Stock Code: 2481

強茂股份有限公司
PANJIT International Inc.

2020 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.

The URL of the information reporting website designated by the FSC:
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The website where the Company discloses relevant information about the annual report:
https://mops.twse.com.tw/

April 19, 2021

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V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry

There are no overseas listed securities.

VI. Company Website: https://www.panjit.com.tw/

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Chapter 1 Report to Shareholders

I. Overview of FY2020 Business Results

(I) 2019 Business Results

In FY2020, consolidated revenue was NT$10.5 billion, and in 2020, consolidated operating gross profit was NT$2.45 billion. The Company's FY2020 consolidated operating income was NT$9.9 billion. Based on the above information, the consolidated net profit per share in 2020 is NT$2.70.

Regarding the cash dividend, the Board of Directors approved the allotment of NT$1.5 per share.

(II) Budget Execution

The Company did not disclose FY2020 financial forecasts, and therefore budget execution is irrelevant.

(III) Financial Income and Expenditure and Profitability Analysis

(Parent Company Only) Units: NT$ thousands

Items			FY2020	FY2019	Percentage change (%)
Financial revenue and expense	Operating Revenue		6,710,919	5,941,910	12.94
	Operating margin		1,335,827	1,209,113	10.48
	Post-tax profit or loss		897,435	530,209	69.26
Profitability	Return on assets (%)		7.05	4.75	48.42
	ROE (%)		13.45	8.31	61.85
	Proportion to the paid-in capital (%)	Operating profit	14.84	16.37	(9.35)
		Net pre-tax income	28.35	18.35	54.50
	Net profit rate (%)		13.37	8.92	49.89
	Earnings per share (NT$)		2.70	1.50	80.00

(Consolidated) Units: NT$ thousands

<table>
<tr><th colspan="3">Items</th><th>FY2020</th><th>FY2019</th><th>Percentage change (%)</th></tr>
<tr><td rowspan="4">Financial revenue and expense</td><td colspan="2">Operating Revenue</td><td>10,485,100</td><td>9,142,650</td><td>14.68</td></tr>
<tr><td colspan="2">Operating margin</td><td>2,446,772</td><td>1,921,610</td><td>27.33</td></tr>
<tr><td colspan="2">Post-tax profit or loss</td><td>900,541</td><td>503,012</td><td>79.03</td></tr>
<tr><td colspan="2">Profit attributable to owners of the parent</td><td>897,435</td><td>530,209</td><td>69.26</td></tr>
<tr><td rowspan="6">Earning power ratio</td><td colspan="2">Return on assets (%)</td><td>5.82</td><td>3.66</td><td>59.02</td></tr>
<tr><td colspan="2">ROE (%)</td><td>13.22</td><td>7.71</td><td>71.47</td></tr>
<tr><td rowspan="2">Proportion to the paid-in capital (%)</td><td>Operating profit</td><td>29.81</td><td>18.88</td><td>57.89</td></tr>
<tr><td>Net pre-tax income</td><td>30.98</td><td>18.05</td><td>71.63</td></tr>
<tr><td colspan="2">Net profit rate (%)</td><td>8.59</td><td>5.50</td><td>56.18</td></tr>
<tr><td colspan="2">Earnings per share (NT$)</td><td>2.70</td><td>1.50</td><td>80.00</td></tr>
</table>

(IV) Research and Development

The Company has been committed to the manufacturing and production of discrete semiconductor devices for a long time. In recent years, based on the advantages of self-developed chips and packaging capability, we have continued R&D efforts on various products such as MOSFET, FRED, IGBT, Schottky, ESD array, TVS and third-generation semiconductor (SiC).

The main R&D and achievements of each product line in FY2020 are as follows:

1. For MOSFETs, the Company developed a series of medium and low voltage (LV) high current products in different packages. Such standard components are used in vehicle battery management system (BMS), wireless charging, and motor applications. Power MOSFET series products are used in AC and DC power sources such as power supplies (primary), home appliances, industrial equipment, and various LED lighting equipment, etc. The products feature reduction of turn-on resistance and high-speed switching. In response to market safety requirements, the new anti-noise series products (E series) can enhance customers' EMI design capabilities and are more adequate for industrial and office appliance power supplies and mobile device adapters.
2. For mid-voltage MOSFETs, the Company developed mid voltage products of 100V in different packages. Such standard components are used in telecom power supplies, server systems, and automotive 48V structures.
3. For high-voltage MOSFETs, the 1.5 generation of 600V and 650V super junction MOSFETs provide better UIS characteristics, allowing better efficiency

in inductive load applications. The main applications are TV power supplies, battery chargers, etc.

4. For FRED products: the first generation of 600V / 1200V series, Speedy (low TRR) and Optima (low VF), have been mass-produced. Speedy type features super fast switching characteristics, which can effectively reduce switching loss; Optima type provides soft switching characteristics and low forward conduction voltage, which can reduce forward turn-on loss. Use of Speedy type in high frequency module and Optima type in rectifier module can be a perfect match with the best efficiency. The product is ideal for applications such as DC charging station power module, UPS power supply, and diodes of power factor correction circuit.
5. In the development of IGBT products, the first generation of 650V/1200V can be used in a wide range of switching applications, such as solar inverters, welding machines, UPS power supplies, industrial motors, home appliances, and electric vehicles.
6. For SiC Schottky products: the first-generation 650V and 1200V product series have been mass-produced. This product series allows the advantage of extremely low high-temperature TRR & QRR, which is ideal for high temperature and high power products with high efficiency. The R&D success in SiC Schottky will expand the Company's product lines into applications such as electric vehicles, charging stations, solar inverters, industrial machines, data center servers, UPS power supplies, smart grid charging stations, etc., which require high conversion efficiency.
7. For Schottky products, the 45V~60V TO-277C product line has been developed for the automotive market. The thin packaging with high thermal dissipation can help customers to miniaturize applications while improving reliability.
8. For ESDs, the Company developed products with high surge resistance and ultra-miniature package. It’s mainly used for true bluetooth headset (TWS), N/B, M/B, TV, fingerprint recognition, etc.
9. In the development of TVS protection components, the Company developed high-power 5kW single crystal/dual crystal series for server and industrial control applications.

II. Summary of 2021 Business Plan:

(I) Operation guidelines

Core technologies:

In 2019, PANJIT's R&D team was established, focusing on wafer design and product development of high-power components MOSFET, IGBT, and SiC. It began to harvest in 2020. In addition to the third-generation semiconductor SiC Diode components, there are also IGBT manufacturers. The FRED power components that need to be matched were also listed in the same year. In addition, the machines for key 8-inch foundries are also in place one after another. These R&D resources invested by PANJIT are to establish the core technology of power components and meet the needs of future high-end applications.

Market planning:

The automotive application market under long-term cultivation has been growing year by year in recent years. Whether it is the certification of PANJIT products by new automotive customers or the automotive certification passed by new products. In addition to the original products, PANJIT is also developing bridge and high-power product to ensure that more solution possibilities can be provided to customers. Also, PANJIT joined the Mouser electronic platform in 2020. In the fourth quarter of 2020, in response to increased demand for consumer applications and automotive applications, the Board of Directors invested in expanding packaging products to meet future market demand.

(II) Sales Projection and its Basis

FY2021 sales target of rectifier diodes:

Product category	Sales forecast (KK)
Rectifier diodes	30,500

(III) Major operation & sales policies

The Company shall strengthen its competitiveness, continue improving in automation and management, and optimize production and deployment efficiency. At the same time, it shall integrate internal and external resources and seek for external third-party manufacturers on highly competitive items to create cost competitiveness. In addition, the Company has injected an international management to actively improve R&D capabilities, and penetrate relevant markets such as automotive, industrial, electric vehicles, and power management. It is hoped that the Company can be more competitive in the discrete device market.

At the same time, in response to the rapidly changing market, three sales policies were adopted. First, the Company shall expand the sales capabilities for basic products to cover existing customer groups and market applications in consumer, power, and networking & communication. Secondly, in the automotive area, the Company will target the top 100 global automotive clients and the major automotive electronics customer groups in the capital market, and use new products as a key weapon. Third, PANJIT Group will continue to explore and respond to global consumer products' development trends and design needs, automotive and industrial controls. We shall master time to market and continue to develop products to the certification of more world-class automotive electronics manufacturers and industrial equipment manufacturers.

The Company will continue to pay attention to the application needs in various markets, including, LED TV, notebooks, tablets, smartphones, wearables, networking & communications, and other consumer electronics industries. Also we shall strengthen the sales in other application areas such as solar junction boxes, energy-saving lighting and industrial products, automotive electronics, power management, electric vehicles, and charging devices for electric vehicles. It is hoped to increase the overall market share and create a higher profit margin.

III. Future development strategies of the Company

In the 35th year, from consumer applications to automotive applications and industrial applications. From traditional diode components to high-power component solutions, from wafer procurement to independent design and manufacturing, from local professionals to international talent recruitment. PANJIT has changed. In addition to the new SiC diode and independently designed FRED launch, we also continue to provide power components, MOSFETs and IGBTs, comparable to major international manufacturers. Original design products will be launched in the future.

As the development and planning of the enterprise mentioned above, PANJIT continues to invest and develop in power semiconductors. We possess the core technology of wafer design and packaging, and testing technology. Our continued complete power component solutions meet market demand. And the link to market channels and brand marketing increases market share and product profitability for sustainable development.

IV. Impact of the external competitive environment, regulatory environment, and overall business environment

In 2020, the market was hit by geopolitics and the pandemic. It went from a boom to the bottom and recovered slowly. It is ever changing and hard to be determined by general economic theory, which makes the competitive environment of the semiconductor discrete components even more precarious. Beside the continue resource investment in the R&D of new high-margin products, the Company will combine its own and external wafer fab platform with automation in the future to speed up the mass production of new products while improving their quality. In the area of sales competition, the Company shall adjust product mix to increase gross profit. We shall leverage the advantages of brand channels and e-commerce platform development, plus the out-sourcing practice, to increase the overall product competitiveness.

In addition to complying with relevant laws and regulations, the Company also pays attention to important domestic and foreign policies and statutory changes. We shall immediately develop necessary countermeasures to meet the Company's operational needs. So that the impact on the Company's financial adoption of important policies due to changes in the legal environment at home and abroad can be minimized.

Chapter 2 Company Introduction

I. Date of founding

May 20, 1986

II. Company History

1986 May	The Company was approved to be registered with a capital of NT$5 million. It was engaged in the import and export trading business of electronic parts.
1988~1992	The new Taiwan dollar has appreciated abruptly. Since the Company is engaged in import and export trading, it has caused a huge reduction in profits.Therefore, with the approval of the shareholders and the Board of Directors, the Company temporarily suspended.
1993 March	The Company resumed operation. Being optimistic about the prospects of the electronics industry, the Company started the business of buying and selling semiconductor rectifiers.
1993 June	The Company began to research and develop the production of surface mount rectifiers and surge suppressors.
1994 March	The Company developed and mass-produced the surge suppressor (TVS).
1994 Noverbem	The Company increased capital by NT$ 9.5 million in cash. After the capital increase, the paid-in capital became NT$100 million.
1995 July	The Company developed and mass-produced Schottky (SKY) and Zener (ZENER) components.
1996 February	The Company moved to Gangshan for a new plant and started production.
1997 October	The Company increased capital by NT$2.9 million in cash, and NT$70 million through earnings. After the capital increase, the paid-in capital amounted to NT$199 million. The Company acquired QS-9000 system certification.
1998 April	The Company proceeded with retroactive handling of public issuance. The Company increased capital by NT$99.5 million in cash, and NT$59.7 million through earnings. After the capital increase, the paid-in capital amounted to NT$358.2 million.
1998 June	The Investment Review Committee approved the Company’s investment in PAN-JIT ASIA (BVI). And through PAN-JIT ASIA (BVI), the Company reinvested in PAN-JIT HK and set up a processing plant in Shenzhen, Mainland China.

1998 October	The Company increased capital by NT$49.8 million in cash. After the capital increase, the paid-in capital amounted to NT$408 million.
1999 August	TPEx's OTC Securities Listing Review Committee approved the Company's listing. The Company increased capital by NT$81.6 million through earnings, and NT$40.8 million through capital reserve. After the capital increase, the paid-in capital amounted to NT$530.4 million.
1999 December	The Company's stock was officially listed on the OTC.
2000 February	The Company invested in the establishment of PYNMAX Technology CO., LTD to produce upstream epitaxial wafers and Schottky wafers.
2000 March	The Company established a processing plant for incoming materials in Wuxi, mainland China and started mass production.
2000 May	The Company established a R&D center in Phoenix, USA, responsible for the market information and R&D of new products.
2000 July	The Company increased capital by NT$58,697,600 in cash, and NT$159.12 million through earnings. After the capital increase, the paid-in capital amounted to NT$748,217,600.
2001 May	The Company issued convertible corporate bonds in the amount of NT$900 million.
2001 September	The Company's stock is officially listed in the open market. The Company increased capital by NT$149,643,520 through earnings, NT$74,821,760 through capital reserve, and NT$12 million through employee bonus. After the capital increase, the paid-in capital amounted to NT$984,682,880.
2002 September	The Company increased capital by NT$98,468,290 through earnings, NT$49,234,140 through capital reserve, and NT$6,420,000 through employee bonus. After the capital increase, the paid-in capital amounted to NT$1,138,805,310.
2002 December	The Company issued overseas convertible corporate bonds, and the total amount of issuance was limited to no more than 25 million U.S. dollars.
2003 April	The Company issued first overseas convertible corporate bonds in the amount of NT$25 million U.S. dollars.
2003 July	The Company reinvested in Suzhou Grande Electronics Co. Ltd. through PAN-JIT ASIA (BVI).
2003 October	The Company increased capital by NT$44,667,820 through earnings, NT$33,50,860 through capital reserve, and

	NT$5,097,000 million through employee bonus. After the capital increase, the paid-in capital amounted to NT$1,375,304,910.
2004 March	The Company issued second overseas convertible corporate bonds in the amount of NT$20 million U.S. dollars.
2004 May	The Company reinvested in Pan-Jit Electronics (Suzhou) Co., Ltd. through PAN-JIT ASIA (BVI).
2004 July	The Company increased capital by NT$131,952,800 through earnings, NT$43,984,260 through capital reserve, and NT$43,984,260 million through employee bonus. After the capital increase, the paid-in capital amounted to NT$1,677,189,560.
2004 December	The Company invested in the establishment of Weiquan International Co., Ltd. to engage in the trading of diode products.
2005 January	The Company reinvested in MAX DIODE ELECTRONIC CO., LTD., DYNAMIC TECH GROUP LIMITED, and Shenzhen Max Diode Co., Ltd. through PAN-JIT ASIA (BVI).
2005 February	The Company compulsorily redeemed the first domestic convertible corporate bonds and terminated the listing on the OTC.
2005 May	The Company’s subsidiary Mildex Technology Co., Ltd. spinned off Mildex Optical Co., Ltd. to engage in the production of PC optical lenses.
2005 August	The Company increased capital by NT$98,104,780 through earnings, NT$65,403,180 through capital reserve, and NT$853 through employee bonus. After the capital increase, the paid-in capital amounted to NT$1,849,227,520.
2005 October	The Company cancelled the first repurchased treasury stocks of NT$2,110,000. After the capital reduction, the paid-in capital amounted to NT$1,847,117,520.
2006 April	The Company's subsidiary Mildex Optical Co., Ltd. indirectly invested in MILDEX OPTICAL USA, INC. through Mildex Asia.
2006 September	Mildex Optical Co., Ltd., a subsidiary of the Company, acquired the equity of Mildex Technology Co., Ltd. By the end of 2006, it reached 99.67%, and its shareholding reached 100% at the end of April 2007.
2006 November	The Company increased capital by NT$ 200 million in cash and issued the second domestic unsecured conversion corporate bond of NT$300 million. Mildex Optical Co., Ltd., a subsidiary of the Company, purchased 34.18% of Mildex Asia's equity from Mildex Technology Co., Ltd.,

	and its shareholding ratio reached 100%
2007 July	The Company issued the third domestic unsecured conversion corporate bond of NT$350 million.
2007 August	The Company increased capital by NT$114,108,750 through earnings, NT$39,499,180 through capital reserve, NT$14,597,000 through employee bonus, and NT$100 million in cash. The Company's subsidiary Mildex Optical Co., Ltd. is approved for public offering.
2007 September	The Company's subsidiary Mildex Optical Co., Ltd. acquired 100% of SINANO TECHNOLOGY CORP. through Mildex Asia and indirectly acquire 100% of Yana Technology (Shenzhen) Co., Ltd. Mildex Optical Co., Ltd., a subsidiary of the Company, was registered for emerging market.
2007 November	The Company acquired 60% of the equity of Jiangsu Aide Solar Technology Co., Ltd. and officially entered the solar energy business.
2007 December	The Company issues 10,000 units of employee stock option certificates, and the number of shares subscribed for each unit of stock option certificates is 1,000 shares. The total number of new ordinary shares to be issued due to the exercise of the options is 10 million shares.
2008 April	The Company's subsidiary Mildex Optics Co., Ltd. indirectly established a 100% shareholding of NEW POPULAR TECHNOLOGY CO., LTD. through Mildex Technology, and indirectly invested a 51% shareholding in Dongguan Dragon Crown Vacuum Technology Co., Ltd.
2008 May	The Company acquired 10% equity of Jiangsu Aide Solar Technology Co., Ltd., holding a total of 70% shares. At the same time, it participated in a cash capital increase of US$8,400,000 in proportion to its shareholding.
2008 Jun	The Company issued the fourth domestic unsecured conversion corporate bond of NT$500 million. The Company established Panjit (Sola Energy) Holding Limited under Panjit Asia BVI and adjusted as a new holding Company for Jiangsu Aide Solar Technology Co., Ltd.
2008 August	The Company increased capital by NT$260,995,060 through earnings, NT$78,298,510 through capital reserve, NT$24,205,000 through employee bonus, and NT$200 million in cash.
2008 September	The Company changed the name of Panjit (Sola Energy) Holding

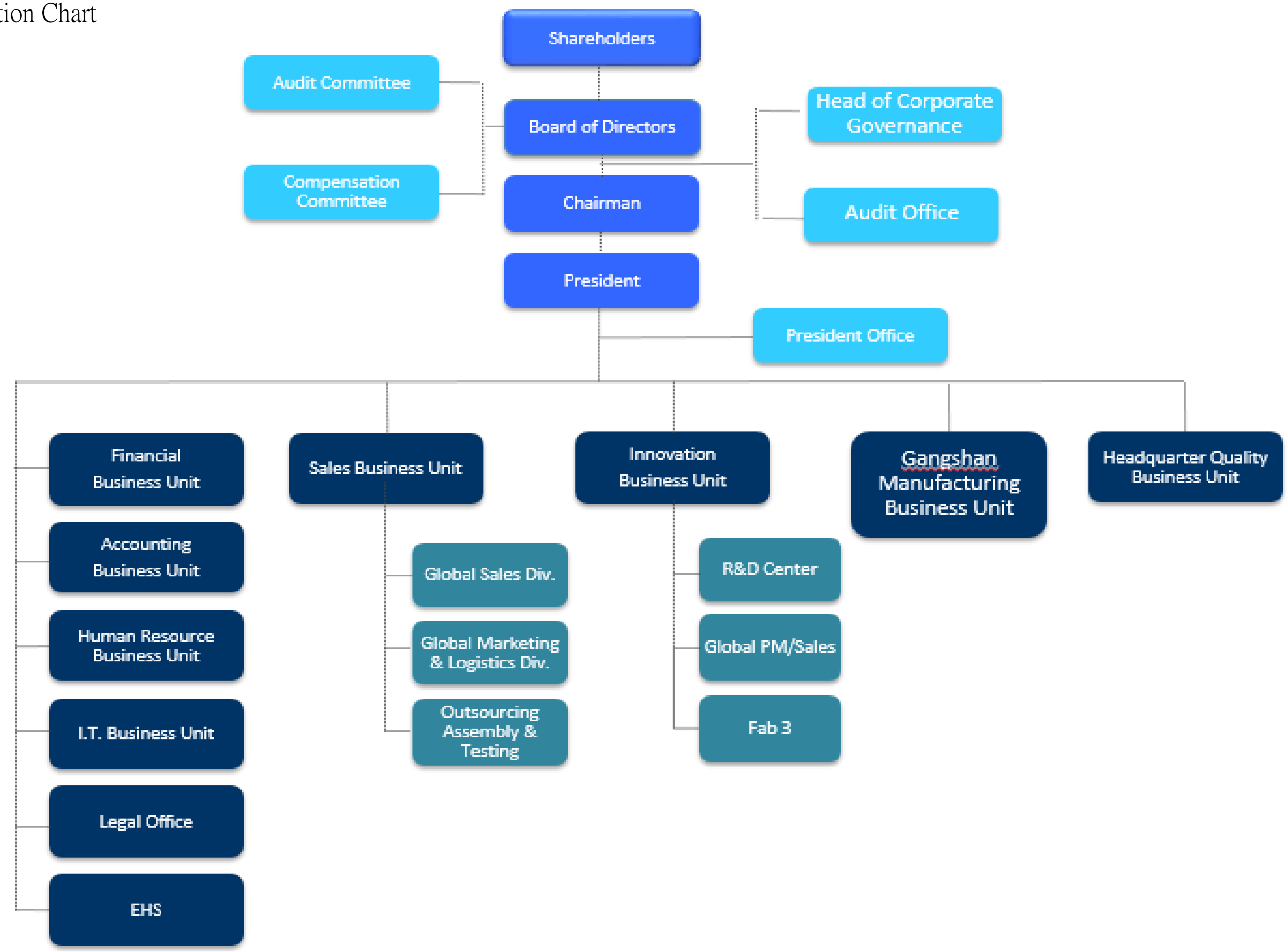
	Limited to Aide Solar Energy (HK) Holding Limited.
2009 February	The Company's subsidiary Mildex Optical Co., Ltd. shares are officially listed on the OTC.
2009 September	The Company compulsorily redeemed the third domestic convertible corporate bonds and terminated the listing.
2009 November	In consideration of the future plans of Jiangsu Aide Solar Technology Co., Ltd. returning to Taiwan, the Company was reorganized in November. AIDE Energy (Cayman) Holding Co., Ltd. was established under Panjit Asia BVI as the main body of Jiangsu Aide's return to Taiwan's IPO market. After the organizational reorganization, the investment structure was changed to Panjit Asia (BVI) to invest in AIDE Energy (Cayman) Holding Co., Ltd., then to invest in Aide Solar Energy (HK) Holding Limited, and then to invest in Jiangsu Aide Solar Technology Co., Ltd..
2010 March	In cooperation with the competent authority to promote the full non-physical issuance of marketable securities, the Company's Board of Directors resolved to fully convert the issued physical stocks into non-physical stocks.
2010 April	The Company compulsorily redeemed the fourth domestic convertible corporate bonds and terminated the listing.
2010 June	The Company issued the fith domestic unsecured conversion corporate bond of NT$500 million.
2010 September	The Company increased capital by NT$ 300 million in cash.
2010 October	The Company acquired 20 million privately placed ordinary shares of MILDEX OPTICAL INC.
2011 April	The Company's subsidiary Mildex Optical Co., Ltd. absorbed and merged its 100%-owned subsidiary Mildex Technology Co., Ltd.
2011 September	The Company cancelled the seventh repurchased treasury stocks of NT$30,000,000. After the capital reduction, the paid-in capital amounted to NT$3,747,856,230.
2011 October	The Company cancelled the eighth repurchased treasury stocks of NT$30,000,000. After the capital reduction, the paid-in capital amounted to NT$3,719,356,230.
2012 July	The Company compulsorily redeemed the fifth domestic convertible corporate bonds and terminated the listing.
2013 June	The Company issued the sixth domestic secured conversion corporate bond of NT$350 million and the seventh domestic unsecured conversion corporate bond of NT$150 million..

2014	October	The Company cancelled the ninth repurchased treasury stocks of NT$30,000,000. After the capital reduction, the paid-in capital amounted to NT$3,847,161,580.
2015	January	The Company cancelled the eighth repurchased treasury stocks of NT$15,000,000. After the capital reduction, the paid-in capital amounted to NT$3,833,354,890.
2016	January	The Company cancelled the 11th and 12th repurchased treasury stocks of NT$380,000,000. After the capital increase, the paid-in capital amounted to NT$3,524,482,170. The Company compulsorily redeemed the seventh domestic convertible corporate bonds and terminated the listing.
2016	August	The Company compulsorily redeemed the sixth domestic convertible corporate bonds and terminated the listing.
2018	January	Jiangsu Aide Solar Technology Co., Ltd. has not seen any improvement in its operating performance. The Board of Directors considers the overall operating conditions and plans for the future vision, and decides to reduce the scale of operations. Therefore, in accordance with the International Accounting Standards (IAS) No. 36 Bulletin, the total amount of financial and non-financial assets of Jiangsu Aide Solar Technology Co., Ltd. is set aside for impairment losses of approximately NT$1,285 million.
2018	October	In order to assist the Company's subsidiary Mildex Optical Co., Ltd. to introduce strategic investors, the Company sold some of the shares of Mildex Optics held to strategic investors and lost control of Mildex Optics.
2019	June	The Company carried out a cash reduction of NT$369,794,360. After the capital increase, the paid-in capital amounted to NT$3,328,149,270.
2021	March	The Company acquired 19.97% of the equity of Alltop Technology Co., Ltd. (stock code: 3526) through a public acquisition.

April 19, 2021

I. Organization System

(I) Organization Chart



(II) Department Functions

Departments	Main Responsibility
Head of Corporate Governance	1. Assisting the Board of Directors and the shareholders meeting 2. Preparation of minutes of the Board of Directors and shareholders meeting 3. Providing information required by directors to carry out their duties 4. Assisting directors to comply with the law
Audit Office	1. Formulating and improving the Company's internal control system 2. Planning and implementing the audits of the Company's various system operations, Preparing reports regularly and tracking improvements
President Office	1. Matters concerning the implementation of the resolutions of the Board of Directors 2. Integrating the formulation, implementation, communication and coordination of the Company-wide administrative business objectives 3. Research, formulation, implementation and follow-up of project plans
Finance BU	1. Group capital scheduling and control 2. Financial cost planning 3. Financial risk management
Accounting BU	1. General ledger related reporting 2. Cost accounting and analysis 3. Profit and loss
Human Resource BU	1. Establishing the Company's talent asset strategy and effectively supervising the implementation of the selection, hiring, training, and retention system 2. Planning and promoting integrated talent asset management and development plans 3. Planning and execution of organizational diagnosis and development 4. Human resource planning and execution 5. Developing adjustment plans for human resource management policies 6. Risk analysis and countermeasures for key tasks
I.T. BU	1. Formulating corporate information strategy based on the Company's overall development strategy 2. Integrating the Company's information needs, drawing up and implementing annual information plans 3. Introducing appropriate information technology to help achieve Company goals 4. Promoting Company information policy, integrating and supporting subsidiary information management 5. Setting up the organization and collaboration of the information department, and coordinating the overall information resources 6. Planing the Company's information security policy and implementing information security measures
Legal Office	1. Contract review: risk assessment of rights and obligations 2. Protection of Company rights: litigation and non-litigation, preservation and enforcement of creditor's rights, protection of intellectual property rights, and property insurance management 3. Regulatory observation and special research 4. Other assignments

Departments		Main Responsibility
EHS		1 Responding to competent authority checks 2. Increasing and improving workplace safety, in line with safety and health management 3. Management of safety and health, environmental protection, procurement, contractors, operational changes, occupational disasters, protective gear, waste, waste water, security, fire protection, radiation protection, building safety, monitoring systems, and gas detection systems
Sales BU	Global Sales Div.	1. Executing SBU sales strategy and plan 2. Focusing marketing resources to achieve revenue goals 3. Market development and customer base expansion in business areas 4. Design-in of OEM and solution provider's product design 5. Customer relationship maintenance and management 6. Market and product information 7. Marketing activities (orders, distribution, payment collection) execution 8. Increasing product end sales 9. Expanding product market share
	Global Marketing & Logistics Div.	1. Customer development/strategic planning execution 2. Early-stage business opportunity exploration/new market development 3. Market and industry information/competitive industry development analysis 4. Supporting sales to develop new customers with market/product information 5. Market/pricing strategic planning 6. Marketing and promotion/exhibition theme design/website, social media, and multi-function promotion 7. Resource planning and coordination of business units 8. Optimization of SBU strategic needs and integration of internal and external resources 9. Customer-oriented internal process optimization to achieve the best performance efficiency
	Outsourcing Assembly & Testing	1. Execution of external resource strategy, plan and management 2. Linking sales strategy to achieve revenue targets from external resources 3. Increasing product market share 4. New external resource exploration, product application matching, and development evaluation 5. Systematic management of external resources
Innovation BU	R&D Center	1. Technology development strategy planning 2. Research and development of new technologies 3. Technology development of new products 4. Improving technical functions of various products
	Global PM/Sales	1. Global product marketing planning 2. New product development strategy planning 3. Product and market demand analysis
	Fab 3	1. Cooperating with the R&D center to develop key processes and

Departments		Main Responsibility
		producing wafers in-house 2. Developing and optimizing process technology based on product trends of the R&D center to ensure product competitiveness 3. Future plans to provide customer solutions and technical resolutions
Gangshan Manufacturing BU		1. Formulating and implementing the development plan and target achievement of the BU based on the corporate guidelines, goals and policies 2. Fast response to customers, diversified product offers, strictly control product quality, reducing costs and improving production efficiency 3. Overall coordination and continuous improvement for more efficiency at Gangshan manufacturing BU
Headquarter Quality BU		1. Formulating quality policies and quality goals, and vertically integrating group resources. Through a complete management and operation mechanism and various quality actions, improving quality quickly and effectively. Reducing quality risks and enhancing product competitiveness 2. Supervising and analyzing quality status, and providing information for managers' decision-making or improvement of related departments 3. Establishing a system or resource adequate for the Company's future quality development

II. Information on the Company's Directors, Supervisors, President, Vice Presidents, Associate Managers, and the Supervisors of All the Company's Divisions and Branch Units

(i) Directors and Supervisors

1. Directors and Supervisors (A)

April 19, 2021; Units: shares

Position title (Note 1)	Nationality or Location of Registration	Name	Gender	Date of First Appointment	Term	Shares Held at Appointment		Shares Held at Present		Spouse & Minor Shareholding Shares		Shares Held in the Name of Other Persons		Major experience/academic background	Positions concurrently held at the Company and other companies	Other supervisory or director roles held by spouse or second-degree relatives:			Remark (Note 2)
						shares	ratio	shares	ratio	shares	ratio	shares	ratio			Position title	Name	Relation	
Chairman	Republic of China	FANG, MIN-CHING	Male	2020.6.12	3 years	8,522,888	2.56%	8,522,888	2.56%	3,903,560	1.17%	0	0.00%	Department of Mechanical Engineering, Cheng Shiu Technical College Chairman of Kun Hexing Brick Manufacturing Co., Ltd.	Note 1	Directors	FANG, MIN-ZONG	Elder Brother	Note 7
Directors	Republic of China	ZHONG, YUN-HUI	Male	2020.6.12	3 years	2,778,319	0.83%	2,778,319	0.83%	0	0.00%	0	0.00%	Department of Electronic Engineering, China Technical College Plant Manager of Rectron	Note 2	None	None	None	
Directors	Republic of China	Jinmao Investment Co., Ltd.	Male	2020.6.12	3 years	49,076,710	14.75%	50,096,710	15.05%	0	0.00%	0	0.00%	None	None	None	None	None	
		Representative: FANG, MIN-ZONG				2,554,629	0.77%	2,554,629	0.77%	9,393,480	2.82%	0	0.00%	Department of Civil Engineering, Cheng Shiu Technical College Chairman of Mildex Technology Co., Ltd.	Note 3	Chairman	FANG, MIN-CHING	Younger Brother	
Directors	Republic of China	Jinmao Investment Co., Ltd.	Male	2020.6.12	3 years	49,076,710	14.75%	50,096,710	15.05%	0	0.00%	0	0.00%	None	None	None	None	None	
		Representative: ZHAN, WEN-XIONG				0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of International Business Administration, National Taiwan University Vice Chairman of Giantplus Technology Co., Ltd., Vice President of Investment Research, JKO Asset Management	Note 4	None	None	None	

Position title (Note 1)	Nationality or Location of Registration	Name	Gender	Date of First Appointment	Term	Shares Held at Appointment		Shares Held at Present		Spouse & Minor Shareholding Shares		Shares Held in the Name of Other Persons		Major experience/academic background	Positions concurrently held at the Company and other companies	Other supervisory or director roles held by spouse or second-degree relatives:			Remark (Note 2)
						shares	ratio	shares	ratio	shares	ratio	shares	ratio			Position title	Name	Relation	
Independent director	Republic of China	FAN, LIANG-FU	Male	2020.6.12	3 years	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Chemical Engineering, Oklahoma State University, USA Chief Operating Officer of Hanyang Semiconductor Co., Ltd., Vice President of LAM Research, USA, Plant Manager of TI, USA, Vice President of Hermes Microvision Technology Co., Ltd., Vice President of Hermes-Epitek Corporation	Vice President of Hermes-Epitek Corporation Corporate Director, Representative of Genese Intelligent Technology Corporate Director, Representative of High Power Optoelectronics	None	None	None	
Independent director	Republic of China	CHEN, YI-CHENG	Male	2020.6.12	3 years	9,975	0.00%	9,975	0.00%	0	0.00%	0	0.00%	Master of Finance and Management, Sun Yat-Sen University Vice President of Finance, FENG SHEHG ENTERPRISE COMPANY Vice President of F&A and Spokesperson, Asia Vital Components Co., Ltd	Note 5	None	None	None	
Independent director	Republic of China	CHEN, SHI-ZHEN	Male	2020.6.12	3 years	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Master of Law, Soochow University Attorney of Lee and Li, Attorneys-at-Law, Supervisor of Sentelic Corporation	Note 6	None	None	None	

Note 1: For institutional shareholders, the title of the institutional shareholder as well as the name of the representative shall be indicated. (If it is a representative of a institutional shareholder, the name of the institutional shareholder shall be indicated). The following table should be filled out.

