018</u>
Interest income	\$ 26,285	29,561
Rent income	46,019	33,624
Others	<u>149,529</u>	<u>211,348</u>
	<u>\$ 221,833</u>	<u>274,533</u>

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(ii) Other gains and losses

The details of other gains and losses were as follows:

	<u>2019</u>	<u>2018</u>
Gains (Losses) on disposals of property, plant and equipment	\$ 60,379	(6,642)
Foreign exchange gains	44,776	22,124
Gains on financial assets at fair value through profit or loss	123	-
Impairment loss on non-financial assets	(499,394)	(174,594)
Others	<u>(156,280)</u>	<u>(150,877)</u>
	<u><u>\$ (550,396)</u></u>	<u><u>(309,989)</u></u>

(iii) Finance costs

The details of finance costs were as follows:

	<u>2019</u>	<u>2018</u>
Interest expense	<u>\$ 65,368</u>	<u>49,905</u>

(w) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

2) Concentration of credit risk

The major customers of the Company are centralized in producing panel. In order to minimize the credit risk of accounts receivable, the Company periodically evaluates the financial position of customers, assessing the possibility of receivables recovery, and providing allowance for bad debts regularly. The impairment is always within the management's expectations. The Company's receivables accounted for 54% and 40% of the total receivables, respectively, on December 31, 2019 and 2018. The concentration of credit risk of other receivables is relatively insignificant.

3) Receivables securities

For credit risk exposure of accounts receivable, please refer to note 6(d).

Other financial assets at amortized cost includes other receivables. Please refer to note 6(e).

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GIANTPLUS TECHNOLOGY CO., LTD
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All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
December 31, 2019							
Non-derivative financial liabilities							
Secured loans	\$ 832,258	872,380	60,683	60,323	119,563	350,034	281,777
Unsecured loans	250,000	250,183	250,183	-	-	-	-
Accounts payable	1,288,450	1,288,450	1,288,450	-	-	-	-
Accounts payable-related party	1,331,437	1,331,437	1,331,437	-	-	-	-
Other payable	703,368	703,368	703,368	-	-	-	-
Other payable-related party	1,830,197	1,830,197	1,830,197	-	-	-	-
Lease liabilities	9,412	9,496	2,550	2,116	2,711	2,119	-
Guarantee deposits received (recorded in other non-current liabilities)	17,154	17,154	17,154	-	-	-	-
Derivative financial liabilities							
Other forward exchange contracts							
Outflow	(123)	120,225	120,225	-	-	-	-
Inflow	-	(120,348)	(120,348)	-	-	-	-
	<u>\$ 6,262,153</u>	<u>6,302,542</u>	<u>5,483,899</u>	<u>62,439</u>	<u>122,274</u>	<u>352,153</u>	<u>281,777</u>
December 31, 2017							
Non-derivative financial liabilities							
Secured loans	\$ 2,416,667	2,548,510	165,204	155,863	308,963	904,790	1,013,690
Unsecured loans	250,000	250,366	250,366	-	-	-	-
Accounts payable	1,103,108	1,103,108	1,103,108	-	-	-	-
Accounts payable-related party	771,613	771,613	771,613	-	-	-	-
Other payable	759,202	759,202	759,202	-	-	-	-
Other payable-related party	665,521	665,521	665,521	-	-	-	-
Guarantee deposits received (recorded in other non-current liabilities)	18,898	18,898	18,898	-	-	-	-
	<u>\$ 5,985,009</u>	<u>6,117,218</u>	<u>3,733,912</u>	<u>155,863</u>	<u>308,963</u>	<u>904,790</u>	<u>1,013,690</u>

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

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2019			December 31, 2018		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 85,339	29.980	2,558,463	72,962	30.715	2,241,028
JPY	386,420	0.276	106,652	427,759	0.278	119,003
CNY	76,030	4.297	326,737	22,029	4.475	98,587
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	\$ 121,271	29.980	3,635,705	65,609	30.715	2,015,180
JPY	1,344,398	0.276	371,054	725,212	0.278	201,754

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, financial assets measured at amortized cost, accounts and other receivables, trade and other payables and lease liabilities that are denominated in foreign currency. The analysis is performed on the same basis for 2019 and 2018.

A weakening or strengthening of 1% of the TWD against the USD as of December 31, 2019 and 2018 would have decreased or increased the net profit before tax by \$10,772 thousand and increased or decreased the net profit before tax by \$2,258 thousand. The analysis assumes that all other variables remain constant.

A weakening or strengthening of 1% of the TWD against the JPY as of December 31, 2019 and 2018 would have decreased or increased the net profit before tax by \$2,644 thousand and \$828 thousand. The analysis assumes that all other variables remain constant.