Note 2: If the chairman of the Board and the President or their equivalent (chief manager) are the same person, each other's spouse or a relative of the first degree of kinship, the reason, reasonableness, necessity and response measures (e.g. increase in the number of independent directors, and more than half of the directors do not concurrently serve as employees or managers) shall be stated.

Note 1: Chairman and President of the Company, Chairman and President of Pynmax Technology Co., Ltd., Director of JOYSTAR INTERNATIONAL CO., LTD., Director of PAN-JIT ASIA INTERNATIONAL INC., Director of PAN JIT AMERICAS, INC., Chairman and President of Pan-Jit Electronics (Wuxi) Co., Ltd., Director of PANJIT Electronics (Beijing) Co., Ltd., Chairman of Shandong Pan-Jit Electronic Technology Co. Ltd., Chairman and President of PAN-JIT INTERNATIONAL (H.K.) LTD., Director of Suzhou Grande Electronics Co. Ltd., Director of Wuxi Sumnergy Technology Co., Ltd., Director of CONTINENTIAL LIMITED, Director of PANJIT EUROPE GMBH, Director of DYNAMIC TECH GROUP LIMITED, President of Shenzhen Max Diode Co., Ltd., Director of Aide Energy (CAYMAN) Holding Co., Ltd., Corporate Director, Representative of LIFETECH ENERGY INC., Corporate Director, Representative of MILDEX OPTICAL INC., Director of MILDEX OPTICAL USA, INC., Supervisor of Jinmao Investment Co., Ltd.

Note 2: Chairman of Shenzhen Max Diode Co., Ltd., Director of Aide Energy (CAYMAN) Holding Co., Ltd., Director of MILDEX OPTICAL INC.,

Note 3: Corporate Director, Representative of Pynmax Technology Co., Ltd., Director of PANJIT AMERICAS, INC., Director of Pan-Jit Electronics (Wuxi) Co., Ltd., Director of PANJIT Electronics (Beijing) Co., Ltd., Director of Suzhou Grande Electronics Co. Ltd., Director of Wuxi Sumnergy Technology Co., Ltd., Vice Chairman of Shenzhen Max Diode Co., Ltd., Chairman and President of Aide Energy (CAYMAN) Holding Co., Ltd., Chairman of Aide Solar Energy (HK) Holding Limited, Chairman and President, Partner of AIDE Energy Europe Coöperatie U.A., Director of AIDE Energy Europe Coöperatie U.A., Chairman of EC Solar C1 SRL, Chairman and President of AIDE SOLAR USA, INC., Chairman of LIFETECH ENERGY INC., Chairman of Mildex Optical Co., Ltd., Director of MILDEX ASIA Co.,LTD., Chairman of MILDEX OPTICAL USA, INC., Chairman and President of Mildex Technology (Wuxi) Co., LTD., Director of SINANO TECHNOLOGY CORP., Chairman and President of Mildex Optical (Xuzhou) Co., LTD., Director of MILDEX TECHNOLOGY HOLDING (CAYMAN) CO.,LTD., Director of JUMPLUS CO.,LTD., Chairman of Jinmao Investment Co., Ltd., Coporate Director, Representative of MOSEL VITELIC Inc.,

Note 4: Directyor of Adlink Technology Inc., Chairman of ICATCH TECHNOLOGY, INC, Coporate Director, Representative of Canon Enterprise Co., Ltd. Director of BIOSTAR MICROTECH INTERNATIONAL CORP., Supervisor of HIYES INTERNATIONAL CO., LTD., Chairman of ECHEM SOLUTIONS CORP., Corporate Director, Representative of OPALS CHEMICAL TECHNOLOGY LTD., Independent Director of Nien Hsing Textiles

Note 5: Board Director and Vice President of Asia Vital Components Co., Ltd, Director of Sentelic Corporation, Director of SHENG-SHING CORP., Corporate Director, Representative of Rayney International LTD., Corporate Director, Representative of Hongye Investment Co., Ltd., Corporate Director, Representative of ZIMAG TECHNOLOGY CO., LTD., Chairman of Licheng Investment Co., Ltd., Corporate Director, Representative of FOSITEK CORP.

Note 6: Attorney of Throne Intellectual Property Office, Independent Director of HOLD-KEY ELECTRIC WIRE & CABLE CO., LTD, Supervisor of ONATION CORPORATION, Legal Counsel of the Industry-University Cooperation Center of Chang Gung Medical Foundation

Note 7: Due to operational and management needs, the Company's chairman holds the concurrent position as the President to enhance the overall operating efficiency and decision execution. However, in order to improve the supervisory function of the Board of Directors, strengthen the management function, and conform to the spirit of corporate governance, the Company has the following specific measures:

(1) Implementing BoD diversification policy: Board members shall have academic experience and expertise in accounting, law, semiconductor and other fields

(2) Improving BoD independence: There are three independent directors, and more than half of the directors are not concurrently employees or managers of the Company

(3) Seting up functional committees: Functional committees such as Audit Committee and Remuneration Committee shall assist the Board of Directors in major decisions

1-1 Major shareholders of institutional shareholders

April 19, 2021

Name of institutional shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)	
Jinmao Investment Co., Ltd.	CHEN, CHUN-MIN	15 %
	FANG, MIN-CHING	15 %
	CAI, LI-XIANG	10 %
	FANG, HONG-RONG	10 %
	YAN, QING	10 %
	FANG, MIN-ZONG	10 %
	ZHUANG, GUO-CHEN	6 %
	SILIGOLD TECHNOLOGY INC.	5 %
	FANG, SHU-YA	5 %
	FANG, SHU-LING	5 %
	FANG, SHU-QI	5 %

Note 1: If the directors or supervisors are a representative of a corporate shareholder, the name of the corporate shareholder shall be indicated.

Note 2: Fill in the name of the major shareholder of the corporate shareholder (the shareholding ratio accounts for the top ten) and its shareholding ratio. If its major shareholder is a corporate, the following table should be filled out.

Note 3: If a corporate shareholder is not a company or an institute, the name of the shareholder and shareholding ratio that should be disclosed in the previous disclosure is the name of the investor or donor and the ratio of capital contribution or donation.

1-2 Major Shareholders of Institutional Shareholders with Corporations as Their Major Shareholders

April 19, 2021

Name of institutional shareholder (Note 1)	Major shareholders of institutional shareholders (Note 2)	
SILIGOLD TECHNOLOGY INC.	CAI, MING-HUI	50%
	ZHUANG, GUO-CHEN	50%

Note 1: If the major shareholder in the table above is a corporate shareholder, the name of the corporate shareholder shall be indicated.

Note 2: Fill in the name of the major shareholder of the corporate shareholder (the shareholding ratio accounts for the top ten) and its shareholding ratio.

Note 3: If a corporate shareholder is not a company or an institute, the name of the shareholder and shareholding ratio that should be disclosed in the previous disclosure is the name of the investor or donor and the ratio of capital contribution or donation.

2. Directors and Supervisors (B)

April 19, 2021

Criteria / Name	Does the individual have more than 5 years of professional experience and the following qualifications?			Independence criteria (Note)												Currently serving as an independent director in other public companies
	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	Currently serving as a judge, prosecutor, lawyer, certified public accountant or other professional or technician that must undergo national examinations and specialized license	Professional experience necessary for business administration, legal affairs, finance, accounting or company sales	1	2	3	4	5	6	7	8	9	10	11	12	
FANG, MIN-CHING			✓						✓		✓	✓		✓	✓	None
ZHONG, YUN-HUI			✓	✓		✓	✓	✓	✓		✓	✓	✓	✓	✓	None
CHEN, YI-CHENG			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
FAN, LIANG-FU			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
CHEN, SHI-ZHEN		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Jinmao Investment Co., Ltd. Representative: FANG, MIN-ZONG			✓						✓		✓	✓		✓		None
Jinmao Investment Co., Ltd. Representative: ZHAN, WEN-XIONG			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		2

Note: For any Director or Supervisor who fulfills the relevant condition(s) for two fiscal years before being appointed or during the term of duty, please provide the "✓" sign in the field next to the corresponding conditions.

（1） Not employed by the Company or an affiliated business.

（2） Not serving as a director or supervisor of the Company or any affiliated business (this does not apply in cases where the person is an independent director of the Company, its parent or subsidiary, or a subsidiary of the same parent company established in pursuant to this law or local laws).

（3） Not a natural person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others.

(4) Not a managerial officer in (1) or a spouse, relative within the second degree of kinship, or linear relative within the third degree of kinship in (2) and (3) of such individuals.

(5) Not a director, supervisor or employee of a corporate shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top 5 in holdings or is a corporate shareholder who is a director or supervisor of the Company for the purpose of paragraph 1 or 2 of Article 27 of the Companies Act (except where the Company and its parent, subsidiaries or subsidiaries are independent directors set up by the laws of the same parent company).

(6) A director, supervisor or employee of another company that is not controlled by the same person but holds not more than half of the shares carrying voting rights as directors, supervisors or employees of that company (except in the case of independent directors concurrently appointed by the Company or its parent company, subsidiaries or subsidiaries of the same parent in accordance with the local laws or regulations).

(7) Not a director (member of the governing board), supervisor (member of the supervising board) or employee of a company or institution which is the same person or spouse as the chairman, President and equivalent of the Company (except where the same person is an independent director of the Company and its parent, subsidiary or subsidiary which is the same parent company in compliance with the local laws or regulations).

(8) Not a director (member of the governing board), supervisor (member of the supervising board), managerial officer or shareholder who holds more than 5% of the shares of a specified company or institution that has a financial or business relationship with the Company (except where the specified company or institution holds more than 20% of the total number of issued shares of the Company and does not exceed 50% of the total number of shares of the Company and is an independent director of the Company set up by law or

(9) Not a professional individual or owner, partner, director (member of the governing board), supervisor (member of the supervising board), managerial officer and his/her spouse in respect of business, legal, financial, accounting and other related services for which the audit was provided to the Company or its related companies, or where the aggregate amount of remuneration in the past two years did not exceed NT$500,000. However, members of the special committee on remuneration, public acquisition review, or merger and acquisition who perform their functions and powers in accordance with the provisions of the Securities and Exchange Act or Business Mergers and Acquisitions Act and other relevant regulations shall not be subject to this provision.

(10) Not a spouse or a second-degree relative with any directors.

(11) Where none of the circumstances in the paragraphs of Article 30 of the company Act applies.

(12) Not a governmental, juridical person or its representative as defined in Article 27 of the company Act.

(II)President, Vice President, Senior Managers, Heads of Departments and Branches

April 19, 2021; Units: shares

<table>
<tr><th rowspan="2">Position title (Note 1)</th><th rowspan="2">Nationality</th><th rowspan="2">Name</th><th rowspan="2">Gender</th><th rowspan="2">Date of appointment</th><th colspan="2">Shares Held</th><th colspan="2">Shares held by spouse or minor children</th><th colspan="2">Shares Held in the Name of Other Persons</th><th rowspan="2">Major Work (Academic) Experience (Note 2)</th><th rowspan="2">Positions currently assumed in other companies</th><th colspan="3">Any managerial officer who is a spouse or a relative within the second degree of kinship</th><th rowspan="2">Remark (Note 3)</th></tr>
<tr><th>shares</th><th>Ratio</th><th>shares</th><th>Ratio</th><th>shares</th><th>Ratio</th><th>Position title</th><th>Name</th><th>Relation</th></tr>
<tr><td>President</td><td>Republic of China</td><td>FANG, MIN-CHING</td><td>Male</td><td>1994.12.03</td><td>8,522,888</td><td>2.56%</td><td>3,903,560</td><td>1.17%</td><td>0</td><td>0.00%</td><td>Department of Mechanical Engineering, Cheng Shiu Technical College
Chairman of Kun Hexing Brick Manufacturing Co., Ltd.</td><td>Note 1</td><td>None</td><td>None</td><td>None</td><td>Note 5</td></tr>
<tr><td>Vice President</td><td>Germany</td><td>KOENIG ROLAND HERBERT</td><td>Male</td><td>2019.02.11</td><td>0</td><td>0.00%</td><td>0</td><td>0.00%</td><td>0</td><td>0.00%</td><td>˙MSc. in Chemistry, Ludwig-Maximilians-University, Munich, Germany
˙Nexperia GmbH, Hamburg, Germany, Director – Head of Global Customer Care
˙NXP Semiconductors Germany GmbH, Hamburg, Germany, Director - Head of Quality Complaints BL General Applications</td><td>None</td><td>None</td><td>None</td><td>None</td><td></td></tr>
<tr><td>Vice President</td><td>Republic of China</td><td>CHEN, ZUO-MING</td><td>Male</td><td>2018.08.15</td><td>0</td><td>0.00%</td><td>441</td><td>0.00%</td><td>0</td><td>0.00%</td><td>Master of Business Management, Sun Yat-Sen University
General Manager of Greater China Business, Yageo Co., Ltd.</td><td>None</td><td>None</td><td>None</td><td>None</td><td></td></tr>
<tr><td>Vice President</td><td>Republic of China</td><td>YANG, ZHAO-QUAN</td><td>Male</td><td>2017.10.01</td><td>15,475</td><td>0.00%</td><td>0</td><td>0.00%</td><td>0</td><td>0.00%</td><td>Wichita State University (Bachelor of Marketing and Business Administration), MBA study, Friends University
Senior Marketing Manager of IBU and SBU, PANJIT Co., Ltd.</td><td>None</td><td>None</td><td>None</td><td>None</td><td></td></tr>
</table>

Position title (Note 1)	Nationality	Name	Gender	Date of appointment	Shares Held		Shares held by spouse or minor children		Shares Held in the Name of Other Persons		Major Work (Academic) Experience (Note 2)	Positions currently assumed in other companies	Any managerial officer who is a spouse or a relative within the second degree of kinship			Remark (Note 3)
					shares	Ratio	shares	Ratio	shares	Ratio			Position title	Name	Relation	
Chief Strategy Officer	Republic of China	LI, XUE-HAN	Male	2018.04.09	0	0.00%	0	0.00%	0	0.00%	Master of Georgetown University, USA Chief Financial Officer of Alcatel Asia Pacific, Chief Operating Officer of Zyxel Europe, Vice President of Hermes Microvision Technology Co., Ltd., President of CIMB Electronic Enterprise Co., Ltd.	Note 2	None	None	None	
Chief information officer (CIO)	Republic of China	YANG, WU-ZHONG	Male	2019.09.02	0	0.00%	0	0.00%	0	0.00%	MBA of YOUNGSTOWN STATE UNIVERSITY, USA General Manager of IBM Taiwan Distribution Business Group and Business Group, Vice President of IBM Taiwan South Central Region	None	None	None	None	
Senior Associate Manager	Malaysia	Chiew Teo Ann	Male	2019.03.11	0	0.00%	0	0.00%	0	0.00%	˙B Cs(Electronics Eng),Hanyang Universty,Seoul ˙Manufacturing Director,Osram Opto Semiconductor(M)Sdn Bhd ˙Operations Director, Infineon Technologies(M)Sdn Bhd	None	None	None	None	
Senior Associate Manager	South Korea	Myoung Ho Lee	Male	2019.05.20	0	0.00%	0	0.00%	0	0.00%	˙BSEE Inha University ˙Marketing & Applications Director (Industreial Segment), Fairchild Semiconductor Bucheon Korea ˙Head of ATV High Power Center, Infineon Technologies Seoul Korea	None	None	None	None	
Chief Accounting Officer (Accounting Supervisor, Head of Corporate Governance)	Republic of China	XIE, BAI-CHENG	Male	2010.09.01	0	0.00%	0	0.00%	0	0.00%	Accounting Institute of Chung Cheng University Senior Manager of Auditing, Ernst & Young Taiwan	Note 3	None	None	None	

Position title (Note 1)	Nationality	Name	Gender	Date of appointment	Shares Held		Shares held by spouse or minor children		Shares Held in the Name of Other Persons		Major Work (Academic) Experience (Note 2)	Positions currently assumed in other companies	Any managerial officer who is a spouse or a relative within the second degree of kinship			Remark (Note 3)
					shares	Ratio	shares	Ratio	shares	Ratio			Position title	Name	Relation	
Chief Financial Officer (Financial supervisor)	Republic of China	SHEN, YING-XIU	Female	1999.05.04	164,504	0.05%	2,285,710	0.69%	0	0.00%	Graduate School, University of Texas, USA Yufu Securities Commissioner	Note 4	None	None	None	

Note 1: President, Vice President, Senior Managers, Heads of Departments and Branches shall be included. And any position equivalent to President, Vice President, or Senior Managers, regardless of job title, should also be disclosed.

Note 2: Experience related to the current position. If one has worked in a audit firm or related company during the previous disclosure period, one should state the job title and the responsible position.

Note 3: If the Chairman of the Board and the President or their equivalent (chief manager) are the same person, each other's spouse or a relative of the first degree of kinship, the reason, reasonableness, necessity and response measures (e.g. increase in the number of independent directors, and more than half of the directors do not concurrently serve as employees or managers) shall be stated:

Note 1: Please refer to Note 1 on page 13 of this annual report.

Note 2: Coporate Director, Representative of Pynmax Technology Co., Ltd., President of LIFETECH ENERGY INC., Chairman of Wuxi Sumnergy Technology Co., Ltd.,

Note 3: Supervisor of Pynmax Technology Co., Ltd., Supervisor of Pan-Jit Electronics (Wuxi) Co., Ltd., Supervisor of PANJIT Electronics (Beijing) Co., Ltd., Supervisor of Shandong Pan-Jit Electronic Technology Co. Ltd., Supervisor of Pan-Jit Electronics (Qufu) Co., Ltd., Supervisor of Suzhou Grande Electronics Co. Ltd., Supervisor of LIFETECH ENERGY INC., Director of Zibo Micro Commercial Components Corp., Supervisor of EVER OHMS TECHNOLOGY CO., LTD.

Note 4: Supervisor of Pynmax Technology Co., Ltd., Supervisor of Jih Lin Technology Co., LTd., Supervisor of Wuxi Sumnergy Technology Co., Ltd., Corporate Director, Representative of LIFETECH ENERGY INC.

Note 5: Please refer to Note 7 on page 19 of this annual report.

III. Compensations to Directors, Supervisors, President, and Vice President in the most recent fiscal year

(I) Remuneration to Directors and Independent Directors

Units: NT$ thousands

Job title	Name	Directors remuneration								Ratio of total compensation (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 investee company other than the Company's subsidiaries or parent company (Note 11)
		Base compensation (A) (Note 2)		Severance pay and pension (B)		Directors compensation (C) (Note 3)		Business execution expenses (D) (Note 4)				Salaries, bonuses, and allowances (E) (Note 5)		Severance pay and pension (F)		Employee compensation (D) (Note 6)						
																The Company		All companies listed in this financial report (Note 7)				
		The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in this financial report	The Company	All companies listed in this financial report (Note 7)	The Company	All companies listed in the financial statements (Note 7)	Amount of cash	Amount of shares	Amount of cash	Amount of shares	The Company	All companies listed in this financial report	
Directors	FANG, MIN-CHING	0	0	0	0	19,009	19,009	310	310	2.15%	2.15%	11,809	24,567	212	212	5,273	0	5,373	0	4.08%	5.51%	3,853
	ZHONG, YUN-HUI																					
	Jinmao Investment Co., Ltd.																					
	Representative: FANG, MIN-ZONG																					
	Representative: ZHAN, EN-XIONG																					
Independent director	CHEN, YI-CHENG	0	0	0	0	1,500	1,500	210	210	0.19%	0.19%	0	0	0	0	0	0	0	0	0.19%	0.19%	130
	FAN, LIANG-FU																					
	CAI, JIA-HONG (2020.06.12 discharged)																					
	CHEN, SHI-ZHEN (2020.06.12 new)																					

1. Description of the policies, systems, standards and structure of the remuneration packages of independent directors and their correlations with the amount of remuneration paid, taking into account their responsibilities, risks and time commitment:
   The remuneration policy for independent directors of the Company is determined by the Board of Directors in accordance with the provisions of Article 16 of the Company's articles of association, referencing the industry's usual standards; The achievement of the performance goals of the board members and the standard and structure of the remuneration are reviewed and approved by the Remuneration Committee after considering the directors' participation in the company's operations and the value of their contributions, and then submitting to the Board of Directors for resolutions.
2. Unless disclosed above, the Directors of the most recent fiscal year received remuneration for providing services (e.g. serving as a non-employee consultant) to the companies listed in this financial report: None.

Range of remuneration

Range of remuneration paid to indivisual director	Name of director			
	Sum of the first 4 items (A+B+C+D)		Sum of the first 7 items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies listed in the financial statements (Note 9) H	The Company (Note 8)	Parent company and all reinvested businesses (Note 9) I
Less than NT$1,000,000	FANG, MIN-ZONG; ZHAN, WEN-XIONG; CHEN, YI-CHENG; FAN, LIANG-FU; CAI, JIA-HONG; CHEN, SHI-ZHEN	FANG, MIN-ZONG; ZHAN, WEN-XIONG; CHEN, YI-CHENG; FAN, LIANG-FU; CAI, JIA-HONG; CHEN, SHI-ZHEN	ZHAN, WEN-XIONG; CHEN, YI-CHENG; FAN, LIANG-FU; CAI, JIA-HONG; CHEN, SHI-ZHEN	ZHAN, WEN-XIONG; CHEN, YI-CHENG; FAN, LIANG-FU CAI, JIA-HONG; CHEN, SHI-ZHEN
NT$1,000,000 (inclusive) – 2,000,000 (non inclusive)	ZHONG, YUN-HUI	ZHONG, YUN-HUI	ZHONG, YUN-HUI	ZHONG, YUN-HUI
NT$2,000,000 (inclusive) – 3,500,000 (non inclusive)	None	None	None	None
NT$3,500,000 (inclusive) – 5,000,000 (non inclusive)	FANG, MIN-CHING	FANG, MIN-CHING	None	None
NT$5,000,000 (inclusive) - 10,000,000 (exclusive)	None	None	FANG, MIN-ZONG	None
NT$10,000,000 (inclusive) – 15,000,000 (non inclusive)	Jinmao Investment Co., Ltd.	Jinmao Investment Co., Ltd.	Jinmao Investment Co., Ltd.	Jinmao Investment Co., Ltd.
NT$15,000,000 (inclusive) – 30,000,000 (non inclusive)	None	None	FANG, MIN-CHING	FANG, MIN-CHING, FANG, MIN-ZONG
NT$30,000,000 (inclusive) – 50,000,000 (non inclusive)	None	None	None	None
NT$50,000,000 (inclusive) – 100,000,000 (non inclusive)	None	None	None	None
NT$100,000,000 and above	None	None	None	None
Grand total	9 people	9 people	9 people	9 people

Note 1: The names of the Directors shall be listed separately (For corporate shareholders, the title of the corporate shareholder as well as the name of the representative shall be

indicated), and the names of the general Directors and independent Directors shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If the director is also the President or Vice President, please fill in this form and the following table (3-1), or table (3-2-1) and (3-2-2).

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

Note 3: It refers to bonus distributed to directors upon approval by the Board of Directors in the most recent fiscal year.

Note 4: It refers to business expenses paid to directors in the most recent fiscal year (including transport, special expenses, various allowances, accommodation, and provision of physical items such as vehicles) If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation.

Note 5: Remuneration for directors concurrently holding positions (including President, Presidents, vice presidents, other managerial officers, or employees) in the Company shall include salaries, job remuneration, severance pay, various bonuses, rewards, transportation allowance, special expenses, various allowances, accommodation, and provision of physical items such as vehicles. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. Salary expenses recognized under IFRS 2 - "Share-based Payment", including employee stock warrant, new restricted employee shares, and participation in subscription of stocks in cash capital increase, shall also be included in the calculation of remuneration.

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

Note 7: The total amount of remuneration paid to directors of the Company by all companies (including the Company) as listed in the financial statements shall be disclosed.

Note 8: The name of individual director shall be disclosed in the remuneration ranges to which the amount of remuneration paid to individual director by the Company correspond, respectively.

Note 9: The name of individual director shall be disclosed in the remuneration ranges to which the amount of remuneration paid to individual director by all the companies (including the Company) listed in the financial statements correspond, respectively.

Note 10: Net income refers to that in the latest parent-only or individual financial statements.

Note 11: a. Remuneration received by the president and vice presidents of the Company from investee companies other than subsidiaries or parent company shall be specified (If none, please fill in "None").

b. If the directors of the Company receive remuneration from investee companies other than subsidiaries or parent company, the remuneration received by the directors of the Company from investee companies other than subsidiaries or parent company shall be included in Column E in the Remuneration Range Table, and the column heading shall be changed to "Parent company and all investee companies."

c. Remuneration in this case refers to remuneration, bonuses (including employee, director, or supervisor bonuses), and allowances received by the directors of the Company as the directors, supervisors, or managerial officers of invested companies other than subsidiaries or parent Company.

* The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure, not taxation.

(II) Remuneration for the President and Vice Presidents

Units: NT$ thousands

Position title	Name	Salary (A) (Note 2)		Severance pay and pension (B)		Bonuses and special expenses (C) (Note 3)		Employee compensation (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income (%) (Note 8)		Compensation paid to directors from an invested company other than the Company's subsidiaries or parent company (Note 9)
		The Company	All companies listed in this financial report (Note 5)	The Company	All companies listed in this financial report (Note 5)	The Company	All companies listed in this financial report (Note 5)	The Company		All companies listed in this financial report (Note 5)		The Company	All companies listed in this financial report	
								Amount of cash	Amount of shares	Amount of cash	Amount of shares			
President	FANG, MIN-CHING	20,631	31,167	421	421	5,235	7,022	5,648	0	5,748	0	3.56%	4.94%	30
Chief Strategy Officer	LI, XUE-HAN													
Vice President	CHEN, ZUO-MING													
Vice President	KOENIG ROLAND HERBERT													
Vice President	YANG, ZHAO-QUAN													

*Regardless of job title, all positions equivalent to President or Vice President (for example: president, chief executive officer, director... etc.) should be disclosed.

Range of remuneration

Range of remuneration paid to the president and vice presidents	Name of President and Vice Presidents	
	The Company (Note 6)	Parent company and all reinvested businesses (Note 7) E
Less than NT$1,000,000	None	None
NT$1,000,000 (inclusive) – 2,000,000 (non inclusive)	None	None
NT$2,000,000 (inclusive) – 3,500,000 (non inclusive)	YANG, ZHAO-QUAN	YANG, ZHAO-QUAN
NT$3,500,000 (inclusive) – 5,000,000 (non inclusive)	LI, XUE-HAN	None
NT$5,000,000 (inclusive) – NT$10,000,000 (exclusive)	CHEN, ZUO-MING, KOENIG ROLAND HERBERT	LI, XUE-HAN, KOENIG ROLAND HERBERT
NT$10,000,000 (inclusive) – 15,000,000 (non inclusive)	FANG, MIN-CHING	CHEN, ZUO-MING
NT$15,000,000 (inclusive) – 30,000,000 (non inclusive)	None	FANG, MIN-CHING
NT$30,000,000 (inclusive) – 50,000,000 (non inclusive)	None	None
NT$50,000,000 (inclusive) – 100,000,000 (non inclusive)	None	None
NT$100,000,000 and above	None	None
Grand total	5 people	5 people

Note 1: The names of the President and Vice President shall be listed separately, and the names of the President and Vice President shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If the director is also the President or Vice President, please fill in this form and the above table (1-1), or (1-2-1) and (1-2-2).

Note 2: Salary, job allowance, and severance pay paid to the president and vice presidents in the most recent fiscal year.

Note 3: It includes the amount of various bonuses, rewards, transport fees, special expenses, various allowances, accommodation, provision of physical items such as vehicles, and other types of remuneration for President, Presidents, and vice presidents in the most recent fiscal year. If housing, vehicle or other means of transportation, or personal expenses are provided, the nature and cost of the asset provided, the rental calculated based on the actual cost or the fair market value, fuel, and other payments shall be disclosed. If a driver is provided, disclose compensation paid to the driver in a note; however, do not calculate such as part of executive compensation. Salary expenses recognized under IFRS 2 - "Share-based Payment", including employee stock warrant, new restricted employee shares, and participation in subscription of stocks in cash capital increase, shall also be included in the calculation of remuneration.