A weakening or strengthening of 1% of the TWD against the CNY as of December 31, 2019 and 2018 would have increased or decreased the net profit before tax by \$3,267 thousand and \$986 thousand. The analysis assumes that all other variables remain constant.

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2019 and 2018, foreign exchange gain (loss) (including realized and unrealized portions) amounted to \$44,776 thousand and \$22,124 thousand, respectively.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(iv) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Company's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year.

If the interest rate had increased / decreased by 10 basis points, the Company's net profit (loss) would have increased or decreased by \$528 thousand and decreased or increased by \$717 thousand for the year ended 2019 and 2018, respectively, with all other variable factors remaining constant. This is mainly due to the variable rates of the Company's bank deposits and borrowing.

(v) Fair value of financial instruments

1) Fair value hierarchy

The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	December 31, 2019				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit of loss					
Derivative financial assets	\$ 123	-	123	-	123
Financial assets measured at amortized cost					
Cash and cash equivalents	1,817,490	-	-	-	-
Accounts receivable	1,602,513	-	-	-	-
Other receivables	81,499	-	-	-	-
Guaranteed deposits paid (recorded in other current assets and other non-current assets)	26,330	-	-	-	-
Total	3,527,832	-	-	-	-

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

		December 31, 2019				
		Book Value	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial liabilities measured at amortized cost						
Bank loans	\$	1,082,258	-	-	-	-
Accounts payable		1,288,450	-	-	-	-
Accounts payable-related party		1,331,437	-	-	-	-
Other payables		703,368	-	-	-	-
Other payables-related party		1,830,197	-	-	-	-
Lease liabilities		9,412	-	-	-	-
Guarantee deposits received (recorded in other non-current liabilities)		17,154	-	-	-	-
Total		<u>6,262,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		December 31, 2018				
		Book Value	Fair Value			Total
			Level 1	Level 2	Level 3	
Financial assets measured at amortized cost						
Cash and cash equivalents	\$	1,587,350	-	-	-	-
Accounts receivable		1,653,320	-	-	-	-
Other receivables		141,096	-	-	-	-
Guarantee deposits paid (recorded in other non-current assets)		1,403	-	-	-	-
Total		<u>3,383,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities measured at amortized cost						
Bank loans	\$	2,666,667	-	-	-	-
Accounts payable		1,103,108	-	-	-	-
Accounts payable-related party		771,613	-	-	-	-
Other payables		759,202	-	-	-	-
Other payables-related party		665,521	-	-	-	-
Guarantee deposits received (recorded in other non-current liabilities)		18,898	-	-	-	-
Total		<u>5,985,009</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

2) Valuation techniques for financial instruments not measured at fair value

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

a) Financial assets measured at amortized cost

If there is quoted price generated by transactions, the recent transaction price and quoted price data is used as the basis for fair value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

3) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

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

b) Derivative financial intrustments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of forward currency is usually determined by the forward currency exchange rate

4) Transfers between Level 1 and Level 2

There were no transfers from Level 2 to Level 1 in 2019 and 2018.

(x) Financial risk management

(i) Overview

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

- 1) credit risk
- 2) liquidity risk
- 3) market risk

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

(ii) Structure of risk management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

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

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(iii) Credit risk

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

1) Accounts and other receivables

Each business unit manages customer credit risk by following the policies, procedures and controls of the customer's credit risk of the Company. The credit risk assessment of all customers is based on factors such as the financial status of the customer, the evaluation of the credit rating agency, past historical trading experience, current economic environment and internal company evaluation criteria. The Company also uses certain credit enhancement tools (such as advance sales receipts) at appropriate times to reduce the credit risk of specific customers.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide financial guarantees for transactions involving equity investment that is more than 50% owned. At December 31, 2019, no other guarantees were outstanding (2018: none).

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company's unused credit line please refer to note 6(k) and (l).

(v) Market risk

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

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

1) Currency risk

The Company is exposed to currency risk on sales, expenditures, and net investment in a foreign operation that are denominated in a currency other than the respective functional currencies of the Company.

Part of the Company's receivables and payables are the same currency. Meanwhile, a considerable portion will have a natural hedging effect. For some foreign currency payments, forward exchange agreements are used to manage currency risk based on the aforementioned natural hedging. Thus the Company does not comply hedge accounting. Otherwise, the net investment in a foreign operation is considered strategic investment, so the Company has not hedged against this.

2) Interest rate risk

Interest rate risk is the risk of fluctuations in the fair value or future cash flows due to changes in market interest rates. The interest rate risk of the Company is mainly derived from floating rate investments classified as loans and receivables and floating rate borrowings.