Note 4: The names of the Directors shall be listed separately, and the names of the general Directors and independent Directors shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year, and the attached table 1-3 shall be filled out.

Note 5: Total remuneration in various items paid out to this Company's President, Presidents and vice presidents by all companies (including this Company) listed in the consolidated statement shall be disclosed.

Note 6: The name of President, Presidents, and vice presidents shall be disclosed in the remuneration ranges to which the amount of remuneration paid to President, each President and each vice president by the Company correspond, respectively.

Note 7: The name of President, Presidents, and vice presidents shall be disclosed in the remuneration ranges to which the amount of remuneration paid to President, each President and each vice president by all the companies (including the Company) listed in the financial statements correspond, respectively.

Note 8: Net income refers to that in the latest parent-only or individual financial statements.

Note 9: a. Remuneration received by the president and vice presidents of the Company from investee companies other than subsidiaries or parent company shall be specified (If none, please fill in "None").

b. If the president and vice presidents of the Company receive remuneration from invested companies other than subsidiaries or parent company, the remuneration received by the president and vice presidents of the Company from invested companies other than subsidiaries or parent company shall be included in Column E in the Remuneration Range Table, and the column heading shall be changed to "Parent company and all investee companies."

c. Remuneration in this case refers to remuneration, bonuses (including employee, director, or supervisor bonuses), and allowances received by the president and vice presidents of the Company as the directors, supervisors, or managerial officers of invested companies other than subsidiaries or parent Company.

* The remuneration disclosed in this table is different from the concepts stipulated in the Income Tax Act. The purpose of this table is for information disclosure, not taxation

(III) The top five executive remuneration: not applicable.

(IV) Names of managerial officers who receive employee bonus, and distribution of employee bonus

As of April 19, 2021 (Unit: NT$ thousands)

<table>
<tr><th></th><th>Position title (Note 1)</th><th>Name (Note 1)</th><th>Amount of shares</th><th>Amount of cash</th><th>Grand total</th><th>Ratio of total amount to net income (%)</th></tr>
<tr><td rowspan="10">Managerial Officer</td><td>President</td><td>FANG, MIN-CHING</td><td rowspan="10">0</td><td rowspan="10">9,629</td><td rowspan="10">9,629</td><td rowspan="10">1.07%</td></tr>
<tr><td>Chief Strategy Officer</td><td>LI, XUE-HAN</td></tr>
<tr><td>Vice President</td><td>CHEN, ZUO-MING</td></tr>
<tr><td>Vice President</td><td>KOENIG ROLAND HERBERT</td></tr>
<tr><td>Vice President</td><td>YANG, ZHAO-QUAN</td></tr>
<tr><td>Senior Associate Manager</td><td>Chiew Teo Ann</td></tr>
<tr><td>Senior Associate Manager</td><td>Myoung Ho Lee</td></tr>
<tr><td>chief information officer (CIO)</td><td>YANG, WU-ZHONG</td></tr>
<tr><td>Chief Accounting Officer (Accounting Supervisor, Head of Corporate Governance)</td><td>XIE, BAI-CHENG</td></tr>
<tr><td>Chief Financial Officer (Financial supervisor)</td><td>SHEN, YING-XIU</td></tr>
</table>

Note 1: Individual names and titles should be disclosed. However, the profit distribution can be revealed in a summary.

Note 2: The names of the managerial officers shall be listed separately, and the amount of remuneration paid to them shall be disclosed collectively. If it is not possible to estimate, the proposed distribution amount for this year shall be calculated based on the actual distribution amount last year. Net income refers to that for the most recent fiscal year; where the IFRS Standards are adopted, net income refers to that in the latest parent-only or individual financial statements.

Note 3: Based on 2003.03.27 Tai-Cai-Zheng-San-Zi No. 0920001301 Letter, the scope of applicable managers is as follows:

(1) President and equivalent
(2) Vice President and equivalent
(3) Associate Manager and equivalent
(4) Head of Finance Department
(5) Head of Accounting Department
(6) Other persons who have the right to manage affairs and sign for the company

Note 4: If the director, President and Vice President receive employee compensation (including stocks and cash), in addition to table 1-2, this table should be filled out.

(V) Separately compare and describe total remuneration, as a percentage of net income stated in the parent Company only financial reports or individual financial reports, as paid by this Company and by each other Company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, Presidents, and vice presidents, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

Position title	FY2020		FY2019	
	The Company	All companies listed in this financial report	The Company	All companies listed in this financial report
Directors Presidents and Vice Presidents	7.83%	10.64%	9.83%	13.72%

1. Analysis of the proportion of the total remuneration paid by the Company and all companies in the consolidated statements to the Company's directors, president and vice presidents in the net profit after tax of parent Company only or individual financial reports in the most recent two fiscal years:
   (1) In terms of the total remuneration paid, the total remuneration paid by the Company and all companies in the FY2020 consolidated financial statements to the directors, presidents and vice presidents of the Company was NT$70,258 thousand and NT$95,539 thousand. Compared with NT$52,123 thousand and NT$72,727 thousand in FY2019, the increase is NT$18,135 thousand and NT$22,812 thousand respectively. It's mainly because the Company's FY2020 profit increased by 69.26% compared with FY2019. Therefore, the remuneration of directors and the remuneration and bonuses of the president and vice presidents are due to the increase in the company's operating performance.
   (2) In terms of the difference in proportions, the total remuneration paid by the Company and all companies in the FY2020 consolidated statement to the Company's directors, president and vice presidents accounted for 7.83% and 10.64% of the net profit of individual financial reports after tax. Compared with FY2019, the reduction is 9.83% and 13.72%. It's mainly due to the significant increase in the Company's FY2020 profit compared with the previous year. In addition, the president and vice presidents is a relatively high proportion in the salary structure of fixed salary. Therefore, although the total remuneration of the aforementioned managerial officers has increased compared with the previous year, the percentage against net profit after tax has decreased slightly.
2. Policies, standards, and packages for payment of remuneration, the procedures for determining remuneration, and its connection to business performance and future risk

exposure:

(1) Directors:

The Company's directors remuneration is in accordance with the Article of Association, Article 16: "The remuneration of all directors, regardless of profit or loss, may be agreed upon by the authorized board meeting according to the usual standards of the industry" and Article 19: "If the Company makes profits during the year, no more than 2% should be proposed for directors remuneration. The proposal shall be drafted and reviewed by the Renumeration Committee in consideration of the participation in the Company's operations, contribution value and overall Company operating performance.

The Company conducts performance assessment on board members every year in accordance with the "Board of Directors and Functional Committee Performance assessment Measures". It is incorporated to evaluate individual performance achievement and contribution to company performance and served as referencing basis. Directors' performance appraisal indicators include six major aspects: mastery of company goals and tasks, awareness of directors' responsibilities, participation in company operations, internal relation management and communication, directors' professional and continuing education, and internal control.

(2) Presidents and Vice Presidents:

The salary and compensation of the Company's President and Vice President refer to the common level of the industry's payment level and consider the time invested by the individual, the responsibilities, degrees of achieving personal goals, performance in other positions, the Company's salary and compensation to the same position in recent years, and the Company's overall operating conditions, etc. Also, the Company's Articles of Association, Article 19: "If the Company makes a profit during the year, no less than 6% shall be allocated for employee compensation" shall be followed.

The company's procedures for remuneration have taken into consideration the performance assessment results of the President and Vice Presidents. Evaluation indicators include financial indicators (such as the company's revenue achieving rate, etc.) and non-financial indicators (such as practice of the company's five core values and operational management capabilities, etc.)

The performance assessment and remuneration of the directors, president, and vice president of the Company are reviewed by the Remuneration Committee and submitted to the Board of Directors for discussion, and review the remuneration system on time based on the actual operating conditions and relevant laws and regulations, to seek sustainable the Company's balanced control of operation and risks.

IV. Implementation of Corporate Governance

(I) Operation of the Board of Directors

A total of 8 (A) Board of Directors' meeting were held in the most recent fiscal year with the following attendance records from directors:

Position title	Name (Note 1)	Actual presence (attendance) Number of times (B)	Attendance by proxy Number of times	Rate of attendance in person (%) [B/A] (Note 2)	Remark
Chairman	FANG, MIN-CHING	8	0	100.00%	2020.06.12 re-election, re-elected
Directors	ZHONG, YUN-HUI	7	0	87.50%	2020.06.12 re-election, re-elected
Directors	Jinmao Investment Co., Ltd. Representative: ZHAN, WEN-XIONG	8	0	100.00%	2020.06.12 re-election, re-elected
Directors	Jinmao Investment Co., Ltd. Representative: FANG, MIN-ZONG	8	0	100.00%	2020.06.12 re-election, re-elected
Independent director	CHEN, YI-CHENG	8	0	100.00%	2020.06.12 re-election, re-elected
Independent director	FAN, LIANG-FU	6	2	75.00%	2020.06.12 re-election, re-elected
Independent director	CAI, JIA-HONG	3	1	75.00%	2020.06.12 re-election, former , Four board meetings were held during the term.
Independent director	CHEN, SHI-ZHEN	4	0	100.00%	2020.06.12 re-election, new, Four board meetings were held during the term.

Other mandatory items:

I.If any of the following applies to the operation of Board of Directors, the date and session of the Board of Directors' meeting, the content of proposals, independent directors’ opinions and the Company's actions in response to independent directors’ opinions shall be stated.

i.Items listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee, the provision of Article 14-3 shall not apply according to the provision of Article 14-5.

ii.Other than the matters mentioned above, other resolutions on which the independent directors have dissenting or reserved opinions: None.

II.With regard to the recusal of independent directors from voting due to conflict of interests, the name of independent directors, the content of proposals, reasons for recusal due to conflict of interests and participation in voting shall be stated:

Date of board meeting	Name of director	Proposal	Reasons for Recusal	Participation in Voting
2020.01.17	Chairman：FANG, MIN-CHING Director ：FANG, MIN-ZONG	Proposal of the Company's FY2019 Managerial Officers Annual Bonus	When discussing the annual bonus for directors who are also managerial officers (employees), the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-CHING and Director FANG, MIN-ZONG have avoided conflict of interest and there were 5 directors present)
2020.05.13	Chairman：FANG, MIN-CHING Director：ZHONG, YUN-HUI FANG, MIN-ZONG ZHAN, WEN-XIONG Independent director：CHEN, YI-CHENG FAN, LIANG-FU CAI, JIA-HONG	Approval of FY2019 director bonus distribution plan	When discussing the remuneration for directors, the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-CHING, Director ZHONG, YUN-HUI, Director FANG, MIN-ZONG, Director ZHAN, WEN-XIONG, Independent director CHEN, YI-CHENG, Independent director FAN, LIANG-FU, and Independent director CAI, JIA-HONG have avoided conflict of interest and there were 6 directors present)
2020.08.12	Chairman：FANG, MIN-CHING Director：FANG, MIN-ZONG	The Company’s 2020 Q2 managerial performance bonus	When discussing the 2020 Q2 managerial performance bonus for directors who are also managerial officers (employees), the relevant	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-CHING and Director

			stakeholders have avoided conflict of interest in accordance with regulations.	FANG, MIN-ZONG have avoided conflict of interest and there were 6 directors present)
2020.08.12	Chairman：FANG, MIN-CHING Director：FANG, MIN-ZONG	Proposal of FY2019 employee bonus distribution to the Company's managerial officers	When discussing the months and scope of FY2019 employee bonus for directors who are also managerial officers (employees), the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-CHING and Director FANG, MIN-ZONG have avoided conflict of interest and there were 6 directors present)
2020.11.11	Chairman：FANG, MIN-CHING Director：FANG, MIN-ZONG	Proposal of FY2019 employee bonus amount to the Company's managerial officers.	When discussing the amount of FY2019 employee bonus for directors who are also managerial officers (employees), the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-CHING and Director FANG, MIN-ZONG have avoided conflict of interest and there were 6 directors present)
2020.11.11	Chairman：FANG, MIN-CHING Director：FANG, MIN-ZONG	Proposal of 2020 Q3 managerial performance bonus of the Company	When discussing the 2020 Q3 managerial performance bonus for directors who are also managerial officers (employees), the relevant stakeholders have avoided conflict of interest in accordance with regulations.	The proposal was approved without objection after consulting all the directors present by the (acting) chairman (Chairman FANG, MIN-CHING and Director FANG, MIN-ZONG have avoided conflict of interest and there were 6 directors present)

III. Assessment of the Board of Directors and various functional committees:

Assessment Cycle	Assessment Period	Assessment Scope	Assessment Method	Assessment Content
Once a year	2020/01/01 To 2020/12/31	Board performance assessment	Self-assessment of the board	1. The degree of participation in the company's operations 2. Improvement in the quality of decision making by the Board of Directors 3. The composition and structure of the Board of Directors 4. Election and continuing education of the Directors 5. Internal controls
		Performance assessment of individual board members	Board member self-assessment	1. Their grasp of the company's goals and missions 2. Their recognition of director's duties 3. Their degree of participation in the company's operations 4. Their management of internal relationships and communication 5. Their professionalism and continuing professional education 6. Internal controls
		Performance assessment of functional committees (Audit Committee, Remuneration Committee)	Self-assessment of functional committees	1. The degree of participation in the company's operations 2. Their recognition of the duties of the functional committee 3. Improvement in the quality of decision making by the functional committee 4. The composition of the functional committee, and election and appointment of committee members 5. Internal controls

IV. Goals for enhancing the functions of the Board of Directors (such as establishing an Audit Committee or increasing information transparency) for the current year and most recent fiscal year as well as the assessment of the actions implemented:

1. The operation of the Board of Directors is in accordance with the Company's "Board of Directors' Rules of Procedure".
2. In order to improve the structure of the Board of Directors, the Company has formulated a "Board of Directors Diversity Policy" in accordance with the "Corporate Governance Best Practice Principles for

TWSE/TPEx Listed Companies".

3. In order to enhance the functions and the operational efficiency of the Board of Directors, the "Measures for performance assessment of the Board of Directors and Functional Committees" have been formulated. In accordance with the regulations, the internal Board of Directors performance assessment shall be carried out at least once a year, and the assessment results shall be reported to the Board of Directors.
4. In order to assist the directors in performing their duties and improve the effectiveness of the Board of Directors, the "standard operating procedures for handling directors' requirements" have been formulated
5. In order to strengthen the corporate governance function and improve the transparency of information, the Company will announce the resolutions of the Board of Directors on the Company's website after the board meeting for investors' inquiries. If the Board of Directors has a major resolution (such as a surplus distribution proposal, a shareholder meeting proposal), it will be announced at the Taiwan Stock Exchange Market Observation Post System at the same time as required.
6. The Company has completed the establishment of independent directors and Audit Committee on June 13, 2017 in accordance with the regulations.
7. The Company has set up corporate governance supervisors on November 11, 2020.
8. The Company has renewed directors and managers' liability insurance on March 8, 2021 to strengthen the Company's risk management and protect shareholders' rights and interests.
9. In order to strengthen corporate governance and improve corporate risk management and control, the Company passed the "Risk Management Measures" approved by the Board of Directors on January 22, 2021. The goals are: establishing a risk management mechanism for early identification, accurate measurement, effective supervision and strict control; preventing possible losses within the tolerable risk range; continuing to adjust and improve the best risk management practices based on changes in internal and external environments; The company hopes to protect the interests of employees, shareholders, partners and customers, increase the company's value, and achieve the optimal principle of the company's resource allocation. The implementation of risk management in the most recent fiscal year has been reported to the Board of Directors on March 26, 2021.

Note 1: If the directors or supervisors are a corporate, the name of the corporate shareholder shall be indicated.

Note 2: (1) If directors or supervisors resign before the end of the year, the date of resignation should be included in the notes. The actual attendance (%) shall be calculated based on the number of meetings held by the Board of Directors and the actual presence (attendance) during the term of service.

(2) In case any seat of director or supervisor has been re-elected before the end of the year, both the previous and current director or supervisor shall be filled, and the Remarks column shall indicate whether a director or supervisor was from a previous term, new, or re-appointed, and the date of re-election. The director's percentage of attendance in person (%) shall be calculated based on the number of Board of Directors' Meetings held and the actual attendance in person during his/her term of office.

(II) Operation of Audit Committee

The Audit Committee held 6 meetings (A) in the most recent fiscal year. The attendance of independent directors is as follows:

Position title	Name	Attendance in person (B)	Attendance by proxy	Percentage of attendance in person (%) (B/A) (Note)	Remark
Convener	CHEN,YI-CHENG	6	0	100.00%	2020.06.12 director re-election, re-elected
Committee member	FAN, LIANG-FU	5	1	83.33%	2020.06.12 director re-election, re-elected
Committee member	CAI, JIA-HONG	2	1	66.67%	2020.06.12 director re-election, former Three Audit Committee meetings were held during the term.
Committee member	CHEN, HI-ZHEN	3	0	100.00%	2020.06.12 directors re-election, new, Three Audit Committee meetings were held during the term.

Other mandatory items:

I. If any of the following applies to the operations of the Audit Committee, the date and session of the Board of Directors' Meeting, as well as the resolutions, resolutions of the Audit Committee and the corporation's actions in response to the opinions of the Audit Committee should be stated.

(I) Items listed in Article 14-5 of the Securities and Exchange Act:

Board of Directors Session & date	Proposal	Audit Committee Voting results	Corporation's responses to the comments of the Audit Committee
FY2020 The 1st Board Meeting (2020.01.17)	1. Assessment of Independence for the Company's CPAs appointment. 2. Amendments to the Company’s “Procedures for Ethical Management and Guidelines for Conduct”. 3. Revocation of the approved but unused endorsement and guarantee amount to the subsidiary. 4. Proposal of	All Members present voted in favor of the resolution without objections on 2020.01.17 Audit Committee meeting.	All Directors present voted in favor of the resolution without objections.

	endorsements/guarantees provided to subsidiaries by the Company.		
FY2020 The 2nd Board Meeting (2020.03.23)	1. 2019 Business Report and Financial Report 2. Proposal of FY2019 earning distribution. 3. Proposal of share repurchase in accordance with relevant regulations. 4. Review of FY2019 "Internal Control System" and "Statement on Internal Control System." 5. Amendments to the Company's Articles of Incorporation.	All Members present voted in favor of the resolution without objections on 2020.03.23 Audit Committee meeting.	All Directors present voted in favor of the resolution without objections.
FY2020 The 4th Board Meeting (2020.05.13)	1. Proposal of endorsements/guarantees provided to subsidiaries by the Company.	All Members present voted in favor of the resolution without objections on 2020.05.13 Audit Committee meeting.	All Directors present voted in favor of the resolution without objections.
FY2020 The 6th Board Meeting (2020.08.12)	1. Amendments to the “Internal Control System” and the “Implementation Rules for Internal Audit”. 2. In response to the "Economic Substance Law Implementation Rules" promulgated by the British Virgin Islands and simplifying the group's financial communication process, the Company plans to adjust the group Company's capital loan and structure. 3. Revocation of the approved but unused endorsement and guarantee amount to the subsidiary.	All Members present voted in favor of the resolution without objections on 2020.08.12 Audit Committee meeting.	All Directors present voted in favor of the resolution without objections.
FY2020 The 7th Board Meeting (2020.08.28)	1.Proposal of material hardware investment.	All Members present voted in favor of the resolution without objections on 2020.08.28 Audit Committee meeting.	All Directors present voted in favor of the resolution without objections.
FY2020 The 8th Board	1.FY2021 internal audit plan. 2.Assignment of creditor’s rights between subsidiaries of the group.	All Members present voted in favor of the resolution without	All Directors present voted in favor of the

Meeting (2020.11.11)	3.Loan request to the Company’s subsidiaries.	objections on 2020.11.11 Audit Committee meeting.	resolution without objections.

(II) Except the aforementioned matters, other resolutions approved by two-thirds or more of all the directors but yet to be approved by the Audit Committee: None.

II. Execution process where the independent director abstain from begin a stakeholder, the name of the director, the content of proposal, the reason of abstinence and the results of the voting should be stated: None.

III. Communication among Independent Directors, internal audit Supervisors, and CPAs (including important matters, methods, and results of the Company's finance and operations):

1. Communication between independent directors and Internal Auditing Officer:
The internal audit Director of the Company quarterly reported the audit reports to independent directors in the Audit Committee meetings, communicating the results of the audit report.

Auditing officer Meeting date	Content of the communication	COMMUNICATION METHODS	Results
2020.01.17 Audit Committee	1.Amendments to the Company’s “Procedures for Ethical Management and Guidelines for Conduct”.	Attend to report and discuss related issues	It has been fully communicated and approved by the Audit Committee.
2020.03.23 Audit Committee	1. 2019 Q4 internal audit report. 2. Review of FY2019 "Internal Control System" and "Statement on Internal Control System." 3. Amendments to the Company's Articles of Incorporation.	Attend to report and discuss related issues	It has been reported or approved by the Audit Committee.
2020.05.13 Audit Committee	1. 2020 Q1 internal audit report.	Attend to report and discuss related issues	It has been fully communicated and reported at the Audit Committee.
2020.08.12 Audit Committee	1. 2020 Q2 internal audit report. 2. Amendments to the “Internal Control System” and the “Implementation Rules for Internal Audit”.	Attend to report and discuss related issues	It has been reported or approved by the Audit Committee.
2020.11.11 Audit Committee	1. 2020 Q3 internal audit report. 2. FY2021 internal audit plan.	Attend to report and discuss related issues	It has been reported or approved by the Audit Committee.

*The above communication matters have been submitted to the Board of Directors for report or resolution on the same day after the report or approval of the Audit Committee.

2. Communication between independent directors and CPAs:

In addition to the annual Audit Committee of the Company's certified accountants, the Audit Committee discusses the results and findings of the annual financial statements with independent directors. Participate in the Audit Committee and the Board of Directors from time to time to provide professional consultation and suggestions for the company's decision-making on major proposals.

CPA Meeting date	Content of the communication	COMMUNICATION METHODS	Results
2020.03.23 Audit Committee	FY2019 business report and financial statements.	Attend to consult, discuss, and recommend on the related issues.	It has been fully communicated and approved by the Audit Committee and Board of Directors.

IV. The annual priorities of the Company's Audit Committee:

1. The operation of the Company's Audit Committee focuses on the supervision of the following matters:
   (1) The Company's financial statements are presented in accordance with the relevant regulations.
   (2) The selection (dismissal), remuneration, independence and performance of certified accountants.
   (3) Effective implementation of internal control
   (4) Relevant laws and regulations to be followed.
   (5) The management and control of the company's existing or potential risks.

2. The main functions and powers of the Audit Committee of the Company are listed as follows:
   (1) Adoption or amendment of the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
   (2) Assessment of the effectiveness of an 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, endorsement, or provision of a 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 audit officer.
   (10) The annual financial report signed or stamped by the chairman of the board, the manager and

the accounting supervisor, and the second quarter financial report subject to verification by accountants.

(11) Any other material matter so required by the competent authority.

Note:

* If independent directors resign before the end of the year, the date of resignation should be included in the notes. The actual attendance (%) shall be calculated based on the number of meetings held by the Audit Committee and the actual presence during the term of service.
* If independent directors are re-elected before the end of the year, new and former independent directors shall be listed accordingly and the "Remark" column shall indicate whether the status of an independent director is “Former”, “New” or “Re-elected” and the date of re-election. Percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Audit Committee and the actual number of meetings attended during his/her term of office.

(III) Implementation of corporate governance, discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and disclose on the public information observatory.	No differences
II. Shareholder structure and shareholders' rights and interest				
(I) Has the Company established an internal operating procedure for handling matters related to shareholders' recommendations, doubts, disputes and lawsuits, and implemented them accordingly?	✓		(1) The Company has formulated the "Measures for Handling of Stakeholders' Suggestions and Appeals" to handle shareholder suggestions and other matters, and implement them in accordance with the procedures.	No differences
(II) Does the Company maintain a list of major shareholders who have actual control over the Company and persons who have ultimate control over the major shareholders?	✓		(2) The Company and its subsidiaries regularly request stock brokers to provide the latest register of shareholders to understand the list of major shareholders and their ultimate controllers.	No differences
(III) Has the Company established and implemented risk control and firewall mechanisms among its affiliated companies?	✓		(3) The Company has established the "Regulations on Financial Business Between Affiliated Enterprises" and "Subsidiary Management	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
(IV) Has the Company formulated internal regulations that prohibit insiders of the Company from trading securities using undisclosed information in the market?	✓		Measures" to implement risk control with related companies. (4) The Company has established "internal material information processing operating procedures" and "preventing internal transaction management operating procedures" to avoid improper leakage of information and ensure the consistency and accuracy of information published by the Company.	No differences
III. Composition and responsibilities of Board of Directors (I) Has the Board of Directors drawn up policies on the diversity of its members and implemented them?	✓		(1)In order to enhance the functions of the Board of Directors and improve the structure of the Board of Directors, the Company has formulated a "Board of Directors Diversity Policy". Members with diversified backgrounds and perspectives are selected for the Company's operations, business models and development needs. The seven members of the Company's current Board of Directors are composed of industry professionals with professional backgrounds, skills, and industrial experience in mechanical engineering, electronic engineering, civil	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			engineering, international corporate management, financial management, chemical engineering, and law. Please refer to pages 12 to 13 of this annual report), They are all Taiwanese males, and their average age is around 61 years old. Please refer to Note 2 for the specific management objectives and achievement status of the diversity policy of the Company's Board of Directors and the implementation status of the diversification policy.	
(II) Has the Company voluntarily established other functional committees, other than the Remuneration Committee and Audit Committee that are established in accordance with the law?		✓	(2)The Company has not voluntarily established other functional committees, other than the Remuneration Committee and Audit Committee that are established in accordance with the law.	The Company will continue to evaluate and cooperate with the Company according to the needs of the Company and the regulations of the competent authority
(III) Did the Company stipulate regulations for assessing the performance of the Board and the process of assessment, conduct performance appraisals on an annual basis on a regular basis, and submit the results of	✓		(3)The Company's Board of Directors passed the "Regulations Governing the assessment of the Performance of the Board of Directors" on November 11, 2016. Since 2016, at the end of each year, the performance assessment of the	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
the performance appraisal to the Board? Are the results used as reference for the remuneration of individual Directors and the nomination for re-appointment?			Board of Directors of the current year has been implemented. In addition, in conjunction with the revision of the new version of the corporate governance blueprint plan by the competent authority, the Securities and Exchange Act and its subordinate laws, the Board of Directors approved the revision of the "Regulations Governing the assessment of the Performance of the Board of Directors" on January 25, 2019. It is renamed as "Board of Directors and Functional Committee Performance assessment Measures". Please refer to page 26 of this annual report for the assessment and implementation status of the Board of Directors and functional committees. The results of the most recent (FY2020) board performance assessment are as follows: Overall board performance assessment: The score is 97.56, which shows that the overall operation of the Company's Board of Directors is still sound and conforms to the spirit of corporate governance. Performance assessment of individual board	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			members: The overall average score is 97.79. The assessment results show that the directors of the Company have positive comments on the efficiency and effectiveness of the operation of various assessment indicators. The aforementioned performance assessment results were reported to the Board of Directors on March 26, 2021.	No differences
(IV) Does the Company regularly evaluate the independence of CPAs?	✓		(4) In accordance with No. 10 of the "Professional Code of Ethics Bulletin", the assessment items that affect the independence of CPAs and Article 47 of the "Certified Public Accountant Act", the President's office is not allowed to undertake the assessment items of the financial report approval work, and draw up the "Independence assessment Form for CPAs" ", The Company evaluate the independence of the accountant every year and ask the accountant to issue a declaration of independence. The Audit Committee and the Board of Directors shall discuss the independence and competence of CPAs.	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			The most recent (FY2020) assessment of the independence of certified public CPAs was discussed and approved by the Audit Committee and the Board of Directors on March 26, 2021. For CPAs' independence assessment items and assessment results, please refer to Note 3.	
IV. Does the TWSE/TPEx listed company have a suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be in charge of corporate governance related matters (including but not limited to supplying information requested by the directors and supervisors for the execution of their duties, assisting the directors and supervisors in compliance with legal regulations, handling matters related to board meetings and shareholders' meetings and preparing minutes of board meetings and shareholders' meetings)?	✓		The Company designates the President's office as a dedicated unit responsible for corporate governance related matters. It is supervised by the head of corporate governance. The main business functions and promotion of this unit are explained as follows: 1. Plan and implement the convening of various functional committees (including the Board of Directors, Remuneration Committee, Audit Committee, etc.), including setting up agenda, At least seven days before the meeting, a notice of the meeting should be sent to provide sufficient information on the discussion to the members to understand the content of the proposal. And within 20 days after the meeting, the minutes will be sent out for members to know the results of the resolutions of the various proposals. 2. Plan and implement the annual shareholders	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			meeting, including registering the date of the shareholders meeting within the prescribed period of time according to the law. It includes also the preparation of the meeting notice, handbook, annual report, and meeting minutes within statutory deadlines, as well as changing registration after amendment of the articles of association or re-election of the Board of Directors. 3.Plan and execute board performance appraisal matters, including collection of information about board activities at the end of each year. It includes also the distribution of the "Board Member Performance Appraisal Self-assessment Form". According to the actual operation status of the Board of Directors, the assessment items of the "Board Operation performance assessment Appraisal Form" are scored, and the results of the board performance assessment are summarized and reported to the Board of Directors. The most recent (FY2020) board performance assessment results were reported to the Board of Directors on March 26, 2021. 4. Strengthen information transparency and improve	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			shareholder rights. It includes announcing the Company's important financial business information on the website designated by the competent authority, meeting the information needs of stakeholders in a timely manner. It shall set up and maintain an investor area on the Company's website to enhance the transparency of information disclosure, provide accurate and detailed information to the public. 5. Establish and maintain communication channels for stakeholders: The Company formulated "Stakeholder Suggestions and Appeal Management Measures". In addition, a service window for stakeholders' suggestions and complaints has been established on the company's website to serve as a channel for stakeholders' complaints when their rights are violated It is aimed to promote full communication between the company and its employees, customers, suppliers, investors and other stakeholders. In addition, the quarterly Audit Committee will report on complaints received through the "Stakeholder Advice and Complaint	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			Service Window" and their follow-up handling. 6. Continue paying attention to the various corporate governance regulations announced by the competent authority. The Company develops and plans an appropriate organizational structure and company system, including: independent directors, the selection and establishment of functional committees, the formulation and revision of corporate governance regulations, etc. 7. Continue to provide relevant information on continuing education courses for directors and assist in registration and other related tasks. 8. Evaluate the purchase of appropriate director and manager liability insurance and has completed the renewal on March 8, 2021. In accordance with regulations, the Board of Directors reported on insurance-related content on March 26, 2021.	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
V. Has the Company established channels of communication with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), dedicated a section of the Company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on material corporate social responsibility (CSR) issues?	✓		The Company has set up a special area for stakeholders on the Company website. There is a complaint mailbox and a complaint window in the special area as a communication channel with stakeholders. It is hoped to respond appropriately to important corporate social responsibility issues raised by stakeholders such as employees, customers, suppliers, investors, competent authorities, and community residents. Please refer to Note 4 for the identification of the stakeholders, issues of concern, communication channels and response methods identified by the Company. Related topics were reported in the Board of Directors on March 26, 2021.	No differences
VI. Does the Company commission a professional shareholder services agency to handle shareholders meetings and other relevant affairs?	✓		The Company has commissioned a professional stock affair agency to manage Shareholders meetings and other relevant affairs.	No differences
VII. Information disclosure (I) Has the Company established a website to disclose information on financial operations and corporate governance? (II) Has the Company adopted other means of	 ✓ ✓		 (1) The Company established a website (www.panjit.com.tw) to disclose information on financial operations and corporate governance. (2) The Company has an English website, and a	 No differences No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
information disclosure (such as establishing a website in English, appointing specific personnel to collect and disclose company information, implementing a spokesperson system, and disclosing the process of investor conferences on the Company's website)?			designated person is responsible for the collection and disclosure of Company information. The company set up a spokesperson and proxy spokesperson system in accordance with the law. In addition, the Company's website also has a special area for legal person briefing sessions, and places relevant information about the institutional investor conference on the Company's website.	
(III) Has the Company published and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.		✓	(3) The Company's FY2020 financial report was approved by the Board of Directors on March 26, 2021, and the announcement and reporting operations were completed within the prescribed time limit. The financial reports from the first quarter to the third quarter of FY2020 and the operating conditions of each month were all completed within the prescribed time limit.	The Company will continue to evaluate and cooperate with the Company according to the needs of the Company and the regulations of the competent authority
VIII. Does the Company provide other important information that can help establish a better understanding of the state of corporate governance (including but not limited to employee rights,	✓		1. Employee rights: The Company and its subsidiaries have always treated employees with integrity and follow relevant labor laws and regulations to protect the legitimate rights and interests of employees.	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
employee care, investor relations, supplier relations, stakeholders' rights, continuing education among directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and purchase of liability insurance for directors and supervisors of the Company)?			2. Employee care: Through enriching the welfare system and good education and training system to stabilize the life of employees and establish a good relationship of mutual trust and mutual dependence with employees. 3. Investor Relations: The Company has established a system of spokespersons and deputy spokespersons for handling shareholders' proposals, inquiries, and other relevant matters. 4. Supplier Relations: The Company and its subsidiaries have always maintained good relationships with suppliers. 5. Stakeholders' Rights: Stakeholders can communicate with the company and make suggestions through the special mailbox for suggestions and appeals to protect their legitimate rights and interests. 6. Continuing Education and Training of Directors: All directors of the Company have academic backgrounds and practical experiences in business management applicable to the business	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			scope of the Company and continue to study according to actual needs, please refer to Note 5. 7. Implementation of risk management policies and risk measurement standards: Formulate various internal regulations in accordance with the law, and conduct various risk management and assessments. 8. Implementation of customer policies: The Company and its subsidiaries maintain stable and good relationships with customers to create corporate profits. 9. The company purchases liability insurance for directors: The Company has renewed the directors' and managers' liability insurance on March 8, 2021. 10. Further training for accounting supervisors and audit supervisors: please refer to Note 5. 11. The Company's personnel related to financial information transparency have obtained relevant licenses specified by the competent authority: The Company's accounting supervisor has a Republic of China CPA license 12. In order to prevent insider trading, protect	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			investors and safeguard the rights and interests of the Company, the Company implements the following measures: (1) Formulate "internal material information processing procedures" and "prevent insider trading management procedures", and prohibit insiders such as company directors or employees from using undisclosed information on the market to buy and sell securities for profit (2) Education and training of "prohibition of insider trading" was in place for directors and managers every year. The content of the course includes topics such as "Requirements for Insider Trading", "Violation of the Penalties for Insider Trading", and "How to Avoid Mistaken Insider Trading" (3) Advising directors and managers on "Insider shareholding changes in violation of the Securities and Exchange Act violations" quarterly	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	

IX. Improvements made in the most recent fiscal year in response to the results of corporate governance assessment conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and prioritized matters and measures to be improved upon for matters that have not been improved.

Securities and Futures Institute of Taiwan Corporate Governance Association released the results of the sixth (FY2019) corporate governance assessment on April 30, 2020, The Company's improvement situation and future priority strengthening matters and measures are listed as follows:

Metric category	Question number and metrics (or summary)	Improvement and future priority enhancements and measures
Safeguard the rights and interests of shareholders and treat shareholders equally	Question number: 1.10 Metrics: Does the company upload the English version of the proceedings manual and supplementary materials for the meeting 30 days before the meeting of the shareholders meeting?	The Company has planned to upload the English version of the meeting manual and supplementary materials for the meeting 30 days before 2021 annual general meeting
	Question number: 1.11 Metrics: Does the company upload the English version of the annual report 7 days before the annual general meeting?	The Company has planned to upload the English version of the annual report 7 days before the 2021 annual general meeting
Strengthen the structure and operation of the Board of Directors	Question number: 2.2 Metrics: Does the company formulate a policy for diversification of board members, and disclose the implementation of the diversification policy on the company's website and annual report?	The Company has disclosed the implementation of the Board of Directors diversity policy on the Company's website and annual report
	Question number: 2.9 Metrics: Does the company formulate succession plans for board members and important management levels, and disclose their operations on the company's website or annual report?	The Company has disclosed the succession planning and operation of board members and important management in the Company website and annual report

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and reasons for such discrepancies
	Yes	No	Summary and Explanation	

		Question number: 2.11 Metrics: Does the company disclose in its annual report the reasons for discussion and resolution of the Remuneration Committee, as well as the company's handling of members' opinions?	The Company has disclosed in its annual report the reasons for discussion and resolution of the Remuneration Committee, as well as the Company's handling of members' opinions
		Question number: 2.18 Metrics: Does the company hold at least six board meetings in the year under assessment?	The Company held a total of eight board meetings in 2020
		Question number: 2.21 Metrics: Does the company set up a corporate governance director to be responsible for corporate governance-related matters, and to explain the scope of authority, the focus of business execution in the current year, and the situation of further education on the company's website and annual report?	The Company has set a corporate governance director on November 11, 2020, to be responsible for corporate governance-related matters, and to explain the scope of authority, the focus of business execution in the current year, and the situation of further education on the Company's website and annual report.
	Improving information transparency	Question number: 3.5 Metrics: Does the public information observatory upload the annual financial report disclosed in English 7 days before the annual general meeting?	The Company has planned to upload the annual financial report disclosed in English 7 days before the 2021 annual general meeting
		Question number: 33.6 Metrics: Does the company website or public information observatory disclose the interim financial report in English?	The Company has planned to disclose the interim financial report in English on the Company website and public information observatory starting from the first quarter of FY2021

Note 1: Regardless of whether the operation status is checked "Yes" or "No", it should be stated in the summary description column.

Note 2: For the specific management objectives and achievement status of the diversity policy of the Company's Board of Directors and the implementation status of the diversification policy.

(1)The specific management objectives and achievement of the Board of Directors diversity policy:

Management goals	Achievement	Description
Directors who are employees of the company should not exceed one third of the number of directors	Achieved	Only two of the seven members of the Company’s current Board of Directors are employees of the Company (28.6%), which does not exceed one-third of the number of directors, which is not more than one-third of the number of directors
Recruiting talents with different professional backgrounds, skills and industry experience	Achieved	1.The professional abilities of the members of the Company’s previous Board of Directors were mostly focused on financial accounting background (three in total, accounting for 42.9%). In order to improve the composition of the Board of Directors, it is proposed to add a board member with a legal background as the management objective. And the director re-election was completed on June 12, 2020 The new independent director CHEN, SHI-ZHEN is a practicing lawyer. For information on his academic experience, please refer to page 13 of this annual report. 2. The seven members of the Company's current Board of Directors are composed of professionals with professional background, skills and industrial experience in mechanical engineering, electronic engineering, civil engineering, international corporate management, financial management, chemical engineering, and law.
Age distribution is even.	Achieved	Among the seven members of the Company’s current Board of Directors, 1 director is under the age of 50 (accounting for 14.2%), and 2 directors are between the ages of 50 and 60 (accounting for 28.6%), and 2 directors between 61 and 70 years old. There are 2 directors aged more than 71 (accounting for 28.6%). There is no situation where the age distribution of directors is concentrated.
Independent directors should not serve more than three consecutive terms.	Achieved	None of the three independent directors of the current Board of Directors of the Company have served for more than three consecutive terms.

(2) The implementation of the Company's Board of Directors diversification policy is as follows:

Aspect one: basic composition

Position title	Name	Nationality	Gender	Concurrent employees of the Company	Distribution of independent directors' seniority			Age distribution of directors			
					3+ years	3-9 years	9 years or more	50 years old or under	50-60 years old	61-70 years old	71 years old or above
Chairman	FANG, MIN-CHING	Republic of China	Male	✓	Not applicable					✓	
Directors	ZHONG, YUN-HUI	Republic of China	Male		Not applicable						✓
Directors	Jinmao Investment Co., Ltd. Representative: FANG, MIN-ZONG	Republic of China	Male	✓	Not applicable					✓	
Directors	Jinmao Investment Co., Ltd. Representative: ZHAN, WEN-XIONG	Republic of China	Male		Not applicable				✓		
Independent director	CHEN, YI-CHENG	Republic of China	Male			✓			✓		
Independent director	FAN, LIANG-FU	Republic of China	Male			✓					✓
Independent director	CHEN, SHI-ZHEN	Republic of China	Male		✓			✓			

Aspect two: background and experience

Position title	Name	Professional background	Professional skills			Industrial experience		
			Business decision and management	Financial analysis and decision	Legal practice	Manufacturing industry	Asset management	Legal affair service
Chairman	FANG, MIN-CHING	✓	✓			✓		
Directors	ZHONG, YUN-HUI	✓	✓			✓		
Directors	Jinmao Investment Co., Ltd. Representative: FANG, MIN-ZONG	✓	✓			✓		
Directors	Jinmao Investment Co., Ltd. Representative: ZHAN, WEN-XIONG	✓		✓			✓	
Independent director	CHEN, YI-CHENG	✓		✓		✓		
Independent director	FAN, LIANG-FU	✓	✓			✓		
Independent director	CHEN, SHI-ZHEN	✓			✓			✓

Aspect three: overall ability

Position title	Diversified core expertise / Name of director	Operational judgment	Accounting and finance Analytical abilities	Management ability	Crisis management capabilities	Industry knowledge	International market perspective	Leadership	Decision-making capacity
Chairman	FANG, MIN-CHING	✓	*	✓	✓	✓	✓	✓	✓
Directors	ZHONG, YUN-HUI	✓	*	✓	✓	✓	✓	✓	✓
Directors	Jinmao Investment Co., Ltd. Representative: FANG, MIN-ZONG	✓	*	✓	✓	✓	✓	✓	✓
Directors	Jinmao Investment Co., Ltd. Representative: ZHAN, WEN-XIONG	✓	✓	✓	✓	✓	✓	✓	✓
Independent director	CHEN, YI-CHENG	✓	✓	✓	✓	✓	✓	✓	✓
Independent	FAN, LIANG-FU	✓	*	✓	✓	✓	✓	✓	✓
Independent director	CHEN, SHI-ZHEN	✓	*	✓	✓	✓	✓	✓	✓

(Note) * meaning partial ability

Note 3: The Company's accountant independence assessment items are summarized as follows:

Assessment Item	Assessment Result	Whether it meets the required
A. "The Bulletin of the Professional Ethics of CPAs of the Republic of China" No. 10, the assessment items that affect the independence of CPAs:		
1. According to Article 8 of No. 10 of "The Bulletin of the Professional Ethics of CPAs of the Republic of China", is the independence of the assessed object affected by "self-interest"	No	Yes
2. According to Article 9 of No. 10 of "The Bulletin of the Professional Ethics of CPAs of the Republic of China", is the independence of the assessed subject affected by "self-assessment"	No	Yes
3. According to Article 10 of No. 10 of "The Bulletin of the Professional Ethics of CPAs of the Republic of China", whether the independence of the subject is affected by the "defense"	No	Yes
4. According to Article 11 of No. 10 of "The Bulletin of the Professional Ethics of CPAs of the Republic of China", is the independence of the assessed subject affected by "familiarity"	No	Yes
5. According to Article 12 of No. 10 of "The Bulletin of the Professional Ethics of CPAs of the Republic of China", is the independence of the assessed subject affected by "coercion"	No	Yes
B. Article 47 of the "CPAs Law", it is not allowed to undertake the appraisal project of the financial report approving work:		
1. Whether the subject is employed by the Company as a regular job, receiving a fixed salary, or serving as a director or supervisor.	No	Yes
2. Whether the subject has served as a director, supervisor, manager of the Company, or a staff member who has a significant influence on the Company, and has left the Company for less than two years.	No	Yes
3. Whether the assessed object has a spouse, direct blood relative, direct in-law or second relative with the person in charge or manager of the Company.	No	Yes
4. Whether the subject himself or his spouse or minor children has an investment or financial benefit relationship with the Company.	No	Yes
5. Whether the subject himself or his spouse and minor children have any funds to borrow from the Company.	No	Yes
6. Whether the subject is the Company performing management consulting or other non-certified business, which is sufficient to affect independence.	No	Yes
7. Whether the subject is inconsistent with the business incident, the competent authority's rotation of CPAs, the handling of accounting affairs on behalf of others, or other circumstances that can affect independence norms.	No	Yes

Note 4: The identity of the stakeholders, the issues of concern, communication channels and response methods identified by the Company:

Stakeholder	Agenda	Communication and response	FY2020 communication performance
Employee	Corporate governance, compliance with laws and regulations, labor-management relations and human rights, labor conditions, occupational health and safety and health, salary and benefits	Corporate announcements, dialogue time with President Ji, human resources service representatives, labor committee, employee welfare committee, multiple opinion channels: health center, cultural posters, sexual harassment complaint mailbox, employee satisfaction survey, regular education and training promotion, company official website setting Stakeholder's Suggestion and Complaint Service Window	1. Diversified corporate announcements: Publish 4 to 5 announcements every month through written channels, TV walls, computer screen savers, etc. 2. President dialogue: 4 times 3. Internal education and training: (1) New personnel training (including: HR and environmental safety and health training) 636 person-times (2) Plant safety education and training: entity bulletin board (all plant personnel) (3) Daoan education and training: digital bulletin board (all plant personnel) (4) Fire extinguisher drill: 300 person-times (5) Emergency evacuation drill: all plant personnel (6) Health education promotion activities: all plant personnel (7) Health education and health guidance activities: 160 person-times (8) New COVID-19 prevention activities: all plant personnel 4. Regular quarterly labor-management and corporate social responsibility meetings: 4 times 5. Employee Welfare Committee Meeting: 7 times 6. Staff suggestions and appeals: (1) Employee suggestion box: received 4 employee opinions, all of which have completed the filing and properly responded to the settlement of the case (2) Stakeholder suggestions and complaint service window: No suggestions or complaints from employees have been received this year
Customers	Corporate governance, compliance with laws and regulations, green	The company's official website, annual customer satisfaction surveys, irregular customer visits, customer complaints or	1. Completed 10 customer audits (including 4 external SGS audits) and received 5 customer visits this year 2. Due to the impact of the pandemic this year, overseas exhibitions have been cancelled 3. A total of 6 webinar / seminar were held, including: 2 events for agents in

Stakeholder	Agenda	Communication and response	FY2020 communication performance
	products, investigation of conflict-free metals, ethics and integrity	feedback through business units, customer audit meetings, stakeholder comments and complaint service windows set up on the company's official website	Taiwan, 2 events for agents in Americas, 1 event for agents in Japan, and 1 event for Rutronik.
Suppliers	Supply chain management, environmental protection, safety and health management, compliance with laws and regulations	Supplier's dedicated communication unit, supplier management procedures, supplier questionnaire surveys, supplier audits, supplier joint meetings, stakeholder comments and complaint service windows set up on the company's official website	1. As of the end of 2020, a total of 61 raw material suppliers have signed a clean and anti-bribery undertaking. The signing rate is 100%. 2. A total of 36 suppliers completed verification operations (including raw materials and outsourced suppliers) this fiscal year. 3. Stakeholder's suggestions and complaint service window: No suggestions or complaints from suppliers have been received this fiscal year.
Investors	The company's operations, governance and policies, prospects for the semiconductor industry, the company's competitive advantages in the industry, future growth potential,	Annual shareholder meetings, irregular corporate briefings, regular/irregular announcements on public information observatories or announcements of various financial business information of the company on the company website: including annual reports/financial reports/monthly revenue	1. The annual general meeting was completed on June 12, 2020. 2. Timely and accurately disclose the company's financial business information on the public information observatory and the company's official website for the investment public to know. 3. Participated in 11 corporate briefings this year, explaining the operating status of each quarter. 4. Stakeholder suggestions and appeal service window: No suggestions or appeals from investors have been received this year.

Stakeholder	Agenda	Communication and response	FY2020 communication performance
	dividend policy, labor-management harmony, ethics and integrity.	reports, etc., respond to investors and analysts' questions via phone or email. Regularly collect opinions and feedback. Set up stakeholders' suggestions and complaint service windows on the company's official website.	
Competent authority	Corporate governance, environmental protection, safety and health management, compliance with laws and regulations, energy management (water saving, power saving)	Proactive communication and explanation of official documents, major issues, and feedback from government units on visits.	1. Participate in various publicity conferences organized by the competent authority. The publicity conferences participated in 2020 are as follows: (1) Securities laws and regulations: corporate governance assessment and publicity courses, prevention of insider trading and insider equity trading publicity briefings, promotion of companies to adopt Inline XBRL to report financial reports publicity meetings, business publicity meetings of listed companies, and promotion of adoption in my country International Financial Reporting Standards Promotion Seminar. (2) Environmental safety and health-related: Participate in a total of 20 activities such as promotion and education and training on environmental safety and health related topics. 2. Actively and immediately respond to various questionnaire surveys issued by the competent authority. 3. Receiving visits by the staff of the stock exchange.
Community	Environmental protection, safety and health management, compliance with laws and	Neighborhood activities and New Year's visits, human resources administrative service representatives, company website and telephone connection,	1. Regular social donations to elementary school children in neighboring countries to assist them in running school teaching equipment and nutrition lunch expenses. 2. Regular social donations to the Little Angel Home to assist the adoption of bereaved infants and young children. 3. Regular social donations to the Creation Foundation to assist in the care of

Stakeholder	Agenda	Communication and response	FY2020 communication performance
	regulations, the scope of company activities, company recruitment and local employment opportunities.	auxiliary station or employee referral messages, irregular participation in resident meetings or opinion exchanges with village officials, stakeholders of the company's official website Suggestions and complaints service window.	vegetatives. 4. Participate in the annual gatherings of police/firefighting in the jurisdiction and related activities of the annual festival, and cooperate with the annual fire drill. 5. Participate in employment promotion activities handled by employment service stations and provide job vacancies to neighboring community residents. 6. Participate in community networking activities and have interactive discussions with community. 7. Stakeholder's advice and appeal service window: No suggestions or complaints from community residents this year.

Note 5: The situation of directors, accounting supervisors, and audit supervisors for further training:

Position title	Name	Training date	Organizer	Curriculum	Course hours
Independent director	CHEN, YI-CHENG	2020.05.06	Securities and Futures Institute of Taiwan Corporate Governance Association	Corporate Governance and Securities Regulations	3
		2020.09.03	Securities and Futures Institute of Taiwan Corporate Governance Association	2020 Prevention of Insider Trading and Insider Equity Trading Publicity Seminar	3
	FAN, LIANG-FU	2020.10.23	Taiwan Stock Exchange and the Taipei Exchange	2020 Corporate Governance and Corporate Integrity Directors and Supervisors Promotion Conference	3
		2020.11.24	Accounting Research and Development Foundation	Analysis of false financial reports and how to see key information in financial reports	3
	CHEN, SHI-ZHEN	2020.07.06	Taiwan Corporate Governance Association	Labor dispute prevention and corporate governance	3
		2020.07.06	Taiwan Corporate Governance Association	Competition for management rights and case analysis	3
Directors	ZHAN, WEN-XIONG	2020.08.07	Securities and Futures Institute of Taiwan Corporate Governance Association	Information disclosure and prevention of insider trading	3
		2020.10.21	Securities and Futures Institute of Taiwan Corporate Governance Association	Discussion on Cases of Fraud in Enterprise Financial Statements	3
Accounting Supervisor	XIE, BAI-CHENG	2020.12.28 ~2020.12.29	Accounting Research and Development Foundation	Continuing Training Course for Principal Accounting Officers of Issuers, Securities Firms and Securities Exchanges	12
Auditing officer	FANG, SHU-YING	2020.07.31	The Institute of Internal Auditors-Chinese Taiwan	Policy analysis and key discussion on internal audit and internal control practices for enterprises to improve their ability to prepare financial reports on their own	6
		2020.09.30	The Institute of Internal Auditors-Chinese Taiwan	Introduction to Code of Integrity Management and ISO 37001 Implementation Practice	6

(IV) If the Company has set up a Remuneration Committee, it shall disclose its constitution, duties and operations.

1. Information on the members of the Remuneration Committee

Category of identity (Note 1)	Criteria / Name	Does the individual have more than 5 years of professional experience and the following qualifications?			Compliance of independence (Note 2)										Number of salary and Remuneration Committee memberships concurrently held in other public companies	Remark
		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	Currently serving as a judge, prosecutor, lawyer, certified public accountant or other professional or technician that must undergo national examinations and specialized license	Has professional experience necessary for business administration, legal affairs, finance, accounting or company sales	1	2	3	4	5	6	7	8	9	10		
Independent director	CHEN, YI-CHENG			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	
Independent director	FAN, LIANG-FU			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None	
Independent director	CHEN, SHI-ZHEN		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note 1: For identity, please identify whether the person is a director, independent director, or other.

Note 2: For any member who fulfills the relevant condition(s) two years before being elected or during the term of office, please tick (ü) the field under the corresponding condition(s).

(1) Not employed by the Company or an affiliated business.

(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 of the Company, its parent company, or any subsidiary of the same parent company as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary).

(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 amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

(4) Not a Manager (1) or a spouse, relative within the second degree of kinship, or a linear relative within the third degree of kinship in (2), (3).

(5) Not a director, supervisor or employee of a institutional shareholder who directly holds more than 5% of the total number of issued shares of the Company or is ranked top 5 in terms of the number of shares held or is a institutional shareholder who is appointed as a director or supervisor of the Company in accordance with Paragraph 1 or 2 of Article 27 of the Companies Act, but this restriction does not apply to concurrent positions held between the Company and its parent, subsidiaries or subsidiaries of the same parent.

(6) A director, supervisor or employee of another company that is not controlled by the same person but not controlled by the same person (except in the case of a concurrent position as an independent director of the Company or its parent company, subsidiary or subsidiary of the same parent in accordance with the local laws or regulations).

(7) Not a director (member of the governing board), supervisor (member of the supervising board) or employee of a company or institution which is the same person or spouse as the chairman, President and equivalent of the Company (except where the same person is an independent director of the Company and its parent, subsidiary or subsidiary which is the same parent company in compliance with the local laws or regulations).

(8) Not a director (member of the governing board), supervisor (member of the supervising board), managerial officer or shareholder who holds more than 5% of the shares of a specified company or institution that has a financial or business relationship with the Company (except where the specified company or institution holds more than 20% of the total number of issued shares of the Company and not more than 50% and is an independent director of the Company and its parent, subsidiary or subsidiary of the same parent

(9) Not a professional individual or owner, partner, director (member of the governing board), supervisor (member of the supervising board), managerial officer and his/her spouse of a professional, sole proprietorship, partnership, company or institution that provides audit services to the Company or an affiliated enterprise or has received remuneration in the 2 most recent fiscal years not exceeding NT$500,000 for business, legal, financial and accounting related services. However, members of the special committee on remuneration, public acquisition review, or merger and acquisition who perform their functions and powers in accordance with the provisions of the Securities and Exchange Act or Business Mergers and Acquisitions Act and other relevant regulations shall not be subject to this provision.

(10) Where none of the circumstances in the paragraphs of Article 30 of the Company Act applies.

2. Operations of the Remuneration Committee:

(1) the Company's Remuneration Committee comprises 3 members.

(2) Duration of the current term of service: June 12, 2020, until June 11, 2023, a total of 5 Remuneration Committee meetings (A) were held in the most recent fiscal year, members qualifications and attendance as follow:

Position title	Name	Attendance in person Times (B)	Attendance by proxy Number of times	Percentage of attendance in person (%) (B/A) (Notes)	Remark
Convener	CHEN, YI-CHENG	5	0	100%	On 2020.06.12, director re-election and dismissal, re-elected,
Committee member	FAN, LIANG-FU	5	0	100%	On 2020.06.12, director re-election and dismissal, re-elected,
Committee member	CAI, JIA-HONG	2	1	66.67%	On 2020.06.12, director re-election and dismissal, former, Three Remuneration Committee meetings were held during the term.
Committee member	CHEN, SHI-ZHEN	2	0	100%	On 2020.06.12, director re-election and dismissal, new, Two Remuneration Committee meetings were held during the term.

Other mandatory items:

I. If the Board of Directors does not adopt or amend the recommendations made by the Remuneration Committee, the date and session of the Board of Directors' meeting, resolutions, voting results and handling of opinions from the Remuneration Committee by the Company shall be disclosed (if the remuneration approved by the Board of Directors is better than that recommended by the Remuneration Committee, the discrepancies and related reasons shall be stated): None.

None.

II. If members of the Remuneration Committee have any dissenting opinion or qualified opinion on the resolutions of the Remuneration Committee, where such opinions are documented or issued through written statements, the date and session of the meeting of the Remuneration Committee, resolutions, all the members' opinions and handling of these opinions shall be stated: None.

None.

III. The annual report reveals the Remuneration Committee’s agenda and resolution, and the Company’s decisions on committee members’ recommendations.

compensation committee Session & date	Proposal	Voting results	The Company's actions in response to the opinions of the Remuneration Committee
The 11th meeting of the 3rd Remuneration Committee 2020.01.17	1. Proposal of the Company's FY2019 Managerial Officers Annual Bonus. 2. Proposal of FY2019 remuneration and performance assessment for the Company's managerial officers. 3. Proposal of FY2019 remuneration and performance assessment for the Company's directors.	All members present voted in favor of the resolution without objections on 2020.01.17 Remuneration Committee meeting.	All Directors present voted in favor of the resolution without objections.
The 12th meeting of the 3rd Remuneration Committee 2020.03.23	1. Approval of FY2019 director bonus distribution plan.	All members present voted in favor of the resolution without objections on 2020.03.23 Remuneration Committee meeting.	All Directors present voted in favor of the resolution without objections.
The 13th meeting of the 3rd Remuneration Committee 2020.05.13	1. Approval of FY2019 director bonus distribution plan.	All members present voted in favor of the resolution without objections on 2020.05.13 Remuneration Committee meeting. (Notes)	All Directors present voted in favor of the resolution without objections.
The 1st meeting of the 4rd Remuneration Committee 2020.08.12	1. Amendments to the “Remuneration Committee Charter” and “Board of Directors and Functional Committee Performance assessment Measures.” 2. The Company’s 2020 Q2	All members present voted in favor of the resolution without objections on 2020.08.12	All Directors present voted in favor of the resolution without objections.

	managerial performance bonus. 3. Proposal of salary increase for the Company's managerial officers 4. Approval of FY2019 employee bonus distribution for the Company’s managerial officers.	Remuneration Committee meeting.	
The 2nd meeting of the 4rd Remuneration Committee 2020.11.11	1.Appointment of the Company's corporate governance head and proposla of salary and remuneration. 2. Proposal of FY2019 employee bonus amount to the Company’s managerial officers.. 3. The Company’s 2020 Q3 managerial performance bonus.	All members present voted in favor of the resolution without objections on 2020.11.11 Remuneration Committee meeting.	All Directors present voted in favor of the resolution without objections.
The 3nd meeting of the 4rd Remuneration Committee 2021.01.22	1. The Company’s 2020 Q4 managerial performance bonus. 2. Proposal of the Company's FY2020 Managerial Officers Annual Bonus. 3. Proposal of salary increase for the Company's managerial officers 4. Proposal of FY2020 remuneration and performance assessment for the Company's managerial officers 5. Proposal of FY202 remuneration and performance assessment for the Company's directors	All members present voted in favor of the resolution without objections on 2021.01.22 Remuneration Committee meeting.	All Directors present voted in favor of the resolution without objections.
The 4th meeting of the 4rd Remuneration Committee 2021.03.26	1. Approval of FY2020 director bonus distribution plan.	All members present voted in favor of the resolution without objections on 2021.03.26 Remuneration Committee meeting.	All Directors present voted in favor of the resolution without objections.

(Notes) When discussing the remuneration for directors, the relevant stakeholders (independent director CHEN, YI-CHENG, independent director FAN, LIANG-FU, member CAI, JIA-HONG) have avoided conflict of interest in accordance with regulations.. The proposal was approved without objection after consulting all the members present by the (acting) chairman (member CHEN, YI-CHENG and member FAN, LIANG-FU have avoided conflict of interest and there were 2 members present).

IV. The main powers of the Remuneration Committee of the Company are listed as follows:

1. Regular review of the "Remuneration Committee Charter" and propose amendments.
2. Formulating and regular review of the Company's directors and managers' annual and long-term performance targets and remuneration policies, systems, standards and structures.
3. Regular evaluation of the achievement of the performance goals of the directors and managerial officers of the Company, and determine the content and amount of their individual remuneration.

Note: (1) Where a member of the Remuneration Committee resigns before the end of the fiscal year, the "Remark" column shall be filled with the member's resignation date, whereas his/her percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(2) If Remuneration Committee are re-elected before the end of the year, new and former Remuneration Committee shall be listed accordingly and the "Remark" column shall indicate whether the status of a member is “Former”, “New” or “Re-elected” and the date of re-election. Percentage of attendance in person (%) shall be calculated based on the number of meetings held by the Remuneration Committee and the actual number of meetings attended during his/her term of office.