3) Other market price risk

The Company holds unlisted equity securities. The price of such equity securities is affected by the uncertainty of the future value of these investment targets. The unlisted equity securities held by the Company are all available for sale. The Company manages the market price risk of equity securities by diversifying investments and setting limits on single and overall equity securities investments. The portfolio information of equity securities is required to be regularly provided to the senior management of the Company, and the board of directors must review and approve all equity securities investment.

(y) Capital management

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

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

The Company uses the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, and other equity plus net debt.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

The Company's debt-to-equity ratio at the end of the reporting period, is as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Total liabilities	\$ 6,579,785	6,245,485
Less: cash and cash equivalents	<u>(1,817,490)</u>	<u>(1,587,350)</u>
Net debt	4,762,295	4,658,135
Total equity	<u>8,088,538</u>	<u>8,238,407</u>
Adjusted equity	<u>\$ 12,850,833</u>	<u>12,896,542</u>
Debt-to-equity ratio	<u>37.06 %</u>	<u>36.12 %</u>

There were no significant changes on the Company's capital management for the year ended December 31, 2019.

(z) Financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow in the years ended December 31, 2019 and 2018, were as follows:

	<u>January 1, 2019</u>	<u>Cash flows</u>	<u>Non-cash changes</u>			<u>December 31, 2019</u>
			<u>Acquisition</u>	<u>Foreign exchange movement</u>	<u>Fair value changes</u>	
Long-term borrowings	\$ 2,266,667	(1,434,409)	-	-	-	832,258
Short-term borrowings	400,000	(150,000)	-	-	-	250,000
Lease liabilities	9,743	(5,936)	-	5,605	-	9,412
Total liabilities from financing activities	<u>\$ 2,676,410</u>	<u>(1,590,345)</u>	<u>-</u>	<u>5,605</u>	<u>-</u>	<u>1,091,670</u>

	<u>January 1, 2018</u>	<u>Cash flows</u>	<u>Non-cash changes</u>			<u>December 31, 2018</u>
			<u>Acquisition</u>	<u>Foreign exchange movement</u>	<u>Fair value changes</u>	
Long-term borrowings	\$ 3,000,000	(733,333)	-	-	-	2,266,667
Short-term borrowings	350,000	50,000	-	-	-	400,000
Total liabilities from financing activities	<u>\$ 3,350,000</u>	<u>(683,333)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,666,667</u>

(7) Related-party transactions:

(a) Parent company and ultimate controlling company

Toppan Printing Co., Ltd. is the parent company and the ultimate controlling party of the Company.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Toppan Printing Co., Ltd.(TOPPAN)	The ultimate controlling party (Note1)
Ortus Technology Co., Ltd.(Ortus)	Former parent company (Note1)
Toppan Chunghwa Electronics Co., Ltd.(TCE)	Other related party
Giantplus (Samoa) Holding Co., Ltd	Subsidiary of the Company
Giantplus Holding L.L.C.	Subsidiary of the Company
Kunshan Giantplus Optoelectronics Technology Co., Ltd.	Subsidiary of the Company (Note2)
Shenzhen Giantplus Optoelectronics Display Co., Ltd.	Subsidiary of the Company
Kunshan Giantplus Optronics Display Technology Co., Ltd.	Subsidiary of the Company

Note1: Toppan printing Co., Ltd (“TOPPAN”) acquired Ortus Technology Co. Ltd.(“Ortus”), the former parent company of the Company, on April 1, 2019. Since then, TOPPAN has become the parent company and ultimate controlling company of the Company.

Note2: On December 13, 2019, Kunshan Giantplus Optoelectronics Technology Co., Ltd. was approved to sell 100% equity to Kunshan Jiahang Asset Management Co., Ltd.. The registration of equity changes completed on April 8, 2019. From that day, KGP wasn't the subsidiary of the Company.

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

	<u>2019</u>	<u>2018</u>
Former parent company – Ortus	\$ 4,997	5,986
Parent company – TOPPAN	150,500	-
Subsidiaries	<u>24,729</u>	<u>19,820</u>
	<u>\$ 180,226</u>	<u>25,806</u>

There were no comparable non-related parties of price and no significant differences between the terms of transactions with related parties and those carried out with other normal customers. The trading terms for related parties ranged from 45 days to 3 months, while the terms for routine sales ranged from T/T in advanced to 3 months.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(ii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	<u>2019</u>	<u>2018</u>
Parent company – TOPPAN	\$ 21,143	8,296
Other related party – TCE	<u>25</u>	<u>-</u>
	<u><u>\$ 21,168</u></u>	<u><u>8,296</u></u>

There were no significant differences between the terms and pricing of transactions with related parties and those carried out with other normal vendors. The payment terms for related parties' transaction is 3 months, while the terms for routine purchases ranged from T/T in advance to 4 months.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Accounts receivable	Parent company – TOPPAN	\$ 81,196	4,681
Accounts receivable	Former parent company – Ortus	-	1,008
Other receivables	Subsidiaries	5,017	5,346
Other receivables	Other related party – TCE	9,845	9,201
Other current assets	The parent company – TOPPAN	55,180	14,059
Other current assets	Other related party – TCE	<u>1,560</u>	<u>360</u>
		<u><u>\$ 152,798</u></u>	<u><u>34,655</u></u>

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(iv) Payables to Related Parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Accounts payable	The parent company – TOPPAN	\$ 184,356	41,587
Accounts payable	Subsidiary of the Company	1,147,054	730,026
Accounts payable	Other related party – TCE	26	-
Other payables	The parent company – TOPPAN	43,445	16,644
Other payables	Former parent company – Ortus	-	1,878
Other payables	Subsidiary of the Company	27,611	27,771
Other payables	Other related party – TCE	887	1,360
Other current assets	The parent company – TOPPAN	35,997	-
Other current assets	Former parent company – Ortus	-	2,356
		<u>\$ 1,439,376</u>	<u>821,622</u>

(v) Property transactions

1) Purchases of property, plant and equipment

The purchases price of property, plant and equipment purchased from related parties are summarized as follows:

	<u>2019</u>	<u>2018</u>
The parent company – TOPPAN	\$ 107,461	20,521
Subsidiary of Company	12,815	28,795
Other related party – TCE	1,850	1,670
	<u>\$ 122,126</u>	<u>50,986</u>

(vi) Others

	<u>Outsourced manufacturing</u>	
	<u>2019</u>	<u>2018</u>
Subsidiary of the Company	<u>\$ 1,415,044</u>	<u>1,618,206</u>

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

	Production overheads	
	2019	2018
The parent company – TOPPAN	\$ 262,746	108,109
Former parent company – Ortus	571	1,938
Subsidiary of Company	<u>1,036</u>	<u>399</u>
	<u>\$ 264,353</u>	<u>110,446</u>
	Operating expenses	
	2019	2018
Former parent company – Ortus	<u>\$ -</u>	<u>326</u>
	Other income	
	2019	2018
Former parent company – Ortus	\$ 1,175	44,810
The parent company – TOPPAN	49,821	-
Subsidiary of the Company	22,742	19,950
Other related party – TCE	<u>6,436</u>	<u>6,092</u>
	<u>\$ 80,174</u>	<u>70,852</u>
	Other expenses	
	2019	2018
The parent company – TOPPAN	\$ 27,024	43,693
Other related party	<u>1,590</u>	<u>3,485</u>
	<u>\$ 28,614</u>	<u>47,178</u>
	Interest income	
	2019	2018
Subsidiary of the Company	<u>\$ 2,799</u>	<u>-</u>
	Interest expenses	
	2019	2018
Subsidiary of the Company	<u>\$ 42,940</u>	<u>14,451</u>

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(vii) Borrowings from Related Parties

The borrowings from related parties were as follows: :

	December 31, 2019	December 31, 2018
Subsidiary of the Company	\$ 1,758,254	618,172

The interest charged to the Company is calculated based on the average interest rate imposed on related parties' borrowings by external financial institutions. The interest-bearing borrowings provided from related parties are unsecured.

(d) Transactions with key management personnel

	2019	2018
Short-term employee benefits	\$ 43,647	49,094

(8) Pledged assets:

The carrying value of pledged assets were as follows:

Assets	Purpose of Pledge	December 31, 2019	December 31, 2018
Property, plant and equipment	Bank loan credit lines	\$ 4,445,857	4,965,703
Guarantee deposits paid	Collateral for provisional attachment guarantee for property and tooling leases	26,330	1,403
		\$ 4,472,187	4,967,106

(9) Significant Commitments and contingencies:

(a) Unused standby letters of credit

	December 31, 2019	December 31, 2018
JPY	\$ -	12,780
USD	50	-

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

(12) Other:

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

By item	By function	2019			2018		
		Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits							
Salary		814,915	266,687	1,081,602	957,067	276,963	
Labor and health insurance		81,016	25,357	106,373	92,595	26,929	
Pension		25,895	10,967	36,862	47,290	15,255	
Remuneration of directors		-	3,113	3,113	-	3,302	
Others		34,907	13,560	48,467	41,538	14,426	
Depreciation		531,896	131,171	663,067	582,393	112,257	
Amortization		617	6,117	6,734	1,103	7,175	

The Company For the years ended December 31, 2019 and 2018 employees and employee benefits expenses were as follows