(V) Corporate Social Responsibility (CSR), Deviations from "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
I. Has the Company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies?	✓		The Company's Board of Directors passed the "Risk Management Measures" on January 22, 2021 and follow the method to define various risks and establish a risk management mechanism in accordance with the Company's overall operating policy. It is to prevent possible losses within the tolerable risk range, and based on changes in internal and external environments, continue to adjust and improve the best risk management practices. The company hopes to protect the interests of employees, shareholders, partners and customers, increase the company's value, and achieve the optimal principle of the company's resource allocation. The Company has set up a risk management team under the Corporate Social Responsibility Committee, The chairman of the committee serves as the convener of the risk management team. The main directors of each department serve as team members.	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			The risk management team is responsible for conducting risk assessments of environmental, social or corporate governance issues related to the company's operations in accordance with the principle of materiality. Also it is to manage and review the implementation of risk management and risk assumptions, and regularly report to the Board of Directors every year. The latest risk management operation situation was reported to the Board of Directors on March 26, 2021. The scope of the Company's risk management includes, but is not limited to, market risk, operational risk, financial risk, hazard risk or other risks that may cause significant losses to the Company. For critical risk items evaluated by the risk management team based on the materiality principle, please refer to the Company's official website.	
II. Has the Company established a dedicated full-time (or part-time) unit to promote CSR? Has the Board of Directors authorized senior	✓		In order to improve the management of corporate social responsibility, the Company is jointly established by the heads of the human resources administration department, the security	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
management to handle such matters and report its implementation to the Board of Directors?			center and other departments to establish a corporate social responsibility management committee. And the President serves as the chairman of the board, responsible for the Company's corporate social responsibility policies, systems or related management policies and specific promotion plans. It shall report to the Board of Directors quarterly.	
III. Environmental Issues (I) Has the Company referred to the nature of its industry to establish a suitable environmental management system (EMS)?	✓		(I)The Company continues to implement ISO 14001 (validity: 2019.01.05~2022.01.05) and IECQ QC080000 (validity: 2019.09.05~2022.09.04) in the promotion of environmental and hazardous substance management. Product carbon footprint system certification is also on the way.	No differences
(II) Is the Company committed to improving the usage efficiency of various resources and utilizing renewable resources with reduced environmental impact?	✓		(II)The Company implements paperless administrative operations to improve the utilization efficiency of various resources, including: electronic invoices, electronic sign-off system for internal administrative processes, and reuse of recycled paper. The goal is to reduce paper consumption by a large amount to achieve the purpose of energy saving and carbon reduction. In addition, employees are encouraged to	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			participate in activities such as waste sorting and recycling of recyclable resources.	
(III) Has the Company assessed the potential risks and opportunities arising from climate change at present and in the future and taken related countermeasures?	✓		(III)The global greenhouse effect has led to an abnormal climate, and the accompanying natural disasters such as wind disasters, snow disasters, floods, and droughts have become more frequent and serious. Such disasters will have an impact on the supply of key components, product transportation, warehousing, and sales in some supply chains, which in turn will cause fluctuations in overall corporate operating costs. In this regard, the Company will reduce such impacts through measures such as supply chain management. In addition, heavy rains, typhoons, etc. caused by climate change in Taiwan may cause equipment, property damage, computer server host or communication equipment interruption, which may affect the company's daily operations and production. In this regard, the Company has set up emergency response measures and insured full property insurance, so that in the event of a disaster, it can respond in time and reduce damage.	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			Faced with climate change and global warming, consumers are increasingly aware of green procurement. In order to meet market demand and fulfill its commitment to environmental sustainability, the Company actively promotes various energy/resource inventory and management in response to the needs of global customers. We strive for the manufacturing process and environment to comply with environmentally friendly designs such as low pollution, low energy consumption and water saving. In order to comply with the trend of energy saving and carbon reduction, we shall reduce energy consumption for end consumers. In addition, climate change has made the global demand for green energy industries more significant. The Company also continuously invests funds (sources) to develop green energy-related industries.	
(IV)Has the Company the calculated the greenhouse gas emissions, water consumption, and total weight of waste over the past two years and established the policies with regard to energy conservation	✓		(IV) The impact of climate change on the overall environment has been the focus of attention all over the world. The Company is also actively investing resources in energy saving and waste reduction to reduce carbon emissions. And since 2011, the greenhouse gas emission inventory has been	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
and carbon reduction, greenhouse gas reductions, water consumption, and waste management?			implemented in accordance with ISO14064-1. In order to cooperate with the Ministry of Economic Affairs "Energy users set energy conservation goals and implement plan regulations", the Company promotes energy conservation plans. It is estimated that the annual average energy saving rate will reach 1% or more from 2015 to 2024. The Company achieved an average annual energy saving rate of 1.35% through measures such as updating motor equipment and inverter air compressors in FY2020. And the reduction in carbon emissions was about 329,451.27kg/CO_2e. In addition to the purchase of relevant pollution prevention equipment to reduce the impact of factory operations on the environment, the Company and its subsidiaries And by continuously propagating internally to turn off lights, sorting, recycling and reducing waste, we hope to achieve the purpose of energy saving and carbon reduction. Regarding waste management, there is a "waste management operating procedure". It is to ensure that the waste generated by the Company’s various activities or operations can comply with	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			relevant government regulations, and appropriately perform collection, removal and processing related tasks. The Company's greenhouse gas emissions, water consumption and total waste weight in the most recent two years are listed below:	

Unit: ton

Year	Direct greenhouse gas emissions	Indirect greenhouse gas emissions	Total greenhouse gas emissions
2020	1,361.9276	23,985.7541	25,347.6817
2019	1,353.3334	25,536.4878	26,889.8212

Water consumption, unit: degree; waste, unit: ton

Year	Water consumption	General industrial waste	Hazardous industrial waste
2020	349,300	326.9440	74.48187
2019	305,149	350.1740	156.4818

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
IV. Social Issues (I) Has the Company referred to relevant laws and international human rights instruments to stipulate relevant management policies and procedures?	✓		(I)The Company has obtained SA8000 certificate in 2014. And in accordance with the requirements of SA8000, international conventions, United Nations declarations and other relevant international standards on corporate social responsibility, as well as domestic labor related laws and regulations, the "Corporate Social Management Manual" has been formulated. The company formulated a vision and policy for corporate social responsibility, which includes compliance with laws and regulations, energy conservation and waste reduction, mitigation of risks, respect for human rights, disciplinary responsibility, and continuous improvement. In terms of human rights management, the Company has actively introduced the "Responsible Business Alliance Code of Conduct" (Responsible Business Alliance, abbreviated as: RBA) since 2019. Counseling is assisted by professional consultants to ensure that employees are provided with a safe working environment to make employees respect and dignity.	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
(II) Has the Company established and offered proper employee benefits (including compensation, leave, and other benefits) and reflected the business performance or results in employee compensation appropriately?	✓		Please refer to Note 2 for specific measures to promote the Company's human rights. (II) In addition to the Company's articles of association, if there is a profit in the current year, the Company shall allocate no less than 6% as employee remuneration. It also has clear salary calculation and distribution methods and bonus calculation and distribution management rules to enable that the Company's operating performance is reflected in employee compensation. Please refer to pages 91~92 of the annual report for various welfare policies of the Company. The Company's vacation system is explained as follows: The company's vacation system strictly complies with the country's relevant laws and regulations on vacation work. According to the actual situation, the employees are free to plan their personal arrangements and vacations, in order to achieve compliance with laws and regulations and the balance arrangement of employees' lives.	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
(III) Has the Company provided employees with safe and healthy work environments as well as regular classes on health and safety?	✓		(III) In terms of promoting occupational health and safety, in addition to continuing to keep the Company's ISO45001 (validity: 2020.01.08~2022.02.02), TOSHMS-CNS15506:2011 system, the Company also has factory nurses and appointed physicians in the factory; cooperating with doctors from E-Da Hospital, Tainan Madou Xinlou Hospital and Xiangquan Clinic in health promotion and management; regularly carring out employee health inspections; providing psychological consultation and organizing education and training on fire prevention and occupational safety and health. Other subsidiaries have set up safety and health personnel. The safety protection of the working environment is regularly checked. It also conducts regular employee health exam.	No differences
(IV) Has the Company established effective career competence training plan for its employees?	✓		(IV) All departments of the Company put forward annual training plans in accordance with the training procedures. Various training will be given to the employees' functional gaps and future development plans from the plan.	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
(V) Has the Company followed relevant laws, regulations and international guidelines for the customer health and safety, customer privacy, and marketing and labeling of its products and services and established related consumer protection policies and grievance procedures?	✓		(V) The Company and its subsidiaries are component suppliers. The main customers are assembly foundries, and they are not directly sold to consumers. However, to protect the rights and interests of sales customers, the Company has set up a dedicated department and e-mail box to handle customer rights and interest appeals issues. It is to deal with customer complaints in a fair and timely manner.	No differences
(VI) Has the Company established the supplier management policies requesting suppliers to comply with laws and regulations related to environmental protection, occupational safety and health or labor rights and supervised their compliance?	✓		(VI)The Company has formulated "Supplier assessment Guidance and Development Procedures". It serves as the basis for regular management, assessment, coaching, and tracking of supplier improvement. The specific management measures are briefly described as follows: 1. Vendor assessment: (1) In terms of quality: high-risk and medium-risk suppliers must be certified by an international (or national) quality system, such as ISO9001 or ISO/IATF1649. (2) Environmental protection: According to the "Supplier's Non-Hazardous Substance Management System", the	No differences

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			supplier is required to provide a test report issued by a third-party verification agency if it is a high-risk and medium-risk supplier. (3) Labor human rights: A.According to the "Supplier Corporate Social Responsibility assessment Report Form", assessment was carried out. The content of the assessment covers topics such as environmental protection, occupational safety and health, and labor human rights. The goal is to ensure that suppliers meet the Company's requirements for the RBA corporate social responsibility system. B. In terms of contractor management, the Company has established "Contractor Management Operating Procedures". In addition, environmental safety and health and human resources administrators will assist contractors in handling occupational health and safety regulations and various management systems and	

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			other related contractor education and training. 2. Vendor audit: The Company schedules audit methods and audit frequencies based on supplier risk levels, transaction frequency and scale, and quality status. 3. Counseling improvement and tracking: (1)The Company will provide supplier guidance and improvement suggestions for the deficiencies seen in the audit process and keep track of its improvement. (2) If the supplier still fails to improve after a certain period of counseling or has a major hazard to environmental safety, labor violations, or violations of relevant chemical substance management regulations, the Company will propose to stop purchasing or cancel the supplier's qualifications by internal regulations.	
V. Did the Company, following internationally recognized guidelines, prepare and publish reports such as its Corporate Social		✓	The Company has not prepared a corporate social responsibility report.	The Company will continue to evaluate and

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
Responsibility report to disclose non-financial information of the Company? Has the Company received assurance or certification of the aforesaid reports from a third party accreditation institution?				cooperate with the Company according to the needs of the Company and the regulations of the competent authority
V. If the company has established its own corporate social responsibility practices according to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies," please describe any gaps between the prescribed best practices and the actual implementation: The Company has established its own corporate social responsibility practices according to the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx-Listed Companies," all operating activities are handled in accordance with the principle, and there is no difference.				

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	

VII. Any important information useful for understanding the state of CSR operations:

1. Environmental protection:

   In 2020, colleagues and their families were called upon to respond to the "Corporate Action Force jointly, Let's Go to the Beach" campaign initiated by the "Fuji Culture and Education Foundation" and the "Compassion Organic Agriculture Development Foundation." We can drive the social trend, starting from the enterprise to every family through the activities. It allows more people to pay attention to and participate in the promotion of marine environmental protection education and respond to reduce the production of plastic waste and the impact on the environment. This activity reduced the total weight of marine litter in the area by 595 kg in total.

2. Community participation, social contribution, social service and social welfare:

   (1) Each month, donate NT$6,000 to the four elementary schools for the purpose of subsidizing nutritional lunch or improving teaching resources.

   (2) Each quarter, donate NT$50,000 to Little Angel Home and the Creation Foundation to help care for infants and children who are deprived or whose families are in perturbation and vulnerable groups.

   (3) Employees' New Year gifts are given priority to sheltered workshops (such as Eden Foundation, Xinlu Foundation, MAN FAIR, Children Are Us Foundation).

   (4) Organize employee blood donation activities every three months.

   (5) In 2021, colleagues were called on to participate in the "2021 RUN FOR FUTURE" Shunfa Charity Road Run event. The balance of the event was fully donated to disadvantaged students to study.

   (6) Participate in humanitarian relief and emergency relief through donations to social groups when needed

<table>
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<tr><th>Yes</th><th>No</th><th>Summary and Explanation</th></tr>
</table>

The Company spent NT$1.4 million in public welfare feedback in FY2020.

3. Employee care:

˙Provide diverse and unobstructed communication channels for employees. The Company received a total of 1 employee suggestion and appeal case in FY2020. All relevant cases have special personnel investigating and mediating, and reporting the follow-up handling situation at the labor-management and corporate social responsibility meeting.

˙The Company implements the following projects to promote the physical and mental health of employees:

Project name	Project detail	Implementation effectiveness
Maternal Health Protection Program	Provide maternal health protection for employees who are pregnant and one year after childbirth. The plan includes: assessment of work and individual hazards, risk control of the protection plan, health guidance, adjustment or replacement of work content, adjustment of working hours, education and training, and health protection measures.	Implemented a maternal health protection plan for 21 pregnant women in 2020.
Influenza Vaccine	Flu vaccination once a year to avoid cluster infection of flu.	In 2020, the number of people who signed up for publicly funded vaccination was not enough to provide the standard of the number of people who provided vaccination service to the factory as stipulated by the health office, so the influenza vaccination

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	

			was promoted to all the colleagues in the factory.
	Quit smoking activities	Promoting the concept of smoking hazards and providing a referral line for smoking cessation or smoking cessation clinics.	Promoting smoking prevention and smoking cessation to all colleagues in the factory.
	Doctor on-site service	1. Providing health consultation and conduct health education, tracking and health management for employees whose health check results are abnormal. 2. Site visit plan: identify and evaluate the work hazards of the on-site unit (for example, prevent human hazards and avoid repetitive musculoskeletal injuries, etc.), And put forward improvement plans and suggestions.	1. In FY2020, a total of about 120 colleagues received on-site health consultation and health management services from resident doctors. 2. The resident physician will conduct a site visit once a month. In the following month, we will evaluate the results of the visit and discuss the improvement plan. A total of 6 site visits to production line station completed in 2020
	Employee health check	1. Physical examination of new recruits 2. Regular health check of the incumbents	In FY2020, a total of about 923 employees participated in employee

Assessment Items	Status of implementation (Note 1)			Discrepancies between its implementation and the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
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		3. Special health check for special workers	health examinations, of which 332 colleagues received special health examinations
	Weight management	Promote the concept of healthy weight loss, establish a correct life and diet attitude; Assist colleagues for good independent health management;	No weight loss classes were held in FY2020 due to the pandemic. Correct concept of weight loss was conveyed.
	Health risk assessment and management	1. New and in-service employees' health check data abnormal tracking and health education 2. Hierarchical management of statutory special health examinations 3. If the health check data is abnormal, follow the doctor's suggestion to perform tracking and health education management	In FY2020, a total of about 120 colleagues participated in the health risk assessment and management plan
	Health promotion	1. Organize blood donation activities 2. Provide health information to post on the bulletin board	A total of 130 people participated in blood donation activities in FY2020

Note 1: Regardless of whether the operation status is checked "Yes" or "No", it should be stated in the summary description column.

Note 2: The Company's specific measures for the promotion of human rights are as follows:

Items	Specific measures
Prohibition of forced labor	Strictly abide by local laws and regulations; Comply with the corporate social responsibility requirements set by the company; And formulate procedures for prohibiting forced labor. Implement the relevant specifications of the implementation procedure; Do not force or coerce anyone to engage in involuntary labor practices.
Prohibition of child labor	Follow corporate social responsibility and related human rights declaration norms; And formulate procedures for prohibiting child labor, Implement the relevant specifications of the implementation procedure; The company also strictly requires that only people who have reached the age of 18 apply for the company's work; Subsequent employees who are hired will undergo double identity verification; To ensure the implementation of relevant process specifications.
Prohibit discrimination	Comply with corporate social responsibility and local laws and regulations Formulate management procedures related to the prohibition of discrimination; And implement the relevant specifications of the implementation procedure; Follow the procedures in the book and do not discriminate against any person due to any factors that may cause discrimination (such as race, party, constellation, blood type, etc.); And modify related work forms and processes; Make every effort to provide a non-discriminatory work process and environment.
Provide a safe working environment	For the working environment of employees, improve the software and hardware and continuously modify and improve related management procedures; And implement the four major protection plans for labor health (maternal health protection, illegal infringement in performing duties, abnormal workload, human hazards);, Protect all workers and provide a safer working environment.
Assist employees in physical and mental health/work-life balance	Provide diversified employee activities (such as: coffee time for the President, travel for the entire plant, annual regular health check-ups for the entire plant, permanent occupational medical doctors in the plant); Starting from the health needs of employees, caring for colleagues; And set up an exclusive breastfeeding space and signed a special nursery school; Allow employees to work more worry-free and at ease; Try our best to create a work environment that balances work and life.
Corporate Social Responsibility Education and Training - All newcomers and the whole factory	Every new recruit's newcomer training, communicate with them and publicize them, including labor (such as prohibition of discrimination, prohibition of forced labor, etc.), workplace safety and health environment training, health promotion instructions, workplace anti-bullying, anti-sexual harassment, and other related complete training, Let all personnel clearly understand the company's regulations upon entry; Also conduct corporate social responsibility training for department heads. Through diversified explanations, supervisors can have a clearer understanding of relevant regulations. Supervisors and colleagues work together to achieve a win-win situation for both the company and the labor, and together serve as a part of corporate social responsibility.

(VI) The state of performance of ethical operation and its differences with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and its reasons:

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
I. Formulating ethical corporate management policies and programs				
(I) Has the Company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices and the commitment of the Board of Directors and senior management to rigorous and thorough implementation of such policies?	✓		(I)The Company has formulated the "Code of Integrity Management" and approved by the Board of Directors, The aforementioned measures are disclosed on the company's website and public information observatory, clearly indicating the policies and practices of honest operation, The Company has also formulated the "Corporate Social Responsibility Policy (Policy)", which expresses the Company's belief in clean operation and fair trade in the policy (Policy).	No differences
(II) Has the Company established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which shall at least include the preventive	✓		(II)The Company has established a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs	No differences

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?			accordingly, which shall at least include the preventive measures specified in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies".	
(III) Has the Company specified in its prevention programs the operating procedures, guidelines, punishments for violations, and a grievance system and implemented them and review the prevention programs on a regular basis?	✓		(III)In order to actively prevent dishonest behaviors, the Company has formulated regulations such as "Integrity Operation Procedures and Behavior Guidelines", "Stakeholder Suggestions and Appeal Management Measures", etc. Specifically regulate the matters that the personnel of the Company and its subsidiaries should pay attention to when performing business, and the punishment and appeal system in case of violations, the Company designated the Audit Office directly under the Board of Directors as the responsible owner for revising, implementing, interpreting, providing counseling services, reporting, registering, and filing the contents of the "Operational Rules for Ethical Corporate Management Best Practice Principles", supervising the implementation of	No differences

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			these rules, and providing regular reports to the Board of Directors. It is subject to periodic reviews.	
II. Implementing ethical corporate management (I) Has the Company evaluated ethical records of its counterparty? Does the contract signed by the Company and its trading counterparty clearly provide terms on ethical conduct?	✓		(I)IIn addition to assessing its integrity records, the Company also requires the signing of the "Supplier Integrity and Anti-bribery Commitment" for its suppliers. In addition, the signed contract also has provisions on integrity and ethics and states the responsibility for breach of contract.	No differences
(II) Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?	✓		(II) The Company has set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct. The Company's FY2020 of promoting integrity management are as follows: 1. Continue to promote and supervise the signing of the anti-bribery undertaking. 2. Implement the management and	No differences

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			maintenance of the special e-mail mailbox for appeals and the handling of appeal cases. 3. Conduct online education and training on "Prohibition of Insider Trading" for all directors and managers, The course content includes topics such as "Requirements for Insider Trading", "Penalties for Violation of Insider Trading", and "How to Avoid Mistaken Insider Trading". The duration of the course is 45 minutes and a total of 16 people participated. The above promotion situation was reported in the Board of Directors on March 26, 2021.	
(III) Has the Company established policies to prevent conflicts of interest, provided an appropriate channel for reporting such conflicts and implemented them?	✓		(III) The Company and its subsidiaries have dedicated e-mail mailboxes for appeals as a channel for presentations. And the head of each company's administrative management unit is responsible for file-building project processing, The Audit Office cooperates with the Legal Office to track progress and handle appeals in a fair and timely manner.	No differences
(IV) Has the Company established effective accounting systems and internal control systems to implement ethical	✓		(IV) The Company has established an effective accounting system and internal control system	No differences

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
corporate management and had its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or entrusted a CPA to conduct the audit?			to prevent potentially high dishonesty risks. The internal audit unit also draws up an annual audit plan or project plan based on the results of the risk assessment to perform the audit work, The risk assessment items have included the impact of dishonest behavior on the company's operations.	
(V) Does the Company regularly hold internal and external training related to ethical corporate management?	✓		(V)In addition to providing corporate social responsibility and integrity management education and training to new employees when they arrive, the Company In addition, the "Integrity Management Promotion Team" plans to hold a promotion and briefing session on integrity management in the Company and its subsidiaries. To declare the company's determination to operate in good faith.	No differences
III. Implementation of the Company's whistleblowing system (I) Has the Company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?	✓		(I)The "Operating Procedures and Behavior Guidelines for Integrity Management" set by the Company clearly stipulates the reporting and reward system, reporting channels, and the responsible personnel for acceptance; Reports of	No differences

Assessment Item	Status of implementation (Note 1)			Discrepancies between its implementation and the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such discrepancies
	Yes	No	Summary and Explanation	
			dishonesty or misconduct are handled in accordance with this rule.	
(II) Has the Company established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms?	✓		(II)The Company has established the standard operating procedures for investigating reported misconduct, follow-up measures to be adopted after the investigation, and related confidentiality mechanisms. Reports of dishonesty or misconduct are handled in accordance with this rule.	No differences
(III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?	✓		(III)The "Integrity Management Operating Procedures and Behavior Guidelines" set by the Company clearly stipulate measures to protect informants from being improperly dealt with as a result of reporting; Reports of dishonesty or misconduct are handled in accordance with this rule.	No differences
IV. Enhancing information disclosure (I) Has the Company disclosed the contents of its best practices for ethical corporate management and the effectiveness of relevant activities upon its official website or Market Observation Post System (MOPS)?	✓		The Company has disclosed the content and effectiveness of its ethical corporate management best practice principles on its website and the Market Observation Post System (MOPS) shareholders meeting Annual report On Company On Company Compliance with ethical corporate	No differences

<table>
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<tr><th>Yes</th><th>No</th><th>Summary and Explanation</th></tr>
<tr><td></td><td></td><td></td><td>management and measures implemented.</td><td></td></tr>
<tr><td colspan="5">V. If the Company has formulated its own principles of integrity operation based on "Code of Integrity Practice Rules for TWSE/TPEx Listed corporations", please state the difference between its principles and its operation: No difference.
Based on the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”, the Company has set up “Ethical Corporate Management Best Practice Principles”. All operating activities are handled in accordance with the Code, and there is no difference.</td></tr>
<tr><td colspan="5">VI. Other important information that facilitates the understanding of the implementation of ethical corporate management: (such as review and amendment of the Company's Ethical Corporate Management Best Practice Principles)
1. In order to implement the business philosophy of honest management, the Company has formulated the "Stakeholder Suggestions and Appeal Management Measures", and established a stakeholder advice and appeal service window on the Company website to serve as stakeholders when their rights are infringed. The appeal channel. And set up a service window for stakeholders’ suggestions and complaints on the company’s website, Used as a complaint channel for stakeholders when their rights are infringed.
2. The Company’s Board of Directors approved revisions to the "Code of Integrity Management" and "Guidelines for Integrity Management Operating Procedures and Behaviors" on August 8, 2019 and January 17, 2020, respectively. FY2020 annual general meeting report.
3. The Company’s Board of Directors approved the revision of the "Code of Ethical Conduct" on August 12, 2020. It shall be presented in the FY2021 annual general meeting.</td></tr>
</table>

Note 1: Regardless of whether the operation status is checked "Yes" or "No", it should be stated in the summary description column.

(VII).If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched.

1. The Company has established the corporate governance best practice principles and other relevant regulations, as follows:
   (1) Ethical Corporate Management Best Practice Principles
   (2) Integrity management operating procedures and behavior guidelines
   (3) Code of Ethical Conduct
   (4) Corporate Social Responsibility Best Practice Principles
   (5) Operational norms related to financial business between related companies
   (6) Organizational Rules of the Remuneration Committee
   (7) Key points for the implementation of directors' advanced training
   (8) Stakeholders' suggestions and representations
   (9) Procedures for preventing insider trading management
   (10) The Board Diversity Policy is disclosed on the Company's website and annual report.
   (11) The performance evaluation method of the board of directors and functional committees
   (12) Corporate Governance Best Practice Principles
   (13) Rules for the scope of duties of independent directors
   (14) Organizational Rules of Audit Committee
   (15) Standard operating procedures for handling directors' requests
2. Query method:
   Available at the Public Information Observatory (https://mops.twse.com.tw/) under "Corporate Governance" to "determine rules and regulations related to corporate governance" Or the Company's website (https://www.panjit.com.tw/) "Investor Area" under "Corporate Governance" "Company Important Rules" inquiries.

(VIII) Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed.

(IX) The section on the state of implementation of the company's internal control system shall furnish the following:

1. Statement on Internal Control System: detailed in Appendix IV.
2. If a CPA has been hired to carry out a special audit of the internal control system, please furnish the CPA audit report: None.

(X) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, for any sanctions imposed in accordance with the law upon the company or its internal personnel, or any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, of which the penalty may significantly affect the shareholders' interests or the security prices, the penalty details, principal deficiencies, and the state of any efforts to make improvements shall be disclosed : None.

(XI) Material resolutions of a shareholders meeting or a Board Meeting during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report.

1. Major resolutions of the Shareholders Meeting

Date of meeting	Major Resolutions of the Board of Directors	Implementation Status
2020.06.12	1. Approval of FY2019 Business Report and Financial Statements 2. Approval of FY2019 Disposition of Net Income 3. Amendments to the Rules of Procedure for Shareholder Meetings 4. Proposal of board director re-election. The list of elected directors is as follows: Director Fang Minqing, Director Zhong Yunhui, Representatives of Jinmao Investment Co., Ltd.: Director Fang Minzong and Director Zhan Wenxiong, Independent Director Chen Yicheng, Independent Director Fan Liangfu, Independent Director Chen Shizhen. 5. To Release the Non-compete Restriction on New Directors and the Representatives.	1. Completed. 2. Cash dividend of NT$1.05 per share According to the authorization of the Board of Directors, the chairman set July 22, 2020 as the ex-dividend base date, The cash dividends were paid out in full on August 12, 2020. 3. It has been processed in accordance with the revised procedures and announced on the Company's website. 4. Status of implementation: The resolution was passed. On July 30, 2020, the Ministry of Economic Affairs approved the registration of these amendments. These amendments were announced on the official website of the Company. 5. Completed.

2. Important resolutions of the Board of Directors

Date of meeting	Major resolutions of the Shareholders Meeting
2020.01.17	1. Approval of the Company’s FY2020 business plan. 2. assessment of Independence for the Company's CPAs appointment 3. Approval of amendments to the Company's "Integrity Management Operating Procedures and Ethic Guidelines". 4. Approval of the application for comprehensive credit line, foreign exchange comprehensive line and derivative financial product transaction line. 5. Approval of the cancellation of the comprehensive credit line, foreign exchange comprehensive line and financial product transaction line Approval of by the Board of Directors in FY2019 but not used. 6. Approval of the cancellation of the approved but unused endorsement guarantee to the subsidiary.

Date of meeting	Major resolutions of the Shareholders Meeting
	7. Approval of quota of endorsements/guarantees provided by the Company to subsidiaries. 8. Approval of the Company’s FY2019 annual bonus for managerial officers. 9. Approval of the Company's FY2019 annual manager salary remuneration and performance assessment proposal. 10. Approval of the Company’s FY2019 director remuneration and performance assessment.
2020.03.23	1. Approval of FY2019 employee bonus distribution plan. 2. Approval of FY2019 employee bonus distribution plan. 3. Approval of the Company's FY2019 business report and financial statements. 4. Approval of the Company’s FY2019 profit distribution. 5. Approval of buyback the Company's shares in accordance with relevant regulations. 6. Approval of FY2019 effectiveness review of the internal control system and "Statement on Internal Control System”. 7. Approval of amendments to the Company's rules and regulations. 8. Approval of Amendments to the Rules of Procedure for Shareholder Meetings 9. Proposal of board director re-election. 10. Approval of releasing the Non-compete Restriction on New Directors and the Representatives. 11. Approval of convening the Company's 2020 annual general meeting. 12. Through the annual general meeting, the shareholders who hold more than 1% of the shares will nominate directors (including independent directors) and related matters. 13. Approval of applications to increase or increase the comprehensive credit line, foreign exchange comprehensive line and financial product transaction line.
2020.04.29	1. Remuneration for directors (including independent directors) 2. Approval of lifting non-competition restrictions for new Directors. 3. Approval of the ratification and amendment to the Company’s "Thirteenth Method for Buying Back Shares and Transferring Employees".
2020.05.13	1. Approval of the application for comprehensive credit line, foreign exchange comprehensive line and derivative financial product transaction line. 2. Approval of endorsements/guarantees quota to subsidiaries by the Company. 3. Approval of FY2019 employee bonus distribution plan.
2020.06.12	1. Election of the Company's new chairman of the board. 2. Approval of the member appointment for the fourth Remuneration Committee. 3. Approval of the company's "procedures for buying back treasury shares".
2020.08.12	1. Approval of the amendments to the “Internal Control System” and the “Implementation Rules for Internal Audit”. 2. Approval of amendments to the Company’s “Operational Procedures for Endorsements/Guarantees for Others”.

Date of meeting	Major resolutions of the Shareholders Meeting
	3. In response to the "Economic Substance Law Implementation Rules" promulgated by the British Virgin Islands and simplifying the group financing procedures, the Company intends to adjust the group Company's capital loans and structure. 4. Approval of applications for adding or increasing the comprehensive credit line, foreign exchange comprehensive line and derivative financial product transaction line. 5. Approval of the cancellation of the approved but unused endorsement guarantee to the subsidiary. 6. Approval of the Company’s FY2020 Q2 performance bonus for managerial officers. 7. Approval of the Company’s salary adjustment for managerial officers. 8. Approval of FY2019 bonus distribution to the Company’s managerial officers.
2020.08.28	1. Approval of the Company's major capital investment.
2020.11.11	1. Approval of FY2021 business plan. 2. Approval of the transfer of creditor’s rights between the Company's subsidiaries. 3. Approval of application for capital loan to the Company's subsidiary. 4. Approval of applications for adding or increasing the comprehensive credit line, foreign exchange comprehensive line and derivative financial product transaction line. 5. Approval of the Company’s corporate governance chief appointment and remuneration proposal. 6. Approval of FY2019 employee bonus distribution plan. 7. Approval of the Company’s FY2020 Q3 performance bonus for managerial officers.
2021.01.22	1. Approval of the Company’s public acquisition of common shares of Fanjia Technology Co., Ltd. 2. Approval of the application for performance bond from a financial institution. 3. Approval of the application for comprehensive credit line, foreign exchange comprehensive line and derivative financial product transaction line. 4. Approval of the cancellation of FY2020 comprehensive credit line, foreign exchange comprehensive line and financial product transaction line approved but not used. 5. Approval of FY2021 business plan. 6. Approval of amendments to the Company's rules and regulations. 7. Approval of the Company’s FY2020 Q4 performance bonus for managerial officers. 8. Proposal of salary adjustment for the Company’s managerial officers in FY2020. 9. Approval of the salary adjustment for managerial officers. 10. Approval of the Company's FY2020 annual manager salary remuneration

Date of meeting	Major resolutions of the Shareholders Meeting
	and performance assessment proposal. 11. Approval of the Company’s FY2020 director remuneration and performance assessment.
2021.03.26	1. Approval of FY2020 employee bonus distribution plan. 2. Approval of FY2020 employee bonus distribution plan. 3. Approval of FY2020 business report and financial statements. 4. Approval of the Company’s FY2020 profit distribution. 5. Assessment of Independence for the Company's CPAs appointment. 6. Approval of FY2020 effectiveness review of the internal control system and "Statement on Internal Control System”. 7. Approval of PAN-JIT ASIA INTERNATIONAL INC. Capital Increase. 8. Approval of the Company's syndicated loan. 9. Approval of Issuing Common Stock for Cash and Issuing Global Depositary Receipt. 10. Approval of Issuing New Employee Restricted Shares. 11. Approval of Amendments to the Rules of Procedure for Shareholder Meetings 12. Approval of the Company’s asset transaction. 13. Approval of the relevant matters for convening the Company's 2021 annual general meeting.