	2019	2018
Number of employees	<u><u>1,530</u></u>	<u><u>1,794</u></u>
Number of non-employee directors	<u><u>6</u></u>	<u><u>6</u></u>
Average employee benefit expense	<u><u>\$ 836</u></u>	<u><u>823</u></u>
Average employee salary expense	<u><u>\$ 710</u></u>	<u><u>690</u></u>
The adjustment on average employee salary expense	<u><u>2.90 %</u></u>	

- (b) On September 6, 2019, a U.S. company filed a lawsuit in the United States District Court for the Eastern District of Texas against the Company, claiming the infringement of patent. On December 18, 2019, the both parties have reached a settlement agreement, under which the plaintiff agreed to dismiss all pending lawsuits that had been filed against the Company, and the relevant settlement fee has been recognized.

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GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

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

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 4)	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	Giantplus Technology Co., LTD	Kunshan Giantplus Optronics Display Tech Co.LTD	Other receivables	Yes	158,000	-	-	0%	2	-	Operating Capital	-	None	-	2,426,561	3,235,415
2	Giantplus (Samoa) Holding Co., Ltd	Kunshan Giantplus Optronics Display Tech Co.LTD	Other receivables	Yes	915,000	899,400	719,520	3.55%-4.32%	2	-	Operating Capital	-	None	-	3,210,634	3,210,634
2	Giantplus (Samoa) Holding Co., Ltd	Giantplus Technology Co., LTD	Other receivables	Yes	1,823,820	1,730,321	1,730,321	2.38%-3.07%	2	-	Operating Capital	-	None	-	3,210,634	3,210,634

Note 1: For those companies with short-term financing needs, please fill in 2.

Note 2: The Company's total fund financing amount for individual party cannot exceed 30% of its net asset value. Giantplus (Samoa) Holding Co., LTD total fund financing amount for individual party cannot exceed 90% of its net asset value.

Note 3: The Company's total fund financing amount cannot exceed 40% of its net asset value. Giantplus (Samoa) Holding Co., LTD total fund financing amount for individual party cannot exceed 90% of its net asset value.

Note 4: Highest balance of financing to other party during the period.

Note 5: If the public company submits fund financing based on each transaction for a resolution by the Board of Directors in accordance with Article 14(1) of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, although the funds have not been allocated, the amount approved by the board shall be included in the ending balance of loans of funds in the announcement to reflect the risk that the company has under taken.

However, if the loans of funds are repaid, the balance of the repayment shall be disclosed to reflect the adjustment of risk.

If the public company authorizes the chairman of the board to allocate the loans of funds within particular amounts (authorized limits) and repaid over several installments in a year according to the resolution of the board of directors in accordance with Article 14(2) of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the company shall still disclose the amount approved by the board of directors.

Although the funds will be repaid afterwards, in the consideration of the possibilities of re-loan, the company shall still disclose the amount approved by the board of directors.

Note 6: The amount is based on foreign currency, please refer the spot exchange rate on financial statement date.

(ii) Guarantees and endorsements for other parties:None

(iii) Securities held as of December 31, 2019 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance			Fair value	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)		
The Company	Chenfeng Optronics Corporation	None	FVOCI	2,141,452	-	3.75 %	-	Note 1

Note 1: No public offer.

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

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party (Note 1)	Relationship with the company (Note 1)	Beginning Balance		Purchases		Sales			Ending Balance		
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	Kunshan Giantplus Optoelectronics Technology Co., Ltd	Investments accounted for using equity method	Kunshan Jiahang Asset Management Co, Ltd	None	-	986,855	-	-	-	1,920,760	923,890	934,889	-	-

Note 1: Fill in the columns if securities are accounted for using the equity method; otherwise leave the columns blank.

Note 2: The carrying amount at disposal included the related adjustments while using equity method.

Note 3: The disposal gain or loss included the traslation differences of reclassification from equity to profit or loss amounting to (61,981) thousand.

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GIANTPLUS TECHNOLOGY CO., LTD
Notes to the Financial Statements

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Shenzhen Giantplus Optoelec. Display Co., Ltd.	Grandson company	purchase	465,000	12 %	60 Days	-		(696,805)	(27)%	
The Company	Kunshan Giantplus Optronics Display Tech Co., Ltd	Grandson company	purchase	950,044	24 %	60 Days	-		(450,249)	(17)%	
Shenzhen Giantplus Optoelec. Display Co., Ltd.	The Company	The parent company's holding company	Sale	(465,000)	(100)%	60 Days	-		696,805	100%	
Kunshan Giantplus Optronics Display Tech Co., Ltd	The Company	The parent company's holding company	Sale	(950,044)	(92) %	60 Days	-		450,249	100%	

- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance (Note 2)	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance for bad debts
					Amount	Action taken		
Shenzhen Giantplus Optoelec. Display Co., Ltd.	The Company	The parent company's holding company	722,660	- %	-		239,543	-
Kunshan Giantplus Optronics Display Tech Co., Ltd	The Company	The parent company's holding company	451,864	- %	-		451,864	-

Note 1: The aforementioned inter-company transactions have been eliminated in the financial statements.