(XII) Where, during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(XIII) Any resignation or dismissal of the Company's chairperson of the board, President, accounting manager, financial executive, internal audit manager, and R&D executive in the most recent fiscal year up to the publication date of this report: None. None.

V. Information on certified public accountant Professional Fees

Unit: NTD Thousand Dollars

Name of accounting firm	Name of certified public accountant	Audit fee	Non-audit fee					CPA Audit period	Remarks
			System design	Business registration	Manpower	Others (Note 2)	Subtotal		
Ernst & Young Taiwan	CHEN, ZHENG-CHU TU, JIA-LING	5,800	-	12	-	410	422	2020.01.01-2020.12-31	Non-audit public expenses-other expenses are 360 thousand NT$for field travel and 50 thousand NT$for salary information inspection service fee for non-supervisory employees

Note 1: If the Company has replaced the CPAs or accounting firm in the current year, the audit period shall be listed separately, and the reason for replacement shall be stated in the Remark column.

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

(I) When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed: None.

(II) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: Not applicable.

(III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: Not applicable.

VI. Information on Replacement of certified public accountant:

(I) Regarding the former certified public accountant

<table>
<tr><td>Date of Replacement</td><td colspan="4">March 26, 2021</td></tr>
<tr><td>Reasons for Replacement and explanations</td><td colspan="4">In line with the adjustment of the internal work of the firm, since the first quarter of 2021, it has been replaced by CPA CHEN, ZHENG-CHU and CPA FU, WEN-FANG</td></tr>
<tr><td rowspan="3">Whether the appointer terminates the appointment or the certified public accountants reject the appointment</td><td>Parties
Status</td><td colspan="2">CPA</td><td>Appointer</td></tr>
<tr><td>Terminate the Appointment</td><td colspan="2">Not applicable</td><td>Not applicable</td></tr>
<tr><td>Reject (Continue) the Appointment</td><td colspan="2">Not applicable</td><td>Not applicable</td></tr>
<tr><td>The audit reports which were other than "Unqualified Opinion" in the recent two years, and the reasons</td><td colspan="4">None</td></tr>
<tr><td rowspan="7">Different opinions from the issuer</td><td rowspan="5">Presence</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Scope or procedure of audit</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3">✓</td></tr>
<tr><td colspan="4">Description</td></tr>
<tr><td>Other Matters
Other Disclosures (Items that shall be Disclosed in accordance with Item 1-4 to 1-7 of Paragraph 6, Article 10)</td><td colspan="4">None</td></tr>
</table>

(II) Regarding the successor certified public accountants

Name of accounting firm	Ernst & Young Taiwan
Name of CPA	CPA Chen Zhengchu, CPA Fu Wenfang
Date of Appointment	March 26, 2021
If prior to the formal engagement of the successor certified public accountant, the company consulted the newly engaged CPA regarding the accounting treatment of or application of accounting principles to a specified transaction, or the type of audit opinion that might be rendered on the company's financial report, the company shall state and identify the subjects discussed during those consultations and the consultation results.	None
Written views from the successor certified public accountant regarding the matters on which the company did not agree with the former certified public accountant.	None

(3) Former CPAs' reply to Item 1 and Item 2-3, Paragraph 6, Article 10 of this Principle: Not applicable

VII. VII.The Company's Chairman, President, or any managerial officer in charge of finance or accounting matters who has held a position at the accounting firm of its CPAs or a related company in the most recent fiscal year:

None.

VIII. Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report

(I) Share changes by directors, supervisors, managers, and major shareholders

unit: shares

Position title (Note 1)	Name	FY2020		For the current year up to April 19 in the current fiscal year	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman and President	FANG, MIN-CHING	0	0	0	0
Directors	ZHONG, YUN-HUI	0	0	0	0
Corporate Director	Jinmao Investment Co., Ltd.	300,000	(12,800,000)	920,000	0
Corporate Director Representative	ZHAN, WEN-XIONG	0	0	0	0
Corporate Director Representative	FANG, MIN-ZONG	0	0	0	0
Independent director	CHEN, YI-CHENG	0	0	0	0
Independent director	FAN, LIANG-FU	0	0	0	0
Independent director	Cai Jiahong (Resigned on 2020.06.12)	0	0	-	-
Independent director	Chen Shizhen (Inaugurated on 2020.06.12)	0	0	0	0
Chief Strategy Officer	LI, XUE-HAN	0	0	0	0
Vice President	CHEN, ZUO-MING	0	0	0	0
Vice President	KOENIG ROLAND HERBERT	0	0	0	0
Vice President	YANG, ZHAO-QUAN	0	0	0	0
chief information officer (CIO)	YANG, WU-ZHONG	0	0	0	0
Senior Associate Manager	Myoung Ho Lee	0	0	0	0

Position title (Note 1)	Name	FY2020		For the current year up to April 19 in the current fiscal year	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Senior Associate Manager	Chiew Teo Ann	0	0	0	0
Chief Financial Officer (Financial supervisor)	SHEN, YING-XIU	0	0	0	0
Chief Accounting Officer (Accounting Supervisor, Corporate Governance Supervisor)	XIE, BAI-CHENG (Note 4)	0	0	0	0
Major shareholders	Jinmao Investment Co., Ltd.	300,000	(12,800,000)	920,000	0

Note 1: Shareholders holding more than 10% of the company's total shares should be marked as major shareholders and listed separately.

Note 2: Where the counterparty for equity transfer or pledge is a related person, the following form should be filled out.

Note 3: The number of shares held or pledged shares increase (decrease) of directors and managers who took office or dismissed during 2020 and FY2021 years is calculated based on the number of shares on the day of their appointment or dismissal.

Note 4: Formerly the chief accounting officer of the group, appointed as the new chief accounting officer of the Company by the 2019.03.22 board meeting. And on 2020.11.11, the Board of Directors approved the appointment as the head of corporate governance.

(II) Where the counterparty for equity transfer is a related person: None.

(III) Where the counterparty of equity pledged is a related party: None.

IX Relationship information, if among the company's ten largest shareholders any one is a related party or a relative within the second degree of kinship of another

April 19, 2021; Units: shares

NAME (NOTE 1)	SELFSHARES HELD		BY SPOUSE OR MINOR CHILDREN SHARES HELD		IN THE NAME OF OTHER PERSONS SHARES HELD COMBINED		Title or name and relationship of the 10 largest shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (NOTE 3)		REMARK
	shares	ratio	shares	ratio	shares	ratio	Name (or Name)	Relation	
Jinmao Investment Co., Ltd.	50,096,710	15.05%	0	0.00%	0	0.00%	FANG, MIN-ZONG FANG, MIN-CHING CAI, LI-XIANG CHEN, CHUN-MIN	Note 4 Note 4 Note 6 Note 5	
Representative: FANG, MIN-ZONG	2,554,629	0.77%	9,393,480	2.82%	0	0.00%	Jinmao Investment FANG, MIN-CHING CAI, LI-XIANG CHEN, CHUN-MIN	Note 4 Younger Brother Sister-in-law Wife	
CHEN, CHUN-MIN	9,393,480	2.82%	2,554,629	0.77%	0	0.00%	Jinmao Investment FANG, MIN-ZONG FANG, MIN-CHING CAI, LI-XIANG	Note 5 Husband Brother in law Sister-in-law	
Taifong Investment Co., Ltd.	8,694,935	2.61%	0	0.00%	0	0.00%	None	None	
Representative: YAN, QING	1,293,400	0.39%	108,500	0.03%	0	0.00%	None	None	
FANG, MIN-CHING	8,522,888	2.56%	3,903,560	1.17%	0	0.00%	Jinmao Investment FANG, MIN-ZONG CHEN, CHUN-MIN CAI, LI-XIANG	Note 4 Elder Brother Sister-in-law Wife	
The American JPMorgan Chase Bank Taipei Branch is entrusted with Investment account of the Vanguard Emerging Markets Stock Index Fund	4,715,740	1.42%	0	0.00%	0	0.00%	None	None	
HSBC Managed Mattthews Asian Chinese Small Business	4,291,000	1.29%	0	0.00%	0	0.00%	None	None	
The American JP Morgan Chase Bank Taipei Branch is entrusted with the investment account of the Advanced Stars International Stock Index	3,946,398	1.19%	0	0.00%	0	0.00%	None	None	

NAME (NOTE 1)	SELFSHARES HELD		BY SPOUSE OR MINOR CHILDREN SHARES HELD		IN THE NAME OF OTHER PERSONS SHARES HELD COMBINED		Title or name and relationship of the 10 largest shareholders who are related parties or each other's spouses and relatives within the second degree of kinship (NOTE 3)		REMARK
	shares	ratio	shares	ratio	shares	ratio	Name (or Name)	Relation	
Fund as part of the advanced Stars fund series.									
CAI, LI-XIANG	3,903,560	1.17%	8,522,888	2.56%	0	0.00%	Jinmao Investment FANG, MIN-ZONG CHEN, CHUN-MIN FANG, MIN-CHING	Note 6 Brother-in-law Sister-in-law Husband	
HSBC Managed Mattthews Asian Pacific Tiger	3,893,000	1.17%	0	0.00%	0	0.00%	None	None	
HSBC Managed Matthew China Small Business Fund Investment Account	3,892,000	1.17%	0	0.00%	0	0.00%	None	None	

Note 1: The 10 largest shareholders shall be listed. For institutional shareholders, the title of the institutional shareholder as well as the name of the representative shall be indicated.

Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in their own name, spouse, minor children, or in the name of others.

Note 3: Shareholders to be disclosed in the preceding item shall include corporates and natural persons. Relationships between shareholders shall be disclosed according to the financial reporting standards used by the issuer.

Note 4: They are the chairman of the company (FANG, MIN-ZONG), supervisor (FANG, MIN-CHING) respectively

Note 5: The chairman (FANG, MIN-ZONG), supervisor (FANG, MIN-CHING) of the company are husband or the brother-in-law.

Note 6: The chairman (FANG, MIN-ZONG), supervisor (FANG, MIN-CHING) of the company are the brother-in-law, or husband.

X. Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, Its Directors and Supervisors, Managers, and Any Companies Controlled Either Directly or Indirectly by the Company

December 31, 2020. Units: shares: %

Reinvestment in other companies (Notes)	Investments of the Company		Investment by directors/supervisors/managers and by companies directly or indirectly controlled by the Company		Total investments	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
PAN-JIT ASIA INTERNATIONAL INC.	228,086,493	100.00%	0	0.00%	228,086,493	100.00%
Pynmax Technology Co., Ltd.	84,462,023	94.60%	8,399	0.01%	84,470,422	94.61%
MILDEX OPTICAL INC.	21,470,166	21.01%	9,120,998	8.92%	30,591,164	29.93%
LIFETECH ENERGY INC.	871,071	20.57%	2,890,184	68.26%	3,761,255	88.83%

Note: The company adopts the equity method for long-term investment.

Chapter 4 Financing Status

I. Capital and Shares

(I) Source of Equity

1. Share type:

April 19, 2021: Units: shares

Share type	Authorized capital			Remarks
	Outstanding shares (note)	Unissued shares	Total	
Common Share	332,814,927	267,185,073	600,000,000	

Note: TWSE listed company stock

2. Formation of share capital:

April 19, 2021

Month / Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousands)	Number of shares (thousand shares)	Amount (NT$ thousands)	Source of equity	Capital increase by assets other than cash	Others
1986.05	1000	5	5,000	5	5,000	Note (1)	None	None
1994.12	1000	100	100,000	100	100,000	Note (2)	None	None
1997.10	10	19,900	199,000	19,900	199,000	Note (3)	None	None
1998.07	10	35,820	358,200	35,820	358,200	Note (4)	None	None
1998.12	10	55,740	557,400	40,800	408,000	Note (5)	None	None
1999.08	10	70,000	700,000	53,040	530,400	Note (6)	None	None
2000.07	10	111,000	1,110,000	74,821.8	748,218	Note (7)	None	None
2001.09	10	160,000	1,600,000	98,468.3	984,683	Note (8)	None	None
2002.09	10	210,000	2,100,000	113,880.5	1,138,805	Note (9)	None	None
2003.07	10	210,000	2,100,000	124,406.4	1,244,064	Transformation from corporate bond	None	None
2003.09	10	210,000	2,100,000	137,530.5	1,375,305	Note (10)	None	None
2004.01	10	210,000	2,100,000	140,888.4	1,408,884	Transformation from corporate bond	None	None
2004.03	10	210,000	2,100,000	148,825.2	1,488,252	Transformation from corporate bond	None	None
2004.07	10	280,000	2,800,000	167,719.0	1,677,190	Note (11)	None	None
2005.08	10	280,000	2,800,000	184,922.8	1,849,228	Note (12)	None	None

Month / Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousands)	Number of shares (thousand shares)	Amount (NT$ thousands)	Source of equity	Capital increase by assets other than cash	Others
2005.11	10	280,000	2,800,000	184,711.8	1,847,118	Treasury stocks write-off	None	None
2006.04	10	280,000	2,800,000	194,168.3	1,941,683	Transformation from corporate bond	None	None
2006.07	10	280,000	2,800,000	195,681.3	1,956,813	Transformation from corporate bond	None	None
2007.01	10	280,000	2,800,000	215,698.5	2,156,985	Note (13)	None	None
2007.04	10	280,000	2,800,000	222,324.9	2,223,249	Transformation from corporate bond	None	None
2007.07	10	280,000	2,800,000	224,600.8	2,246,008	Transformation from corporate bond	None	None
2007.08	10	280,000	2,800,000	241,421.2	2,414,212	Note (15)	None	None
2007.10	10	500,000	5,000,000	257,054.3	2,570,543	Note (14)	None	None
2008.01	10	500,000	5,000,000	260,995.1	2,609,951	Transformation from corporate bond	None	None
2008.08	10	500,000	5,000,000	296,966.9	2,969,669	Note (16)	None	None
2008.10	10	500,000	5,000,000	316,966.9	3,169,669	Note (17)	None	None
2009.10	10	500,000	5,000,000	317,445.4	3,174,454	Transformation from corporate bond	None	None
2010.01	10	500,000	5,000,000	326,335.3	3,263,353	Transformation from corporate bond	None	None
2010.04	10	500,000	5,000,000	331,732.4	3,317,324	Transformation from corporate bond	None	None
2010.07	10	500,000	5,000,000	340,614.4	3,406,144	Transformation from corporate	None	None

Month / Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousands)	Number of shares (thousand shares)	Amount (NT$ thousands)	Source of equity	Capital increase by assets other than cash	Others
						bond Employee stock option		
2010.10	10	500,000	5,000,000	370,614.4	3,706,144	Note (18)	None	None
2010.11	10	500,000	5,000,000	370,727.1	3,707,271	Transformation from corporate bond Employee stock option	None	None
2011.01	10	500,000	5,000,000	372,854.8	3,728,548	Transformation from corporate bond Employee stock option	None	None
2011.05	10	500,000	5,000,000	377,150.1	3,771,501	Transformation from corporate bond Employee stock option	None	None
2011.08	10	500,000	5,000,000	377,785.6	3,777,856	Transformation from corporate bond	None	None
2011.09	10	500,000	5,000,000	374,785.6	3,747,856	Treasury stocks write-off	None	None
2011.10	10	500,000	5,000,000	371,935.6	3,719,356	Employee stock option Treasury stocks write-off	None	None
2014.04	10	500,000	5,000,000	382,726.9	3,827,269	Transformation from corporate bond	None	None
2014.07	10	500,000	5,000,000	385,675.7	3,856,757	Transformation from corporate bond	None	None

Month / Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT$ thousands)	Number of shares (thousand shares)	Amount (NT$ thousands)	Source of equity	Capital increase by assets other than cash	Others
2014.10	10	500,000	5,000,000	387,716.2	3,877,162	Transformation from corporate bond	None	None
2014.11	10	500,000	5,000,000	384,716.2	3,847,162	Treasury stocks write-off	None	None
2015.03	10	500,000	5,000,000	383,335.5	3,833,355	Transformation from corporate bond Treasury stocks write-off	None	None
2015.05	10	500,000	5,000,000	388,158.0	3,881,580	Transformation from corporate bond	None	None
2015.08	10	500,000	5,000,000	388,991.4	3,889,914	Transformation from corporate bond	None	None
2016.02	10	500,000	5,000,000	352,448.2	3,524,482	Transformation from corporate bond Treasury stocks write-off	None	None
2016.04	10	500,000	5,000,000	363,598.8	3,635,988	Transformation from corporate bond	None	None
2016.08	10	500,000	5,000,000	364,148.5	3,641,485	Transformation from corporate bond	None	None
2016.10	10	500,000	5,000,000	369,794.4	3,697,944	Transformation from corporate bond	None	None
2019.08	10	600,000	6,000,000	332,814.9	3,328,149	Cash capital reduction	None	None

Note: (1) When it was founded in May 1986, the share capital was NT$5 million.

(2) In December 1994, the Ministry of Economic Affairs Department of Commerce approved a cash

capital increase of NT$95,000,000. (1995.1.11 Jing (84) Shang No. 100006)

(3) In October 1997, the Ministry of Economic Affairs Department of Commerce approved par value change to NT$10, capital increase of NT$29,000,000 in cash and NT$70,000,000 through earnings. (1997.10.29 Jing (86) Shang No. 120510)

(4) In April 1998, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT$99,500,000 in cash and NT$59,700,000 through earning at a par value of NT$10 and a total of 15,920,000 new shares. (1998.4.17 (1998) Tai-Cai-Zheng (I) No. 30874)

(5) In October 1998, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT$49,800,000 in cash at a par value of NT$10 and a total of 4,980,000 new shares. (1998.10.31 (87) Tai-Cai-Zheng (I) No. 91485)

(6) In August 1999, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT$81,600,000 through earnings and NT$40,800,000 through capital reserve at a par value of NT$10 and a total of 12,240,000 new shares. (1998.4.20 (88) Tai-Cai-Zheng (I) No. 76284)

(7) In April 2000, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT$159,120,000 through earnings and NT$58,697,600 in cash at a par value of NT$10 and a total of 21,781,760 new shares. (2000.4.12 (89) Tai-Cai-Zheng (I) No. 30271)(2000.5.3 (89) Tai-Cai-Zheng (I) No. 38406)

(8) In August 2001, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT$149,643,520 through earnings, NT$74,821,760 through capital reserve, and NT$12,000,000 through employee bonus at a par value of NT$10 and a total of 23,646,528 new shares. (2001.8.27 (90) Tai-Cai-Zheng (I) No. 153914)

(9) In June 2002, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT$98,468,290 through earnings, NT$49,234,140 through capital reserve, and NT$6,420,000 through employee bonus at a par value of NT$10 and a total of 15,412,243 new shares. (2002.6.28 (91) Tai-Cai-Zheng (I) No. 910135577)

(10) In July 2003, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT$44,667,820 through earnings, $33,500,860 through capital reserve, and NT$5,097,000 through employee bonus at a par value of NT$10 and a total of 8,326,568 new shares. (2003.7.4 Tai-Cai-Zheng (I) No. 920129806)

(11) In June 2004, the Securities and Futures Management Committee of the Ministry of Finance approved a capital increase of NT$131,952,800 through earnings, $43,984,260 through capital reserve, and NT$11,474,000 through employee bonus at a par value of NT$10 and a total of 18,741,106 new shares and transferred 52,631 shares from convertible coporate bond. (2004.6.8 Tai-Cai-Zheng (I) No. 930125243)

(12) In July 2005, the Financial Supervisory Commission approved a capital increase of NT$98,104,780 through earnings, $65,403,180 through capital reserve, and NT$8,530,000 through employee bonus at a par value of NT$10 and a total of 17,203,796 new shares. (2005.7.5 Jin-Guan-Zheng (I) No. 0940127020)

(13) In October 2006, the Financial Supervisory Commission approved a capital increase of NT$200,000,000 in cash at a par value of NT$10 and a total of 20,000,000 new shares and 17,241 transferred share from convertible corporate debt. (2006.10.17 Jin-Guan-Zheng (I) No. 0950146573)

(14) In October 2007, the Financial Supervisory Commission approved a capital increase of NT$100,000,000 in cash at a par value of NT$10 and a total of 10,000,000 new shares and 5,633,075 transferred share from convertible corporate debt. (2007.6.15 Jin-Guan-Zheng (I)

No. 0960029324)

(15) In July 2007, the Financial Supervisory Commission approved a capital increase of NT$114,108,750 through earnings, $39,499,180 through capital reserve, and NT$14,597,000 through employee bonus at a par value of NT$10 and a total of 16,820,493 new shares. (2007.7.3 Jin-Guan-Zheng (I) No. 0960033639)

(16) In July 2008, the Financial Supervisory Commission approved a capital increase of NT$260,995,060 through earnings, $78,298,510 through capital reserve, and NT$20,425,000 through employee bonus at a par value of NT$10 and a total of 35,971,857 new shares. (2008.7.1 Jin-Guan-Zheng (I) No. 0970032540)

(17) In May 2008, the Financial Supervisory Commission approved a capital increase of NT$200,000,000 in cash at a par value of NT$10 and a total of 20,000,000 new shares. (2008.5.15 Jin-Guan-Zheng (I) No. 09700196561)

(18) In May 2010, the Financial Supervisory Commission approved a capital increase of NT$300,000,000 in cash at a par value of NT$10 and a total of 30,000,000 new shares. (2010.5.26 Jin-Guan-Zheng (I) No. 0990025195)

3. Information related to the blanket declaration system: Not applicable.

(II) Shareholder structure

April 19, 2021; Units: shares: %

Shareholder structure / Qty.	Government agency	Financial institution	Others Institutional investor	Individual investor	Foreign institutions & individuals	Total
Number of people	0	9	182	40,261	154	40,606
Number of shares held	0	5,826,000	70,649,734	193,862,124	62,477,069	332,814,927
Shareholding ratio	0	1.75	21.23	58.25	18.77	100.00

Note: Companies listed in TWSE (TPEx) and the emerging market should disclose the shareholding ratio of investment from Mainland China; By investment from mainland China, it refers to the individuals, institutional investors, organizations, other institutions in the Mainland area or companies invested in third areas as defined by Article 3 of the “Measures for Approval of Investment in Taiwan from the People of the Mainland Area.”

(III) Shareholding distribution status

1. Ordinary share

At par value of NT$10 April 19, 2021; Units: shares

Shareholding level	Number of shareholders	Number of shares held	Shareholding ratio (%)
1 - 999	12,052	3,335,854	1.00
1,000 - 5,000	23,387	46,238,728	13.89
5,001 - 10,000	2,928	23,438,443	7.04
10,001 - 15,000	653	8,375,628	2.52
15,001 - 20,000	504	9,379,027	2.82
20,001 - 30,000	376	9,734,850	2.93
30,001 - 50,000	302	12,384,490	3.72
50,001 - 100,000	203	14,603,572	4.39
100,001 - 200,000	81	11,417,575	3.43
200,001 - 400,000	42	11,649,622	3.50
400,001 - 600,000	18	9,132,102	2.74
600,001 - 800,000	12	8,669,767	2.60
800,001 - 1,000,000	6	5,185,000	1.56
Over 1,000,001 days Adjust to the actual distribution	42	159,270,269	47.86
Total	40,606	332,814,927	100.00

2. Preferred share: none.

(IV) List of major shareholders:List all shareholders with a stake of 5 percent or greater, if less than ten shareholders, disclose the names of the top ten shareholders, specifying the number of shares and stake held by each shareholder on the list.

April 19, 2021; Units: shares

Shares / Name of Major Shareholders	Number of Shares Held	Shareholding ratio
Jinmao Investment Co., Ltd.	50,096,710	15.05%
CHEN, CHUN-MIN	9,393,480	2.82%
Taifong Investment Co., Ltd.	8,694,935	2.61%
FANG, MIN-CHING	8,522,888	2.56%
The American JPMorgan Chase Bank Taipei Branch is entrusted with Investment account of the Vanguard Emerging Markets Stock Index Fund	4,715,740	1.42%
HSBC Managed Mattthews Asian Chinese Small Business	4,291,000	1.29%
The American JP Morgan Chase Bank Taipei Branch is entrusted with the investment account of the Advanced Stars International	3,946,398	1.19%

Shares / Name of Major Shareholders	Number of Shares Held	Shareholding ratio
Stock Index Fund as part of the advanced Stars fund series.		
CAI, LI-XIANG	3,903,560	1.17%
HSBC Managed Mattthews Asian Pacific Tiger	3,893,000	1.17%
HSBC Managed Matthew China Small Business Fund Investment Account	3,892,000	1.17%

(V) Share prices for the past two fiscal years, with company net worth per share, earnings per share, dividends per share, and related information

Items / Fiscal year			FY2019	FY2020	As of March 31, 2021 (Note 8)
Market price per share (Note 1)	Highest		32.60	55.90	58.40
	Lowest		22.45	13.70	48.00
	Average		28.02	37.19	53.59
Net worth per share (Note 2)	Before distribution		18.78	21.33	(Note 10)
	After distribution		17.73	19.83(Note 9)	
Earnings per share	Weighted average number of shares (1000 shares)		352,875	332,349	
	Earnings per share (Note 3)		1.50	2.70	
Stock dividend per share	Cash dividend		1.05	1. 50	
	Bonus stock	Stock dividend from earnings	0	0	
		Stock dividend from capital reserve	0	0	
	Accumulated dividends unpaid (Note 4)		0	0	
Return on investment analysis	Price earnings ratios (Note 5)		18.07	11.50	
	Price to dividend ratio (Note 6)		25.81	20.71	
	Dividend yield ratio (Note 7)		0.04	0.05	

If shares are distributed in connection with a capital increase out of earnings or capital reserve, further disclose information on market prices and cash dividends retroactively adjusted based on the number of shares after distribution.

Note 1: List the highest and lowest market prices of common stocks in each year, and calculate the average market price of each year based on the transaction value and volume of each year.

Note 2: Please fill in the list based on the number of issued shares at the end of the year and based on the resolution of the shareholders meeting in the following year.

Note 3: If retrospective adjustment is required due to circumstances such as gratuitous allotment, the earnings per share before and after adjustment shall be shown.

Note 4: If the equity securities issuance conditions stipulate that the dividends not paid in the current year are accumulated to the year of surplus, the dividends accumulated and not paid up to the current year shall be disclosed separately.

Note 5: Price/earnings ratio = Average closing price per share for the year/Earnings per share

Note 6: Price/dividend ratio = Average closing price per share for the year/Cash dividend per share.

Note 7: Cash dividend yield = Cash dividends per share/Average closing price per share for the current fiscal year.

Note 8: The net value per share and earnings per share should be filled out with the information verified (reviewed) by an CPA as of the printing date of the annual report for the most recent quarter; The remaining fields should be filled with the data of the current year as of the printing date of the annual report.

Note 9: The cash dividend distribution proposal for FY2020 was approved by the Board of Directors. It shall be presented in the FY2021 annual general meeting.

Note 10: As of the publication date of the annual report, the financial information for the most recent quarter has not been reviewed by an CPA.

(VI) Company's dividend policy and implementation thereof

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

If there is a surplus in the Company's annual final accounts, the Company should accrue for taxes and make up for accumulated losses first, then withdraw 10% as a legal reserve and the special surplus reserve under the regulations of the competent authority. Afterward, the Board of Directors shall draft a surplus distribution proposal for the balance. When new shares are issued, they shall be distributed after a resolution of the shareholders meeting.

In accordance with Article 240, Paragraph 5 of the Company Act, the Company authorizes the Board of Directors, in the condition of having more than two-thirds of the directors present and more than half of the directors agree, to assign all or part of the dividends and bonuses payable. The resolutions shall be reported to the shareholders meeting.

The Company's dividend policy is determined by the Board of Directors based on operating plans, investment plans, capital budgets, and changes in internal and external environments. The Company's business is a capital-intensive industry and is currently in the stage of operational growth. Considering the Company's future capital needs and long-term financial planning, and meeting shareholders' demand for cash inflows, the principles of surplus distribution are as follows: The balance to be distributed for the current year is given priority to cash dividends and can also be distributed to shareholders in the form of stock dividends, but the total amount of cash dividends shall not be less than 10% of the total amount of dividends paid to shareholders.

In accordance with Article 241 of the Company Act, the Company will issue all or part of the statutory surplus reserve and capital reserve as new shares or cash in proportion to the shareholders' original shares. When cash is assigned, the Company authorizes the Board of Directors, in the condition of having more than two-thirds of the directors present and more than half of the directors agree, to make a resolution and report to the shareholders meeting. When new shares are issued, they shall be distributed after a resolution of the shareholders meeting.

2. The situation of the proposed dividend distribution at the shareholders meeting:

The Company's FY2020 net profit after tax of NT$897,434,464, plus the opening undistributed surplus of NT$128,690,629, deducting the change in ownership and equity of the subsidiary, NT$3,844,069, and dispose of equity instruments measured at fair value through other comprehensive income of NT$1,690,166 and FY2020 other comprehensive income (re-measurement of defined benefit plan) of NT$5,086,731, the total surplus available for distribution is NT$1,015,504,127. Excluding the legal reserve of NT$88,681,350, it is proposed to distribute a dividend of NT$1.50per share to shareholders. All payments will be made in cash, with a total amount of NT$498,172,391.

The aforementioned cash dividend distribution has been approved by the Company's Board of Directors, It is also proposed to submit the report of the 2021 annual general meeting in accordance with the company's articles of association.

3. Major changes in expected dividend policy: none

(VII) The proposed free share allotment of the shareholders meeting on the company's business performance and per share impact of earning

There is no free allotment proposed at the shareholders meeting, so it is not applicable.

(VIII) The distribution of employee and director remunerations

1. The percentages or ranges with respect to employee and director remuneration, as set forth in the company's articles of incorporation.

   After annual earnings first offset against any deficit, a minimum of 6% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. But the Company shall reserve a portion of profit to offset accumulated losses, if any.

   The aforementioned employee compensation can be made in stock or cash. Its subjects may include employees of controlling or associates that meet certain conditions which are set by the Board of Directors.

2. The basis for the estimation of the amount of compensation for employees and directors in the current period, 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.