Note 2: Contain Other non-operating receivables.

- (ix) Trading in derivative instruments:Please refer to notes 6(b).

(b) Information on investees:

The following is the information on investees for the year 2019 (excluding information on investees in Mainland China):

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2019			Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2019	December 31, 2018	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Giantplus (Samoa) Holding Co., Ltd	Samoa	Investment activities	1,397,086	1,397,086	44,000,000	100.00 %	3,567,372	366,784	366,784	Subsidiary
The Company	D&Y INTELLIGENT CO., LTD.	Taiwan	Research and development, design, production and sales of medical device products	35,106	35,106	2,606,250	23.27 %	-	-	-	Related Company (note)
Giantplus (Samoa) Holding Co., Ltd	Giantplus Holding L.L.C.	U.S.A	Investment activities	1,397,086	1,397,086	-	100.00 %	1,059,415	403,323	403,323	Subsidiary

Note: Has been recognized 100% impairment loss.

(Continued)

GIANTPLUS TECHNOLOGY CO., LTD

Notes to the Financial Statements

(c) Information on investment in mainland China:

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

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2019	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2(3))	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Kunshan Giantplus Optoelectronics Technology Co., Ltd (note 6, 9)	The assembly of liquid crystal displays	899,400	(2)	899,400	-	-	899,400	(87,024)	100.00%	(87,024)	-	-
Shenzhen Giantplus Optoelec. Display Co., Ltd. (note 7)	The assembly of liquid crystal displays	359,760	(2)	359,760	-	-	359,760	(191,313)	100.00%	(191,313)	637,195	-
Kunshan Giantplus Optronics Display Tech Co., Ltd (note 8)	The assembly of liquid crystal displays and the production and sale business of touch panel	869,420	(2)	869,420	-	-	869,420	(120,023)	100.00%	(120,023)	428,615	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2019 (Note 9)	Investment Amounts Authorized by Investment Commission, MOEA (Note 9)	Upper Limit on Investment (Note 3)
2,128,580	2,128,580	4,853,122

Note 1: Investments in Mainland China are differentiated by the following three methods:

1. Direct investment in Mainland China
2. Investment in Mainland China through a third region company
3. Other methods

Note 2: Recognition of investment gain or loss during current period is pursuant to the following:

1. If the corporation is in the set-up phase, no investment gain or loss recognition should be indicated.
2. Recognition basis of investment gains or losses is determined by the following three types:
 - (1) Financial statements of the investee company were audited and certified by an R.O.C. accounting firm which has cooperation with an international firm.
 - (2) Financial statements of the investee company were audited and certified by the CPA of the parent company
 - (3) Others-financial statement reviewed by the CPA of parent company or complied by the parent company.

Note 3: The upper limit on investment was the greatest of 60% of the total net worth based on "Principle of investment or Technical Cooperation in Mainland China".

Note 4: In the above table, all relevant amounts are disclosed in TWD, and the foreign currency was translated on the exchange rate at the year ended December 31, 2019.

Note 5: The aforementioned inter-company transactions have been eliminated in the financial statements.

Note 6: Kunshan Giantplus Optoelectronics Technology Co., Ltd was the indirect subsidiary of the Company. The company has disposed all the shares on April 8, 2019. Hence, only disclose the information before the disposal.

Note 7: Shenzhen Giantplus Optoelec. Display Co., Ltd. is the indirect subsidiary of the Company.

Note 8: Kunshan Giantplus Optronics Display Tech Co., Ltd. is the indirect subsidiary of the Company.

Note 9: In April 2019, the Company disposed its investment of "The accumulated investment amount remitted from Taiwan to China at the year ended December 31, 2019" and the "investment amount approved by the Investment Review Committee of the Ministry of Economic Affairs", including the original remittance of US \$ 30,000 thousand, which has yet to be remitted as of December 31, 2019, in the equity of Kunshan Giantplus Optoelectronics Technology Co., Ltd.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(14) Segment information:

Please refer to the consolidated financial statements.