   The recognition is based on the Company’s Articles of Association which stipulates in Article 19 that, "after annual earnings first offset against any deficit, a minimum of 6% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. But the Company shall reserve a portion of profit to offset accumulated losses, if any..." It is required to estimate. The estimated remuneration of employees and directors is recognized as salary expenses in the current period. If the Board of Directors decides to pay employee compensation in stocks, the closing price on the day before the Board of Directors resolution is used as the basis for calculating the number of allotted shares. If there is a difference between the estimated number and the actual allotted amount by the Board of Directors, it is recognized as gain or loss in the following year .

3. Information on any approval by the Board of Directors of distribution of compensation:

   (1) The amount of employee compensation and directors' compensation distributed in cash or stocks:

      After deducting the reserved FY2020 offsetting amount, the profit is NT$1,025,460,740. The Company’s Board of Directors proposed to allocate 2% for director remuneration, totaling NT$20,509,214, and 6% for employee compensation, totaling NT$61,527,645. All are issued in cash.

(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:

The Board of Directors does not propose to distribute employee remuneration by stocks, so it is not applicable.

4. The actual distribution of compensation for employees and directors in the previous year (including the number of shares distributed, amount and stock price). If there is a difference between the remuneration of employees and directors, and the number of differences, the reasons and handling circumstances should be stated:

	Previous fiscal year (FY2019)			
	Actual allotment	Board of Directors proposed allotment	Variance	Reasons for differences
1. Cash compensation for employees	NT$39,835,468	NT$39,835,468	NT$0	
2. Employee stock compensation				
(1) Number of shares	0 shares	0 shares	0 shares	Not applicable
(2) Amount	NT$0	NT$0	NT$0	
(3) Stock price	$0	$0	NT$0	
3. Directors' remuneration	NT$13,278,488	NT$13,278,488	NT$0	

(IX) Share repurchases:

1. Those who have been executed

April 19, 2021

Buyback terms	The 1st (term)	The 2nd (term)	The 3rd (term)	The 4th (term)	The 5th (terms)
Buyback purpose	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees
Buyback time	2002/7/26 To 2002/9/25	2003/1/22 To 2003/3/21	2004/5/19 To 2004/7/18	2005/5/3 To 2005/7/2	2006/6/13 To 2006/8/12
Buyback prices	17.1 - 36.9	16.0 - 37.5	19.6 - 53	11.2 - 30.36	8.90 - 23.95
Type and quantity of shares bought back	Common stock: 211,000 shares	Common stock: 2,000,000 shares	Common stock: 2,000,000 shares	Common stock: 2,000,000 shares	Common stock: 2,000,000 shares
The quantity bought back accounts for the quantity to be bought back Ratio (%)	10.55%	100.00%	100.00%	100.00%	100.00%
Amount of shares bought back	NT$4,837,573 (Fee included)	NT$45,445,789 (Fee included)	NT$53,743,150 (Fee included)	NT$32,587,050 (Fee included)	NT$25,797,190 (Fee included)
Number of shares cancelled and transferred	211,000 shares	2,000,000 shares	2,000,000 shares	2,000,000 shares	2,000,000 shares
Cumulative number of shares held by the Company	0 shares	0 shares	0 shares	0 shares	0 shares
The cumulative number of shares held by the Company accounted for Ratio of total issued shares (%)	0.00%	0.00%	0.00%	0.00%	0.00%

Buyback terms	The 6th (terms)	The 7th (terms)	The 8th (terms)	The 9th (terms)	The 10th (terms)
Buyback purpose	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees	Transfer of shares to employees
Buyback time	2006/8/31 To 2006/10/30	2008/7/3 To 2008/9/2	2008/9/8 To 2008/11/7	2011/8/30 To 2011/10/29	2011/12/1 To 2012/1/31
Buyback prices	9.00 - 21.75	13.65 - 41.60	12.05 - 32.40	12.50 - 36.95	8.75 - 23.30
Type and quantity of shares bought back	Common stock: 3,000,000 shares	Common stock: 3,000,000 shares	Common stock: 3,000,000 shares	Common stock: 3,000,000 shares	Common stock: 1,500,000 shares
The quantity bought back accounts for the quantity to be bought back Ratio (%)	100.00%	100.00%	100.00%	30.00%	30.00%
Amount of shares bought back	NT$42,412,379 (Fee included)	NT$62,805,907 (Fee included)	NT$52,033,225 (Fee included)	NT$50,114,346 (Fee included)	NT$24,248,643 (Fee included)
Number of shares cancelled and transferred	3,000,000 shares	3,000,000 shares	3,000,000 shares	3,000,000 shares	1,500,000 shares
Cumulative number of shares held by the Company	0 shares	0 shares	0 shares	0 shares	0 shares
The cumulative number of shares held by the Company accounted for Ratio of total issued shares (%)	0.00%	0.00%	0.00%	0.00%	0.00%

Buyback terms	The 11th (terms)	The 12th (terms)	The 13th (terms)
Buyback purpose	To maintain corporate credit and shareholders' equity	To maintain corporate credit and shareholders' equity	Transfer of shares to employees
Buyback time	2015/9/24 To 2015/11/23	2015/11/11 To 2016/1/10	2020/3/24 To 2020/5/23
Buyback prices	6.72 - 14.34	8.37 - 19.08	10.54 - 34.50
Type and quantity of shares bought back	Common stock: 20,000,000 shares	Common stock: 18,000,000 shares	Common stock: 10,000,000 shares
The quantity bought back accounts for the quantity to be bought back Ratio (%)	100.00%	100.00%	7.00%
Amount of shares bought back	$246,547,489 (Fee included)	$263,515,489 (Fee included)	$16,507,418 (Fee included)
Number of shares cancelled and transferred	20,000,000 shares	18,000,000 shares	0 shares
Cumulative number of shares held by the Company	0 shares	0 shares	700,000 shares
The cumulative number of shares held by the Company accounted for Ratio of total issued shares (%)	0.00%	0.00%	0.21%

2. Those who are still in execution: None.

II. Corporate bond

None.

III. Preferred shares

None.

IV. Overseas depositary receipt

None.

V. Employee stock Options

None.

VII. Issuance of new shares in connection with the merger or acquisition of other companies

None.

VIII. Implementation of capital utilization plan

None.

Chapter 5 Operation Summary

I. Business content

(1) Business scope

1. The main content of the business:

The Company and its subsidiaries divide different operating segments according to the different industrial attributes of manufacturing and selling products. The main contents of the business of each operating segment are as follows:

A. Diode business group: engaged in the manufacturing and sales of wafers, power components and control modules.

B. Solar energy business group: sales of solar power plants.

2. The sales proportion of the opoeration:

Units: NT$ thousands

Product Type	FY2020	
	Sales Amount	Sales ratio (%)
Rectifier diodes	9,442,660	90.06%
Others (Note)	1,042,440	9.94%
Total	10,485,100	100.00%

Note: Including revenue from solar power station, etc. As there are many products and the sales ratio is less than 10%, it is listed as others.

3. The company's current products:

Operating Segments	Main products:
Diode business group	Rectifier diodes, surge suppressors, small signal components, transistors
Solar energy business group	Development and management of solar power stations

4. New products to be developed:

Here is an explanation of the new products to be developed with regard to the main product - rectifier diodes

(1) Low-voltage MOSFET:

A. MOSFET (20-30V) products. Improve the fine pitch of the chip process. the cell density of the same area can tolerate more and more compact. In turn, product specifications and application performance can be improved. This product is mainly used for headset charging, mobile power, chargers, and electronic cigarettes.

B. MOSFET 40V products are mainly developed for fan motor electromechanical and automotive oil and water pump applications. It is to provide power short-circuit and open-circuit load and output short-circuit protection and comply with AEC-Q101.

(2) Mid voltage MOSFET:

A. Development of 80V mid voltage products. The goal is to provide more customized products for future output applications of different specifications. Such standard components are used in telecom power supplies, server systems, and automotive 48V structures.

B. Development of 60V mid voltage products. Such standard components are used in sever power, automotive 48V structures, cordless power tool, and brick power applications.

C. Development of 150V mid voltage products. The goal is to provide more customized products for demanding output applications of different specifications. Such standard components are used in telecom power, sever power, and automotive 48V structures.

(3) High voltage MOSFET:

The second generation super junction 600V MOSFET Easy. The anti-disturbance capability between components of the fast switching system will be improved for lower on-resistance.

(4) FRED:

A. The second-generation FRED product development is in progress. Further optimize the switching speed and forward conduction voltage trade off and EAS characteristics. It is expected to be applied to power products of various power and voltage.

B. Develop high current density and low power dissipation freewheeling diodes according to the needs of various topological applications of IGBTs. The goal is to reduce overall system.

(5) IGBT:

The development of the first generation of IGBT products is in progress:

A. Development of high-speed IGBTs. The goal is to minimize switching losses at high switching frequencies up to 60 kHz. UPS, solar, and welder applications will require this efficient switching performance to improve system efficiency.

B. Target switching frequency below 20kHz. Achieve balance performance between conduction loss and switching loss. Provide solutions for motor drives for household appliances, industrial motors and EV applications with higher current and higher reliability.

(6) SiC Schottky:

Newly designed second-generation 650V and 1200V components can withstand a stronger instantaneous current impact for a lower starting voltage. And the ability of smaller grain size shall be strengthened, with a closer angle to the application end as the design core.

(7) SiC MOSFET:

The first generation of SiC MOSFETs will target high-efficiency target applications, such as electric vehicles, solar inverters, EV charging stations, server power supplies. In particular, reducing size and weight can increase efficiency. It will have huge technical advantages for EV/HEV inverters.

(8) Schottky:

Develop a new flat high junction temperature structure (Tj=175C) 60/100/150/200V Low IR product line. Application in industrial computers with high power and temperature requirements and automotive control and automotive lighting systems.

(9) ESD array TVS:

A. Continue to develop high speed, low clamping voltage, low junction capacitance, working voltage 3.3V/5V. It is mainly used in USB Type-C, HDMI, Thunderbolt.

B. Develop a product line of miniaturized packaging with a working voltage of 8V~36V. It is mainly used for in-vehicle network (IVN).

(10) Rectifier:

600V Input Rectifier, with extremely low VF & HTVF characteristics can reduce the forward conduction loss and slow down the recovery time, and can withstand high temperature TJ(max.)=175degC. And with a miniaturized product package, it corresponds to the high efficiency requirements of miniaturization and low power consumption of GaN fast charger applications.

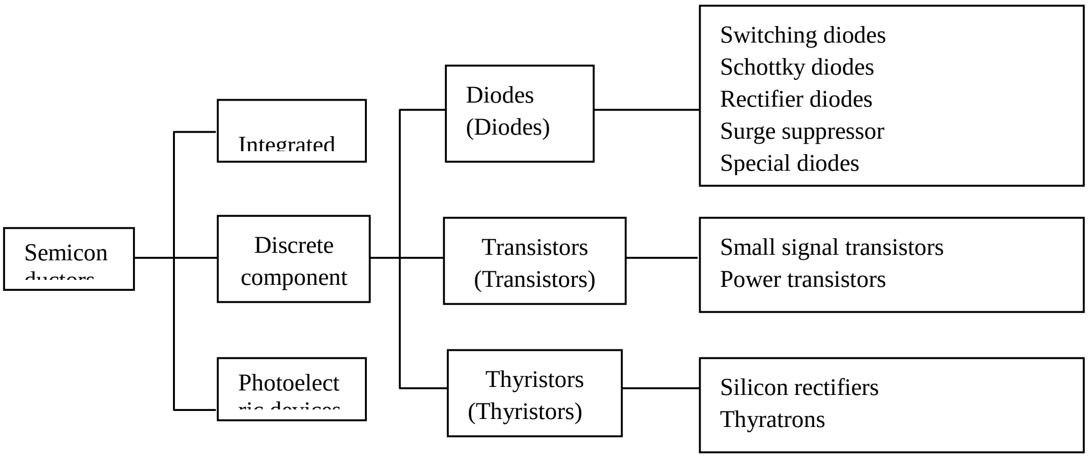
II. Market summary

Here is an overview of the industry on the main product - rectifier diodes

1. Current status and development of the industry

Discrete semiconductor devices are one of semiconductors. Its functions are mainly current amplification, power protection and power management. According to performance, discrete components can be divided into three types: Diodes, Transistors and Thyristors.

Product classification diagram



Source of data: Institute of Electronics, ITRI

The development of the discrete component industry. Before the 2010s, European, American, and Japanese manufacturers relied on their own component technology development, complete manufacturing and quality management capabilities, and making good use of their own brand marketing channels to divide the overall discrete components for a long time. Market share is around 70%, In contrast, Taiwanese manufacturers are slightly weaker in technology and marketing because they started out as OEMs. The market share is only about 10%.

In recent years, European, American, and Japanese factories have faced fierce market cost competition. As well as the policy subsidies of specific countries, the business model has been re-adjusted, which in turn led to the wave of consolidation. For example, Infineon acquired International Rectifier in 2015 to expand some of the channels and product lines. NXP sold the diode business to Chinese companies in 2016. The merger of Littelfuse and IXYS took place in the second half of 2017. And in 2018, MicroChip acquired Miscrosemi. Integrating discrete semiconductors in the aerospace, defense, and communications markets has undoubtedly officially announced the development direction of major international manufacturers toward discrete high-power semiconductors. It also highlights the ever-grand trend of international manufacturers to integrate the major players in the discrete semiconductor market.

Due to geopolitics and the impact of the pandemic, the strength of relevant Taiwanese manufacturers has been highlighted. Taiwanese factories mainly produce surface mount and other high value-added products. Including metal oxide semiconductor transistors (MOSFET), third-generation compound semiconductors (SiC), Schottky (Schottky), surge suppressors

(TVS) and electrostatic protection devices (ESD) and other fields. A few low-priced product lines, such as STD Rectifier and Fast Rectifier, are transferred to mainland China where labor costs are lower. Even some manufacturers are worried about the impact of US-China trade, and they do not rule out moving production capacity back to Taiwan or expanding production capacity equipment in Southeast Asia.

2. The relevance of the industry's upstream, midstream and downstream

The industrial structure of discrete components can be divided into: upstream wafer raw materials, midstream wafer manufacturing, packaging and testing, and downstream applications.

Upstream raw materials mainly include wafers/epitaxial wafers, precious metals, non-ferrous metals, aluminum alloys, non-metals, etc. Among them, wafer/epi wafer can be partially self-sufficient in Taiwan. Other precious metals such as gold, silver, platinum and some non-ferrous metals all rely on imports.

Midstream wafer manufacturing and packaging and testing are mainly for 4”/6”/8” wafer manufacturing and back-end loading, packaging and testing.

In terms of downstream applications, it covers a wide range, including: information, communications, consumer electronics, aerospace, medical, automotive, office equipment. The demand for components in these markets is still increasing year by year, which directly affects the development prospects of discrete components.

3. Various development trends of products

With the development of science and technology, corresponding to the needs of various circuit designs. In recent years, the discrete components have developed towards diversification. For example, for products with high voltage and current, such as electromechanical equipment, the application requirement is that they can be equipped with high-power components appropriate for higher voltage tolerance to stabilize and rectify. Electronic information products require discrete components with smaller size and higher precision for protection.

Due to the increasing popularity of broadband networks, 5G has been determined to enter the first year of commercialization in 2019. The demand for discrete components appropriate for high-frequency and low-interference communication equipment has indeed increased with the times. Secondly, the electronic design of new energy vehicles in Europe, the United States, Japan and China, because all kinds of electronic products have gradually built compatible interfaces, which can be connected to each other. The industry pays more attention to the functions of current stabilization and protection.

The electrical functions of discrete components are determined from the wafer manufacturing stage. Product characteristics are closely related to the wafer process. In order to achieve the efficiency of one-stop design and production, many manufacturers have adopted the upward process integration model. It includes the diffusion into the wafer, and even the process of epiwafering.

There is no doubt that such upwardly integrated wafer manufacturing has considerable advantages in raw material costs. And because the wafer manufacturing process is mastered, chips with different electrical functions can be produced according to different product requirements, which makes the production schedule more flexible. It is aimed to effectively improve the utilization of machine capacity.

If classified according to the packaging method, the discrete components range from the traditional axial package, power package (TO type), and bridge package, to the very small surface mount type DSN, WLCSP, SMD, Package development such as DFN and QFN.

As for product development, the general standard products with the lowest technical level are moving towards high-tech high-voltage, fast and Schottky high-power rectifier diodes, such as: focus on Shielded Gate design technology. It can provide Metal Oxide Semiconductor Field Effect Transistor (MOSFET) with reduced on-resistance. It also covers the third-generation compound semiconductor SiC SBD silicon carbide Schottky wide band gap diode with high thermal conductivity and long life, SiC MOSFET silicon carbide metal oxide semiconductor transistor and insulated gate bipolar transistor IGBT.

4. Product competition

At present, the listed and OTC companies that mainly produce discrete components in China, They are mainly HY and Taiwan Semiconductor, etc. Large foreign manufacturers include Infineon, STMicroelectronics, ROHM, VISHAY, Diodes Inc., ON SEMICONDUCTOR, Nexperia. In mainland China, Silan Micro, Yang Jie, and JJ Micro are among others. As mentioned earlier, international manufacturers such as Europe, America and Japan have gradually reduced the production of discrete components under the pressure of considering costs. Or it is moved to outsourcing OEM, and then turn to the development of other semiconductor product lines such as high-tech IC and

Memory.

Looking at the overall semiconductor industry, the process technology of discrete components is relatively mature, and the barriers to entry are relatively low. To be able to obtain the continuous trust of customers and the market, to ensure that product quality reaches a certain level, to save production costs to increase gross profit margin, has become a top priority for all manufacturers. In view of the rapid development of the industry, PANJIT's semiconductor business group will focus more on forward-looking market changes in the future. The company shall bring in an international talent team, actively integrate related resources of the group, and strive for sustained and stable growth.

(3) Overview of technology and R&D

1. R&D expenses invested in the most recent fiscal year and as of the printing date of the annual report

Items	FY2020
R&D expenses	NT$348,046 thousands
Percentage of net sales	3.32%

2. Technologies or products that have been successfully developed in the most recent fiscal year and as of the publication date of the annual report:
Here is an explanation of the technology or product that has been successfully developed in the most recent fiscal year and as of the printing date of the annual report on the main product - rectifier diode

(1) MOSFET:
20V low-voltage series develops thin packaging products. 1x1mm thickness is only 0.5mm/0.4mm. Dual crystal (DFN1010/DF1010B) package can guarantee 1.2V low voltage control start. It is mainly used for consumer electronics (such as Chromebook) to meet the market's lightness, thinness, short size, and low power consumption. The product also provides longer use time requirements.

(2) Mid voltage MOSFET:
Continuous development of 100V mid voltage products in different packages. Such standard components are used in communication systems (Telecom power), development server systems (Sever power), and automotive management systems (Automotive 48V structures).

(3) FRED:
A. 600V Speedy/Optima FRED, appropriate for TV power/PC power

applications.

B. 1200V Speedy/Optima FRED, appropriate for UPS/On board charger application.

(4) SiC Schottky:

Complete the first generation of 650 and 1200V components independently designed. Pass the reliability test of vehicle regulations. This can provide a lower starting voltage and a competitive grain size.

(5) Schottky:

A. mid voltage SBT Series 80V Ultra Low Vf series products. Such specifications are used for chargers or netcom power supplies.

B. Low-voltage SBA Series 20-40V series products have passed AU product verification. It is appropriate for BMS device products, featuring low VF at low current, which can help reduce conduction loss and improve efficiency and reduce component temperature. For applications such as DC fan/BMS.

(6) ESD Array:

Completion of PE16 Series product extension and diversified packaging development. Mainly used in TV, NB, MB and various mobile device products.

(7) TVS:

Completion of SM5S/ SM6S/SM8S series 3.6KW- 6.6K KW series product line, corresponding to the automotive application market.

(IV) The company's long- and short-term business development plans.

Here is an explanation of the long-term and short-term business development plans for the main product - rectifier diodes

I. The company's short-term business development plans.

Looking at the future development of the discrete device industry, the explosive growth of global demand for charging devices for electric vehicles will drive the development of the industry. Among them, the Internet of Vehicles, robots and artificial intelligence are the main markets. The Company grasps the trend and conforms to the needs of different customers. In addition to making full use of external resources to supply products that meet the needs of customers in the consumer market, it also actively invests resources in the R&D of related discrete component products such as automotive, industrial control, electric vehicles and charging devices. We shall strive to become strategic partners with major international manufacturers of European, American, Japanese and Chinese first-line brands. The Company is committed to passing the certification of international and Chinese car manufacturers, in order to make the Company's operating conditions sustainable and stable growth.

II. The company's long-term business development plans.

The company recruited international teams. The technology layout is distributed in Silicon Valley, South Korea and Taiwan to meet the explosive growth of global demand for charging devices for electric vehicles in the future. The huge business opportunities are brought by the development of the Internet of Vehicles, robots and artificial intelligence. The long-term strategy will make full use of external resources more efficiently to supply customer needs. At the same time, it will more actively invest in R&D resources, focusing on the R&D of high-end and high-margin products such as automotive, industrial control, electric vehicles and charging devices. In addition, the Company will also strive to become strategic partners with leading international manufacturers in Europe, the United States, Japan and China. The Company is committed to passing the certification of international and Chinese car manufacturers, in order to make the Company's operating conditions sustainable and stable growth.

II. Market, production and sales summary

(I) Market Analysis

1. Sales area of main products

Units: NT$ thousands

Sales territories \ Fiscal year		FY2019		FY2020	
		Amount	%	Amount	%
Export	ASIA	7,598,320	83.11	8,838,771	84.30
	America	316,871	3.46	252,248	2.41
	EUROPE	767,726	8.40	734,163	7.00
	Others	13,411	0.15	31,335	0.30
Subtotals		8,696,328	95.12	9,856,517	94.01
Domestic		446,322	4.88	628,583	5.99
Total		9,142,650	100.00	10,485,100	100.00

2. Market share

Here is an explanation of the market share by the main product - rectifier diodes

At present, the listed and OTC companies in domestic diode production are mainly Taiwan Semiconductor, Eris Tech and HY-KY. Here is a list of the share of the global diode sales value of the Company and the aforementioned companies as follows:

Unit: NT$ millions

Items \ Fiscal year		FY2019	FY2020
Global total sales of diodes		718,320.80	671,928.64
Pan-Jit	Sales	8,932.69	10,226.97
	Market share (%)	1.24	1.52
Taiwan Semiconductors	Sales	4,650.07	4,671.43
	Market share (%)	0.65	0.70
Eris Tech	Sales	1,547.88	1,537.47
	Market share (%)	0.22	0.23
HY-KY	Sales	1,773.60	1,613.55
	Market share (%)	0.25	0.24

Source of data:

Global Total Diode Sales: World Semiconductor Trade Statistics ("WSTS")

Sales of each company: Estimated based on the consolidated revenue announced by the Market Observation Post System of Taiwan Stock Exchange

Note: As each company's rectifier diode product revenue details are different and have not been announced, the calculation of market share can only be estimated based on its announced consolidated revenue.

3. Future supply and demand and market growth

Here is an explanation of the market's future supply and demand status and growth with regard to the main product - rectifier diodes

From the perspective of the discrete component industry, its application ranges all kinds of electrical and electronic products, including various consumer electronics products, PCs, communications, automotive markets, etc. The scale of its market is closely related to the number of newly developed IC products and the output of chip production plants. Therefore, the shipment volume of its terminal application market and the overall semiconductor market will affect the prosperity of the industry.

According to the International Data Information (IDC) Global Semiconductor Application Forecast Report, although COVID-19 has had an impact on the global economy, the overall performance of the semiconductor market is better than expected due to the demand for cloud computing and remote work and learning equipment. In 2020, global semiconductor revenue reached 442 billion U.S. dollars, an increase of 5.4% compared to 2019. With the popularization of vaccines and the gradual recovery of the economy, it is estimated that the semiconductor market will reach 476 billion US dollars in 2021, and the annual growth rate will increase by 7.7%.

The following is an analysis of the supply and demand status and growth of the industry’s main terminal application markets:

In terms of smartphones, due to the impact of the new COVID-19 pandemic, the supply chain has been impacted. Consumer demand for replacement phones has also declined, causing mobile phone shipments to drop by more than 5% in 2020. However, as the growth of 5G mobile phones has accelerated significantly, the market has shifted to 5G semiconductors with higher ASP. With more memory, sensors, and RF support for more frequency bands, smart phones have become the second largest demand driver for semiconductor development in 2020, and mobile phone semiconductor revenues will grow by about 3%. For semiconductor manufacturers, 2021 will be a particularly important year, because 5G mobile phones will account for 30% of all mobile phone shipments. And 5G mobile phone semiconductors will account for nearly 54% of revenue. IDC predicts that by 2021, mobile phone semiconductor revenue will grow by 11.4% to $128 billion.

In terms of PC, according to Canalys and IDC data, the global PC market in the fourth quarter of 2020 has grown by 25.4% and 26.1% compared with the same period in 2019. This is also the highest shipment since 2014. The four key trends for the PC market growth in 2020 are: remote working, digital learning, device-as-a-service, and emerging user paradigms. Both IDC and Canalys pointed out that if it were not for the shortage and tight supply, PC performance would be even better in 2020. It seems that the market's demand for PCs will continue until 2021. Canalys said that this year because suppliers and ecosystems will begin to compete for new demand business opportunities that appear in 2020. It looks forward to changing the Windows platform and x86 architecture continue to dominate this market phenomenon. Canalys predicts that the PC supply shortage will be resolved in the second half of 2021, when many new initiatives will drive PC shipments to break past records.

In terms of NB, the global notebook market fell between 161 million and 164 million units from 2016 to 2019, and the overall market development has stabilized. However, the COVID-19 pandemic in 2020 will reshape the way of life, and the needs of remote office and teaching, home entertainment, etc., will inject more growth momentum into global notebooks. Shipment volume rose to 200 million units in one fell swoop, the peak in the past decade. Looking forward to 2021, the remote working and learning model will be the norm. The hot sale of Chromebooks will maintain the demand for laptops in the first half of 2021. It is estimated that global notebook shipments will reach 216 million units in 2021, with an annual growth rate of 8.02%.

IDC pointed out that the growth rate of PC and server semiconductors in 2020 is about 10.9%, reaching US$152 billion. Working and studying at home increases the purchasing power of enterprises and consumer markets. It also forces cloud service providers, telecommunications providers, and corporate IT departments to more actively invest in computing infrastructure. IDC predicts that by 2021, computing system semiconductor revenue will grow by 6.3%, reaching US$161 billion.

In the automotive market, the automotive chip market in 2020 will be hit by US-China trade frictions and the pandemic. In addition to the supply side since the beginning of the year, the factory has been suspended due to the impact of the pandemic. On the demand side, due to stay-home pandemic order and other related policies, the people’s willingness to buy vehicles has been greatly reduced. The broken supply chain also makes international car manufacturers have to postpone the launch of new cars on the market, which in turn has a significant impact on the auto market. However, on the other hand, the new COVID-19 pandemic has accelerated the global digital transformation. The automotive electronics market has also undergone structural changes. In-vehicle telematics, ADAS, self-driving cars and electric vehicles have become irreversible development trends in the automotive industry. The number of chips mounted in each vehicle will grow several times, becoming an important key to driving the growth of automotive semiconductors. Whether it outstands the future market will depend on the implementation speed of advanced processes and the mastery of the production capacity of automotive power semiconductors. According to TrendForce's Top Industry Research

Institute, with the gradual recovery of demand in the global consumer market, global auto shipments are expected to reach 83.5 million in 2021. From the 4th quarter of 2020, major automakers and Tier 1 companies will begin stock replenishment, which will drive up the demand for automotive semiconductors. In 2020, the global automotive chip production value will reach 18.67 billion U.S. dollars, and it will increase to 21 billion U.S. dollars in 2021, with an annual growth rate of 12.5%.

4. Competitive niche

Here are the main products - rectifier diodes to illustrate the competitive niche

(1) Excellent quality and brand

The Company has always adhered to excellent quality, and has accumulated many years of proficient technology and experience. It not only established a good reputation and reputation, but also obtained ISO9001, OHSAS-18001, ISO14001 and ISO/IATF16949, IECQ QC080000, ESDS20.20 and other quality certifications. The company is also a member of the Electronic Industry Citizenship Coalition (EICC) and has become one of the leading brands in Taiwan's industry.

(2) Rich experience in manufacturing technology

The Company's management team, adhering to the Company's sustainable business philosophy, continues to invest in R&D and equipment. With R&D and process teams from various professional fields, they have accumulated years of experience in semiconductor professional manufacturing technology, focusing on improving production efficiency. It helps to simplify and even optimize the process. In addition, through the use of advanced equipment to automate production, it not only reduces production costs, but also improves product quality. This will effectively improve operational efficiency and market competitiveness.

In addition, in recent years, the Company has actively invested in fully automated surface mount separation component production equipment and optimized production control systems, such as the introduction of MES. All these investments can effectively increase the unit production volume and help greatly reduce the rate of defective product quality. At present, the Company's overall non-performing rate can maintain a world-class level below 5PPM (five parts per million).

(3) Complete product line

The Company also produces a variety of discrete components with different uses and specifications at the same time, which can meet the needs of customers for one-time purchase. Therefore, the customer base covers all kinds of electronic companies, so it is not limited to the changes in the prosperity of a single downstream industry. It is also an important niche for market competition because it provides a complete product line to customers.

(4) Control of the cost of raw materials

Generally, in discrete component factories, the production process is packaging only. Companies with a larger scale can step into the proliferation of chips and even the epitaxy process. For packaging process only, the company is simply a processing plant, and the profit margin is only the processing fee income. If the process involves the diffusion of chips, raw material costs can be actively controlled. The company only needs to purchase plain chips with more common specifications, and then the company produces chips according to different product requirements. Not only can the cost of raw materials be further reduced, the production schedule can also flexibly cope with market changes. It can have more direct and effective control over the sales of raw materials and finished products.

(5) New product development

In response to the market demand for smart phones, tablet computers and related peripheral products, the Company's current development of related ESD protection components is already available. Especially the market’s adoption of USB3.0/3.1 and HDMI x is becoming more mature. The Company continues to develop related HI PIN COUNT components to meet customer needs.

In terms of product portfolio, in line with the current company has a variety of package mass production advantages, such as SMD and DFN thin series. In addition to the existing series of Schottky diodes, switching diodes, glass coated diodes, ESD protection components and MOSFET transistors that the company already has. In response to customers’ energy-saving needs in the future, the company’s product development will also focus on the development of low forward voltage Schottky diodes and high-power MOSFET transistors. We shall work hard in response to the future needs of customers.

Motor drive, frequency conversion and energy saving make the insulated gate bipolar transistor IGBT developed by foreign manufacturers. The company has developed a special process to match the technology of foreign manufacturers. The new-generation material, the third-generation compound semiconductor SiC MOSFET, allows electronic design to reduce the size of electronic products and save overall costs. And it improves the reliability and increase the life span, which is the key to entering the industrial control and automotive fields.

5. Favorable and unfavorable factors and countermeasures for development prospects

Here is an explanation of the advantages and disadvantages of the development prospects and countermeasures for the main product - rectifier diodes.