The Company's chief decision makers believe that the Company has only a single segment, mainly engaged in research, development, production and sale of thin film transistor liquid crystal displays ("TFT-LCDs")

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of cash and cash equivalents

December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cash on hand		\$ 183	Note
Checks and saving accounts	Savings accounts	1,491,671	
	Foreign currency deposits		
	USD29,363		
	JPY268,715		
	HKD32		
	RMB253		
	EUR27		
Time deposits	RMB75,774	<u>325,636</u>	
		<u>\$ 1,817,490</u>	

Note : Exchange rate, December 31,2019

USD1=NTD29.980

JPY1=NTD0.276

HKD1=NTD3.849

RMB1=NTD4.297

EUR1=NTD33.590

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of trade receivables

December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

<u>Client Name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related parties:			
TOPPAN	Payment	\$ <u>81,196</u>	
Non-related parties:			
Chunghwa Picture Tubes, Ltd.	"	141,015	
ALPS Electronics Taiwan CO., LTD	"	106,461	
LG Electronics Mlaw a Sp. Z.O.O	"	105,236	
JABIL Vietnam Co., Ltd	"	103,613	
Shinko Shoji Co., Ltd	"	89,704	
Garmin Ltd		87,125	
Others	"	<u>956,024</u>	Note
Subtotal		1,589,178	
Less : Allowance for impairment loss		<u>(67,861)</u>	
Net amount		<u>1,521,317</u>	
Total		<u><u>\$ 1,602,513</u></u>	

Note : The amount of individual client included in others does not exceed 5% of the account balance.

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of other receivables

December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Other receivables-related party			
Toppan Chunghwa Electronics Co., Ltd.	Advance money	\$ 9,845	
Giantplus (Samoa) Holding., Co	"	<u>5,017</u>	
Subtotal		<u>14,862</u>	
Other receivables- non-related party			
Financial institutions	Others	11,844	
Garmin Ltd	"	10,511	
Henghao Technology Co., Ltd.	"	10,425	
Others		<u>33,857</u>	Note
Subtotal		<u>66,637</u>	
Total		<u>\$ 81,499</u>	

Note : The amount of individual client included in others does not exceed 5% of the account balance.

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of inventories

December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net Realizable Value</u>	
Raw material	\$ 674,131	636,365	
Work in process	407,902	453,102	
Finished goods	<u>257,718</u>	<u>254,611</u>	
Total	1,339,751	<u><u>1,344,078</u></u>	
Less : Allowance for inventory market decline and obsolescence	<u>(137,642)</u>		
Net value	<u><u>\$ 1,202,109</u></u>		

Statement of other current assets

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Other prepaid expenses	Prepaid premium and others	\$ 116,163	
Temporary payments	Molding equipment expense	116,140	
Office supplies	Hardware parts etc.	57,936	
Other receivables	Refundable deposits	25,200	
Others		<u>4,460</u>	Note
		<u><u>\$ 319,899</u></u>	

Note: The amount of individual client included in others does not exceed 5% of the account balance.

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of changes in investments accounted for using the equity method

December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

<u>Name of Company</u>	<u>Balance, January 1, 2019</u>		<u>Additions</u>		<u>Decrease</u>		<u>Balance, December 31, 2019</u>			<u>Market Price or Net Asset (Note)</u>		<u>Collateral</u>	<u>Note</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>%</u>	<u>Amount</u>	<u>Unit price</u>	<u>Total Amount</u>		
<u>Equity Method</u>													
Giantplus (Samoa) Holding Co., Ltd	44,000,000	\$ 3,158,099	-	409,273	-	-	44,000,000	100.00 %	3,567,372	81.1	3,567,372	None	
D&Y Intelligent Co., Ltd.	2,606,250	-	-	-	-	-	2,606,250	23.27 %	-	-	-	"	
Subtotal		3,158,099		409,273		-			3,567,372		3,567,372		
Less: Deferred credits		32,870		-		23,935			8,935		-		
		<u>\$ 3,125,229</u>		<u>409,273</u>		<u>(23,935)</u>			<u>3,558,437</u>		<u>3,567,372</u>		

Note : When there is no open market price at the December 31, 2019, the market price is determined by the net assets.

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of other non-current assets

December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Prepayments for equipment		\$ 7,304	
Refundable deposits		<u>1,130</u>	
		<u>\$ 8,434</u>	

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of short-term borrowings

December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

<u>Type</u>	<u>Description</u>	<u>Ending Balance</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Loan commitment</u>	<u>Collateral</u>	<u>Note</u>
Credit loans	Operating turnover	\$ <u><u>250,000</u></u>	2020.1.9~2020.3.27	0.67%~0.69%	2,395,000		

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of trade payables

December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

<u>Name of Client</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related parties:			
Shenzhen Giantplus Optoelec. Display Co., Ltd	Payment	\$ 696,805	
Kunshan Giantplus Optronics Display Tech Co. Ltd	"	450,249	
TOPPAN	"	184,356	
Others	"	<u>27</u>	Note
Subtotal		<u>1,331,437</u>	
Non-related parties:			
Shian Yih Electronic Industry Co., Ltd.	"	249,850	
Others	"	<u>1,038,600</u>	Note
Subtotal		<u>1,288,450</u>	
Total		<u>\$ 2,619,887</u>	

Note: The year-end balance of each vendor doesn't exceed 5% of the account balance.

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of other payables

December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>
Related parties:		
Giantplus (Samoa) Holding Co., Ltd	Loaning of funds	\$ 1,758,254
Others		<u>71,943</u>
Subtotal		<u>1,830,197</u>
Non-related parties:		
Other accrued expenses payable	Acquisition of supplies and premium	436,070
Salaries payable		100,322
Bonuses payable		44,807
Others		<u>122,169</u>
Subtotal		<u>703,368</u>
Total		\$ <u><u>2,533,565</u></u>

Statement of other current liabilities

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Advance payment		\$ 163,488	
Other advance payment		9,838	
Others		<u>7,265</u>	Note
		\$ <u><u>180,591</u></u>	

Note: The year-end balance of each customer doesn't exceed 5% of the account balance.

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of long-term borrowings

December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

<u>Creditor</u>	<u>Description</u>	<u>Amount</u>	<u>Term of contract</u>	<u>Rate</u>	<u>Collateral</u>	<u>Note</u>
Chang Hwa Commercial Bank, Ltd.		\$ 832,258	2027.04.10	1.30 %	Land and buildings	
Less : Within one year or one operating cycle		<u>(110,968)</u>				
Total		<u><u>\$ 721,290</u></u>				

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of other non-current liabilities

December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Guarantee deposit received	Guarantee deposit	\$ <u><u>17,154</u></u>	

Statement of operating revenue

For the year ended December 31, 2019

<u>Item</u>	<u>Quantity(thousand square foot)</u>	<u>Amount</u>	<u>Note</u>
Display	Note	\$ <u><u>8,752,559</u></u>	

Note : Due to the variety of products, it is difficult to statistically classify.

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of operating costs

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Raw material, January 1	\$ 559,232	
Add: Purchase	3,928,574	
Less: Transferred to other expenses	(12,127)	
Sales of raw material	(155,351)	
Obsolescence	(17,443)	
Raw material, December 31	(674,131)	
Direct material		\$ 3,628,754
Direct Labor		521,011
Manufacturing expenses		3,888,845
Cost of manufacturing		8,038,610
Work in process, January 1		345,735
Less: Sales of work in process		(1,314,033)
Transferred to other expenses		(13,997)
Obsolescence		(31,993)
Work in process, December 31		(407,902)
Cost of finished goods		6,616,420
Finished goods, January 1		190,022
Less: Transferred to other expenses		3,723
Obsolescence		(5,882)
Finished goods, December 31		(257,718)
Cost of goods sold		6,546,565
Add: Sales of raw material		155,351
Sales of work in process		1,314,033
Loss on obsolescence of inventory		55,318
Gain on inventory recovery		(10,990)
Operating costs		\$ 8,060,277

GIANTPLUS TECHNOLOGY CO., LTD.

Statement of selling expenses

For the year ended December 31, 2019

(Expressed in thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Premium		\$ 171,263	
Salary and wages expenses		65,511	
Transportation expense		37,714	
Commission expense		27,907	
Others		<u>24,955</u>	Note
		<u>\$ 327,350</u>	

Note: The year-end balance of each vendor doesn't exceed 5% of the account balance.

Statement of administrative expenses

Item	Description	Amount	Note
Salary and wages expenses		\$ 117,025	
Depreciation Expenses		24,716	
Professional Charge		23,149	
Taxes		15,145	
Others		<u>80,321</u>	Note
		<u>\$ 260,356</u>	

Note: The year-end balance of each vendor doesn't exceed 5% of the account balance.

GIANTPLUS TECHNOLOGY CO., LTD.
Statement of research and development expense
For the year ended December 31, 2019
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Depreciation expense and depletion		\$ 106,019	
Salaries and wages expense		95,119	
Molding equipment expense		30,756	
Others		<u>34,899</u>	
		<u><u>\$ 266,793</u></u>	

Statement of changes in property, plant and equipment refer to note 6(h).

Statement of changes in depreciation and impairments loss of property, plant and equipment refer to note 6(h).

Statement of changes in right-of use assets refer to note 6(i).

Statement of changes in depreciation of right-of-use assets refer to note 6(i).

Statement of changes in cost, amortization and impairment of the intangible assets refer to note 6(j).

Statement of changes in other income, other gains and losses and finance costs refer to note 6(v).