(1) Positive drivers

A. With the impact of Covid-19, the recovery of the semiconductor industry such as integrated circuits has driven the demand for the provision of discrete components. According to OMDIAT's market forecast, the Company can develop in this direction due to the growth of notebook computers, battery chargers, 5G electronic products, and power control of automobiles and medical electronics.

B. e-commerce platform was established to allow end customers to purchase online and expand the basic group of customers.

C. Major European and American discrete component manufacturers, such as VISHAY and ON SEMICONDUCTOR, have increased their efforts to seek external resources, including opportunities for Taiwanese manufacturers to seek OEMs, in consideration of production costs. This is actually a potential customer base of the PANJIT Semiconductor business group, or a product line opportunity point that can be derived.

D. The company sells in Europe, America and Taiwan with its own brand, and is generally recognized and adopted by world-class manufacturers. The Company obtained ISO-9002 certification in 1996, In 1997, it obtained the certification of IATF16949 (QS-9000) with extremely strict quality standards. It makes the quality image of the Company's products comparable to world-class manufacturers.

(2) Unfavorable factors and countermeasures

A. There is a trend of labor shortage in Taiwan.

Countermeasures: In order to reduce the dependence on manpower and improve the quality of the Company for many years. It is committed to the automation of production equipment, with good results. In addition, the introduction of foreign labor also solves the problem of insufficient production manpower.

B. Market competition is becoming increasingly fierce.

Countermeasures: Strengthen automated production and actively explore the market for orders. The goal is to increase the scale of production and reduce production costs. And with the increase in scale, the purchase bargaining and payment terms will be more preferential. At the same time, the Company shall develop new high value-added products and increase the proportion of new products to increase the Company's overall gross profit margin.

(II) Usage and manufacturing processes for the company's main products.

Here is an explanation of the important use and production process of the main product - rectifier diodes

1. Usage of the company's main products.

Discrete components are mainly used for power rectification, protection and switching of various electronic products. They are indispensable components in the circuits of various electronic products. The Company produces a complete range of products, which are widely used in various electronic products. Its application areas can be slightly divided as follows:

A. Computer industry: monitors, terminals, switching power supplies, disk drives, scanners, motherboards, uninterruptible power systems, desktop computers, notebook computers, tablet computers, etc.

B. Communication industry: fax machines, switches, telephone systems, pagers, mobile phones, satellite antennas, ADSL, Ethernet power supply, power supplies, etc.

C. Consumer electronics industry: digital cameras, video recorders, CD-ROMs, chargers (PDA, i-Pod, mobile phones), fast charging sources, etc.

D. Automobile industry: automobile instrumentation, automobile rectification, ignition system, ABS, airbag, automobile audio-visual system, satellite navigation system, electric vehicle charging pile, 48V power system, etc.

E. Power industry: electronic ballasts, frequency converters, solar module junction boxes, etc.

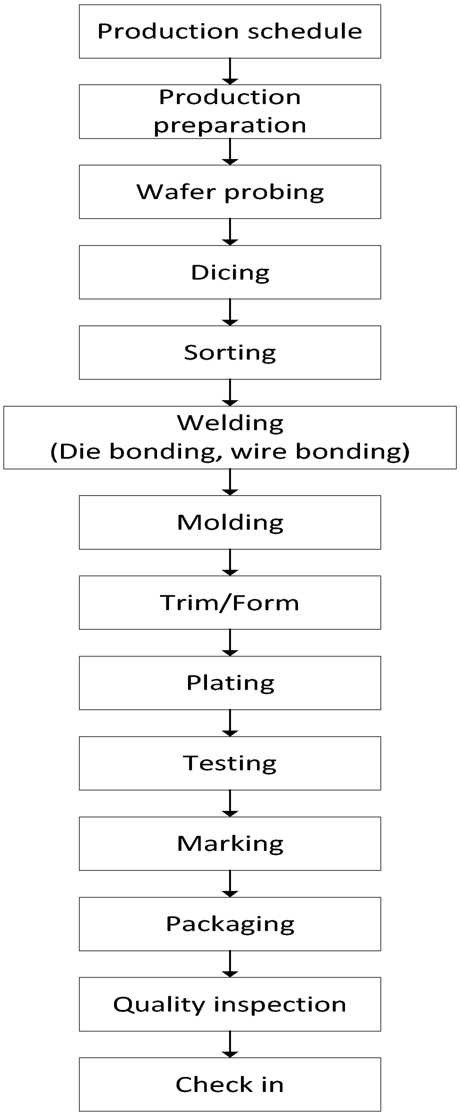
F. Home appliance industry: TVs, washing machines, air-conditioning systems, refrigerators, etc.

G. Audio-visual equipment: LCD TV, LED TV, DVD, set-top box, home theater group, etc.

2. Manufacturing processes for the company's main products.

Assembly process flow chart

Product line (SOD, SOT, MOS)



(III) Supply situation for the company's major raw materials.

Here is an explanation of the supply status of the main raw materials for the main product - rectifier diodes

Product category	Major raw materials	Main source	Supply
Rectifier diodes	Schottky chip	Pynmax, Advanced Microelectronic	Good
	Epi-wafer	Episil	Good
	Gold wire	TANAKA, Heraeus	Good
	Lead frame	Jie Lin, Li Fan, Hua Zhen, DNP, AAM	Good
	Molding glue	Yoshinori, Changhua	Good
	Small signal chip	Pynmax, PHENITEC, inergy	Good
	MOSFET chips	inergy, Motion, Potens	Good

(IV) A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

1. Information of major suppliers in the last two fiscal years:

There was not much difference between the main purchase suppliers in FY2020 and FY2019.

Units: NT$ thousands

Items	FY2019				FY2020			
	Name	Amount	Percentage of annual net purchases (%)	Relation with the issuer	Name	Amount	Percentage of annual net purchases (%)	Relation with the issuer
1	Others	3,740,767	100.00%		Others	5,247,719	100.00%	
	Net purchase	3,740,767	100.00%		Net purchase	5,247,719	100.00%	

Note 1: List the names of suppliers with more than 10% of the total purchases in the last two fiscal years and their purchase amounts and proportions. Where the company is prohibited by contract from revealing the name of a client, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

2. Information on major sales customers in the last two fiscal years:

There was not much difference between the major sales customers in FY2020 and FY2019.

Units: NT$ thousands

Items	FY2019				FY2020			
	Name	Amount	Percentage of annual net sales (%)	Relation with the issuer	Name	Amount	Percentage of annual net sales (%)	Relation with the issuer
1	Others	9,142,650	100.00%		Others	10,485,100	100.00%	
	Net sales	9,142,650	100.00%		Net sales	10,485,100	100.00%	

Note 1: List the names of customers with more than 10% of the total sales in the last two fiscal years and their sales amount and proportion. Where the company is prohibited by contract from revealing the name of a client, or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name

Note 2: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

(V) An indication of the production volume for the 2 most recent fiscal years.

Units: NT$ thousands

Fiscal year / produced Volume Value / Main products: (Or segments)	FY2019			FY2020		
	Capacity	Production Quantity	Production value	Capacity	Production Quantity	Production value
Rectifier diodes	19,731KK	17,068KK	5,613,872	18,506KK	17,579KK	5,871,237
Total			5,613,872			5,871,237

Note 1: Capacity refers to the quantity that the company can produce under normal operation using existing production equipment after measuring necessary shutdowns, holidays and other factors.

Note 2: If the production of each product is substitutable, the production capacity may be combined and an explanation shall be attached.

Note 3: Production capacity and output are self-produced parts.

(VI) An indication of the volume of units sold for the 2 most recent fiscal years.

Units: NT$ thousands

Fiscal year old / Volume Value / Main products (Or segments)	FY2019				FY2020			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Rectifier diodes	1,174KK	407,572	21,082KK	7,922,476	1,785KK	588,660	24,360KK	8,854,000
Others	-	38,750	-	773,852	-	39,923	-	1,002,517
Total		446,322		8,696,328		628,583		9,856,517

III. Employee information in the two most recent fiscal years up to the publication date of this annual report:

Fiscal year		FY2019	FY2020	As of March 31, 2021
Employee Number of people	Administrative staff	159	168	171
	Technical staff	1,077	1,088	1,070
	Operators	1,490	1,639	1,600
	Total	2,726	2,895	2,841
Average age		35.28 years old	35.90 years old	35.80 years old
Average years of service		5.97 years	5.97 years	6.16 years
Education distribution	PhD	0.26%	0.21%	0.17 %
	Master	4.62%	5.35%	5.32 %
	University/college	40.76%	41.97%	42.31 %
	High school	40.13%	38.96%	38.33 %
	High school and below	14.23%	13.51%	13.87 %

IV. Environmental protection expenditure

For losses (including damage awards due to environmental pollution and violation of environmental regulations as shown in the environmental protection assessment during the most recent fiscal year up to the date of publication of the annual report, the date, the number of the penalty, the violated regulation provision and content, and the penalty details shall be stated.) The expected amount that may be incurred at present and in the future, and countermeasures should also be disclosed. If it is not possible to provide such an estimate, an explanation of the reason why it is not possible should be provided.

Company name	Fine date	Fine document numbe	Violation details	Regulation details	Fine detail	Estimated amount and countermeasures that may occur at present and in the future
PANJIT International Inc.	2020.01.13	Gao-Shi-Huan-Ju-Shui-Chu-Zi No. 30-109-010017	Article 18 of the "Water Pollution Control Act" and Article 16 of the "Water Pollution Control Measures and Test Reporting Management Regulations"	Failed to record and monthly statistics of sludge production and storage volume	A fine of NT$12,500 and an environmental seminar for two hours	The Company records the amount of sludge produced and stored in the "Sewage Equipment Record Sheet" to comply with legal requirements
PAN-JIT ELECTRONICS (SHANDONG) CO., LTD.	2020.05.09	Zi-Huan-Fa-Zi [2020] No. 6	Article 83, Paragraph 2 of the "Water Pollution Control Act of the People's Republic of China"	The fluoride in the total discharge of wastewater exceeds the discharge standard of water pollutants	A fine of RMB 200,000	Special remediation of sewage, reconstruction and construction of sewage ponds, adding relevant sewage equipment and corresponding projects, the remediation amount is about RMB 2 million.

V. Labor relations:

(i) 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 welfare measures and their implementation status:

A. Establish an employee welfare committee and regularly organize employee tours, grant wedding and funeral subsidies, scholarships, grants for injury and illness, three festival gifts, and group insurance for major illnesses of employees.

B. Labor insurance, health insurance, various childbirth, injury, medical care, disability, old age, death and other benefits and benefits shall be handled in accordance with relevant labor laws and regulations.

C. The company’s festive gifts prioritize the products of public welfare units, so as to combine the welfare of employees with the social responsibility of giving back.

D. Settlement at the end of each quarter, if the operating goals set by the company for the quarter are reached, performance bonuses will be issued based on individual performance. In addition, after settlement at the end of the year, depending on the company's operating conditions and the results of individual performance appraisal of employees, year-end bonuses will be issued before the Spring Festival.

E. According to the provisions of the company law and the company's articles of association, if the company makes a profit during the year, in addition to the accumulated losses, it shall reserve a supplementary amount in advance, and shall allocate no less than 6% of the pre-tax net profit as employee remuneration.

(2) The training system and its implementation status:

Reward employees for further studies, set up a scholarship and bursary system, and issue different language allowances for English certification.

(3) Training system and its implementation situation:

A. Put forward the education and training needs according to the department, and prepare the annual education and training plan according to the company's development goals and strategies. It is then to implement and review based on it, and evaluate the effectiveness of the staff, and make timely corrections if it is out of time.

B. Training courses for the promotion and refinement of department heads’ management functions are held in a project manner to strengthen organizational and leadership skills.

C. During the period of pandemic control, in order to strengthen the thinking and management skills of team members, provide books and newspapers and e-news related to the latest management information, so that relevant team members can learn and obtain the latest management information in time.

D. The employee's further education and training expenditure in FY2020 is about NT$400 thousand. The number of training and training hours and course content are as follows:

Course category	Total hours	Course category	Total hours
Business management	315	Quality system	406
Production engineering	27,213	Industrial and environmental safety	1,838
Information technology	262	Others	89

(Note) The number of hours is based on the combined statistics of internal and external training.

(4) Retirement system and its implementation situation:

A. Since July 1, 2005, for those who choose to apply the Labor Pension Regulations, the Company will make monthly payment in accordance with the ratio prescribed by the law (6% of monthly withholding salary based on Labor Pension Monthly Withdrawal Grading Table).

For senior employees of the old pension system, according to the ratio stipulated in Article 56 Item 1 of the Labor Standards Act (2% of the total monthly salary of the worker), the labor retirement reserve fund shall be allocated to the special account for storage on a monthly basis.

In addition, for those who meet the retirement requirements of Article 53 or Article 54 of the Labor Standards Act in that year, the pension funds have been allocated in full to the special account for labor retirement reserves since 2016. The calculation of pension is based on the average salary (full salary and overtime pay) of the employee in the past six months. The 2020-year old system of seniority workers' pensions has been fully allocated before the end of March.

B. The Company's applicable regulations in accordance with the Labor Standards Act and Labor Pension Regulations are as follows:

a. Self-retired:

Workers can request retirement if they have one of the following circumstances:

(For those who choose to apply the Labor Pension Regulations, they shall be handled in accordance with the provisions of the same regulations)

.Those who have worked for more than 15 years and are at least 55 years old.

.Those who have worked for more than 25 years.

.Those who have worked for more than ten years and have reached the age of sixty.

b. Mandatory retirement:

The Company shall not force employees to retire if they are not in one of the following circumstances:

.Those who are sixty-five years old or older.

.The physically and mentally handicapped is not up to the competent worker

As for the age specified in the first paragraph of the preceding paragraph, the Company may report to the central competent authority for adjustments to workers with special characteristics such as dangerous and strong physical strength. But it must not less than fifty-five years old.

c. Retirement payment standard:

I.Working years before and after the application of the Labor Standards Act and the choice to continue to apply the "Labor Standards Act" pension provisions according to the Labor Pension Regulations or retain the working years before the application of the Labor Pensions Regulations, the pension payment standard is in accordance with the Labor Standards Act Article 55 and Article 84 bis shall be counted.

II.For employees who have the working years of the preceding paragraph and compulsorily retire in accordance with the paragraph one subparagrapg two of Article 54 of the Labor Standards Act, whose physical and mental disabilities are caused by the performance of their duties, in accordance with paragraph one subparagraph one of Article 55 of the Labor Standards Actstipulates an increase of 20%.

III.For employees who are subject to the pension regulations of the Labor Pension Regulations, the Company pays 6% of their wages to the employee's individual pension account on a monthly basis.

d. Pension payment:

The Company shall pay employees’ pensions within 30 days of the employee’s retirement.

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

Any new or revised measures related to labor relations between the Company and its subsidiaries have been fully communicated between labor and management, so there is no dispute.

The Company has established a "Corporate Social Responsibility Communication Management Procedure" in the RBA system, which specifies the channels and procedures for employee complaints and has a dedicated unit to accept complaints. In addition, it also drafted the "Stakeholders’ Suggestions and Appeals Management Measures" and set up a special area for stakeholders on the company’s website. Provide a complaint mailbox as a channel for employees to safeguard their rights and interests. Other subsidiaries regularly communicate with labor representatives through labor-management meetings and actively promote labor-management harmony.

(II) Losses incurred due to labor disputes in the most recent fiscal year and as of the publication date of the annual report (including labor inspection results that violate the Labor Standards Act, The date of punishment, the font size of the punishment, the violation of the provisions of the regulations, the content of the violation, and the content of the punishment should be listed), It also reveals the estimated amount and corresponding measures that may occur at present and in the future, If it cannot be reasonably estimated, the facts that it cannot be reasonably estimated shall be stated:

Fine date	Fine document number	Violation details	Regulation details	Fine detail	Estimated amount and countermeasures that may occur at present and in the future
2020.03.16	Kaohsiung City Lao Tiao Zi No. 10931683300	Article 36 of the Labor Standards Act	There should be at least 1 day off every 7 days	Fine of NT$50,000	We have adopt proactive advocacy, conduct legal advocacy training for unit supervisors, and let supervisors understand relevant laws and regulations. It is also equipped with a system, supplemented by a pre-warning mechanism for extending working hours. Combination of active and passive methods are introduced for risk control to achieve zero illegality as the only goal.

VI. Important contracts

The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year.

Corporation	Contract nature	Parties:	Indenture Starting date of lease	Main content	Restriction clause
PANJIT International Inc.	Syndicated loans	Land bank and a total of 16 financial institutions	2018.10.17 ~ 2023.10.17	Sydicated loan line of NT$5 billion.	Before the debts are fully paid off during the duration of the contract, the Company's annual consolidated financial statements must maintain: a. The current ratio shall not be less than 100% b. The debt ratio shall not be higher than 200%

Corporation	Contract nature	Parties:	Indenture Starting date of lease	Main content	Restriction clause
					c.The interest coverage must not be less than 2.5 times d.The tangible net value shall not be less than NT$5.3 billion or its equivalent in US dollars.
	Taiwanese businessmen return to Taiwan investment project loan credit contract	Taishin Bank	2019.12.6 ~ 2026.12.5	The mid-term loan amount is NT$0.6 billion.	No restrictive covenants
	Taiwanese businessmen return to Taiwan investment project loan credit contract	Chang Hwa Bank	2020.1.16 ~ 2027.1.15	The mid-term loan amount is NT$0.9 billion.	No restrictive covenants
	Taiwanese businessmen return to Taiwan investment project loan credit contract	First Commercial Bank	2020.1.16 ~ 2027.1.15	The mid-term loan amount is NT$1.5 billion.	No restrictive covenants
	Taiwanese businessmen return to Taiwan investment project loan credit contract	Land bank	2020.2.27 ~ 2026.11.15	The mid-term loan amount is NT$1.0 billion.	No restrictive covenants
PAN-JIT ASIA INTERNATIONAL INC.	Syndicated loans	First Commercial Bank and a total of 17 financial institutions	2018.10.17 ~ 2023.10.17	Signed a syndicated loan of USD 66,000 thousand	During the entire credit period, the annual and semi-annual consolidated financial statements of PANJIT Co., Ltd. must maintain: a. The current ratio shall not be less than 100% b. The debt ratio shall not be higher than 200% c. The interest coverage must not be less than 2.5 times d. The net value shall not be less than NT$5.3 billion or its equivalent in US dollars.

Chapter 6 Financial Summary

I. Condensed balance sheet and statement of comprehensive income in the five most recent fiscal years

(I) Condensed balance sheet and statement of comprehensive income - International Financial Reporting Standards (IFRS)

1. Condensed balance sheet (consolidated) - International Financial Reporting Standards (IFRS)

Units: NT$ thousands

Items \ Fiscal year		Financial statements for the past five fiscal years (Note 1)				
		FY2016	FY2017	FY2018	FY2019	FY2020
Current asset		7,939,252	8,242,922	7,859,846	8,477,139	9,702,274
Property, plant, and equipment (Note 2)		7,443,406	6,349,295	5,279,567	3,165,965	3,691,739
Right-of-use assets		-	-	-	1,349,181	1,348,980
Intangible assets		640,353	306,975	332,043	328,967	253,937
Other assets (Note 2)		3,974,182	4,839,250	2,278,980	2,100,844	2,761,088
Total assets		19,997,193	19,738,442	15,750,436	15,422,096	17,758,018
Current Liabilities	Before distribution	4,478,449	5,752,976	4,876,304	5,044,193	5,268,736
	After distribution	4,848,244	5,752,976	5,061,201	5,393,649	5,766,908
Non-current liabilities		7,311,592	6,753,797	4,191,598	4,004,032	5,242,550
Total liabilities	Before distribution	11,790,041	12,506,773	9,067,902	9,048,225	10,511,286
	After distribution	12,159,836	12,506,773	9,252,799	9,397,681	11,009,458
Equity attributable to owners of	Before distribution	6,749,493	5,999,892	6,515,838	6,248,695	7,099,421

Items \ Fiscal year		Financial statements for the past five fiscal years (Note 1)				
		FY2016	FY2017	FY2018	FY2019	FY2020
parent company	After distribution	6,379,698	5,999,892	6,330,941	5,899,239	6,601,249
Capital stock		3,697,944	3,697,944	3,697,944	3,328,149	3,328,149
Capital surplus	Before distribution	2,348,607	2,202,190	2,196,674	2,202,946	2,196,674
	After distribution	2,200,689	2,202,190	2,196,674	2,202,946	2,196,674
Retained earnings	Before distribution	967,301	372,463	1v,146,252	1,434,837	1,972,194
	After distribution	745,424	372,463	961,355	1,085,381	1,474,022
Other equities		(264,359)	(272,705)	(525,032)	(717,237)	(381,089)
Treasury stock		-	-	-	-	(16,507)
Non-controlling interests		1,457,659	1,231,777	166,696	125,176	147,311
Equity Total Sum	Before distribution	8,207,152	7,231,669	6,682,534	6,373,871	7,246,732
	After distribution	7,837,357	7,231,669	6,497,637	6,024,415	6,748,560

* If the company prepares an parent company only financial report, it shall separately prepare a condensed balance sheet and a statement of comprehensive income for the individual for the most recent five fiscal years.

Note 1: the annual financial statements are reviewed and verified by the CPAs.

Note 2: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

Note 3: No asset reassessment has been conducted in each fiscal year above.

Note 4: The cash dividend distribution proposal for FY2020 was approved by the Board of Directors. It shall be presented in the FY2021 annual general meeting.

2. Condensed statement of comprehensive income (consolidated) - International Financial Reporting Standards (IFRS)

Units: NT$ thousands

Fiscal year / Items	Financial statements for the past five fiscal years (Note 1)				
	FY2016	FY2017	FY2018	FY2019	FY2020
Operating revenue	12,867,730	11,894,196	11,365,605	9,142,650	10,485,100
Gross profit	2,596,214	2,658,101	2,537,743	1,921,610	2,446,772
Operating profit and loss	785,499	943,032	932,455	628,410	992,083
Non-operating income and expenditure	178,400	(746,794)	20,261	(27,838)	39,051
Profit before tax	963,899	196,238	952,716	600,572	1,031,134
Continuing operations Net income	739,233	(172,616)	842,531	503,012	900,541
Loss from discontinued operation	0	0	0	0	0
Net income (loss)	739,233	(172,616)	842,531	503,012	900,541
Other comprehensive income (after tax)	(373,033)	(238,013)	(326,531)	(209,208)	348,788
Total comprehensive income	366,200	(410,629)	516,000	293,804	1,249,329
Net Income Attributable to Owners of the parent company	605,238	(339,290)	891,741	530,209	897,435
Profit attributable to non-controlling interests	133,995	166,674	(49,210)	(27,197)	3,106
Total comprehensive income attributable to Owners of the parent company	263,332	(366,069)	739,442	333,031	1,226,597
Total comprehensive income attributable to Non-controlling interests	102,868	(44,560)	(223,442)	(39,227)	22,732
Earnings per share	1.66	(0.92)	2.41	1.50	2.70

* If the company prepares an parent company only financial report, it shall separately prepare a condensed balance sheet and a statement of comprehensive income for the individual for the most recent five fiscal years.

Note 1: the annual financial statements are reviewed and verified by the CPAs.

Note 2: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

Note 3: The loss of the suspended business unit is presented as the net amount after deducting income tax.

3. Condensed balance sheet (parent company only) - International Financial Reporting Standards (IFRS)

Units: NT$ thousands

Items \ Fiscal year		FY2016	FY2017	FY2018	FY2019	FY2020
		Financial statements for the past five fiscal years (Note 1)				
Current asset		2,361,571	2,973,449	3,616,515	2,989,914	3,741,049
Property, plant, and equipment (Note 2)		1,731,416	1,711,151	1,805,856	1,892,469	2,524,877
Right-of-use assets		-	-	-	6,894	27,837
Intangible assets		27,181	33,974	44,450	51,975	77,792
Other assets (Note 2)		7,460,571	7,280,875	6,632,075	7,149,702	8,253,162
Total assets		11,580,739	11,999,449	12,098,896	12,090,954	14,624,717
Current Liabilities	Before distribution	2,282,389	2,854,581	3,216,970	3,220,923	3,802,991
	After distribution	2,652,184	2,854,581	3,401,867	3,570,379	4,301,163
Non-current liabilities		2,548,857	3,144,976	2,366,088	2,621,336	3,722,305
Total liabilities	Before distribution	4,831,246	5,999,557	5,583,058	5,842,259	7,525,296
	After distribution	5,201,041	5,999,557	5,767,955	6,191,715	8,023,468
Equity attributable to owners of parent company	Before distribution	6,749,493	5,999,892	6,515,838	6,248,695	7,099,421
	After distribution	6,379,698	5,999,892	6,330,941	5,899,239	6,601,249
Capital stock		3,697,944	3,697,944	3,697,944	3,328,149	3,328,149

Items \ Fiscal year		Financial statements for the past five fiscal years (Note 1)				
		FY2016	FY2017	FY2018	FY2019	FY2020
Capital surplus	Before distribution	2,348,607	2,202,190	2,196,674	2,202,946	2,196,674
	After distribution	2,200,689	2,202,190	2,196,674	2,202,946	2,196,674
Retained earnings	Before distribution	967,301	372,463	1,146,252	1,434,837	1,972,194
	After distribution	745,424	372,463	961,355	1,085,381	1,474,022
Other equities		(264,359)	(272,705)	(525,032)	(717,237)	(381,089)
Treasury stock		0	0	0	0	(16,507)
Non-controlling interests		0	0	0	0	0
Equity Total Sum	Before distribution	6,749,493	5,999,892	6,515,838	6,248,695	7,099,421
	After distribution	6,379,698	5,999,892	6,330,941	5,899,239	6,601,249

Note 1: the annual financial statements are reviewed and verified by the CPAs.
Note 2: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.
Note 3: No asset reassessment has been conducted in each fiscal year above.
Note 4: The cash dividend distribution proposal for FY2020 was approved by the Board of Directors. It shall be presented in the FY2021 annual general meeting.

4. Condensed statement of comprehensive income (parent companly only) - International Financial Reporting Standards (IFRS)

Units: NT$ thousands

Fiscal year / Items	Financial statements for the past five fiscal years (Note 1)				
	FY2016	FY2017	FY2018	FY2019	FY2020
Operating revenue	5,515,884	5,999,664	6,837,612	5,941,910	6,710,919
Gross profit	997,310	1,111,975	1,479,693	1,209,113	1,335,827
Operating profit and loss	407,803	504,713	789,638	544,938	493,790
Non-operating income and expenditure	298,825	(720,025)	159,763	65,873	449,634
Profit before tax	706,628	(215,312)	949,401	610,811	943,424
Continuing operations Net income	605,238	(339,290)	891,741	530,209	897,435
Loss from discontinued operation	0	0	0	0	0
Net income (loss)	605,238	(339,290)	891,741	530,209	897,435
Other comprehensive income(after tax)	(341,906)	(26,779)	(152,299)	(197,178)	329,162
Total comprehensive income	263,332	(366,069)	739,442	333,031	1,226,597
Net income attributable to Owners of the parent company	605,238	(339,290)	891,741	530,209	897,435
Profit attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to Owners of the parent company	263,332	(366,069)	739,442	333,031	1,226,597
Total comprehensive income attributable to Non-controlling interests	0	0	0	0	0
Earnings per share	1.66	(0.92)	2.41	1.50	2.70

Note 1: the annual financial statements are reviewed and verified by the CPAs.

Note 2: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

Note 3: The loss of the suspended business unit is presented as the net amount after deducting income tax.

(II) Name of CPAs and Audit Opinions for the Last Five Fiscal Years

Fiscal year	Name of accounting firm	Name of CPA	Opinion
FY2016	Ernst & Young Taiwan	LI, FANG-WEN; LIN, HONG-GUANG	Unqualified opinion
FY2017	Ernst & Young Taiwan	LI, FANG-WEN; LIN, HONG-GUANG	Unqualified opinion
FY2018	Ernst & Young Taiwan	CHEN, ZHENG-CHU; LI, FANG-WEN	Unqualified opinion with emphasis of matter paragraph
FY2019	Ernst & Young Taiwan	TU, JIA-LING; TU, JIA-LING	Unqualified opinion with emphasis of matter paragraph
FY2020	Ernst & Young Taiwan	TU, JIA-LING; TU, JIA-LING	Unqualified opinion

II. Financial Analyses for the Past Five Fiscal Years

(I) Financial analysis - International Financial Reporting Standards (IFRS)

1. Finacial analysis (consolidated) - International Financial Reporting Standards (IFRS)

Items of analysis \ Fiscal year		Financial analysis of the recent five fiscal years (Note 1)				
		FY2016	FY2017	FY2018	FY2019	FY2020
Financial structure (%)	Debt to assets ratio	58.96	63.36	57.57	58.67	59.19
	Proportion of long-term capitals to property, plant, and equipment	208.49	220.27	205.97	229.85	247.77
Debt service ability(%)	Current ratio	177.28	143.28	161.18	168.06	184.15
	Quick ratio	132.51	101.90	116.84	133.37	150.97
	Interest coverage ratio	5.57	2.34	7.75	8.10	13.77
Operating ability	Receivables turnover (cycle)	2.90	2.71	2.88	2.62	2.87
	Average collection days	126	135	127	139	127
	Inventory turnover (cycle)	5.13	4.53	4.17	3.95	4.94
	Payables turnover (cycle)	6.42	4.50	4.62	4.45	4.21
	Average days of sales	71	81	88	92	74
	Property, plant, and equipment turnover (cycle)	1.67	1.72	1.95	1.87	2.19
	Total assets turnover (cycle)	0.63	0.60	0.64	0.59	0.63
Profitability	Return on asset (%)	4.49	(0.26)	5.38	3.66	5.82
	Return on equity (%)	9.21	(2.24)	12.11	7.71	13.22
	Ratio of net income before tax to paid-in capital (%) (Note 7)	26.07	5.31	25.76	18.05	30.98
	Profit margin (%)	5.74	(1.45)	7.41	5.50	8.59
	Earnings per share (NT$)	1.66	(0.92)	2.41	1.50	2.70
Cash flow	Cash flow ratio (%)	57.64	37.17	37.64	14.71	33.71
	Allowable cash flow ratio (%)	142.63	127.90	147.52	151.20	155.44
	Cash reinvestment ratio (%)	9.19	8.02	9.27	3.18	7.09
Leverage	Operating leverage	5.70	4.93	4.31	5.20	3.59
	Financial leverage	1.37	1.18	1.18	1.16	1.09

Please explain the reasons for changes in various financial ratios in the last two years. (If the changes does not reach 20%, the analysis can be exempted)

1. Interest coverage ratio: improved over the same period last year. It is mainly due to the strong market demand for diodes and good sales conditions, the profit in the current period increased compared with the previous period.
2. Inventory turnover and average sales days: improved over the same period last year. The reason is the same as description 1 above. It is due to the good sales in the current period and

the decrease in inventory.

3. Profitability ratios: increase compared with the same period last year. The reason is the same as description 1 above. The profit in the current period increased compared with the previous period.
4. Cash reinvestment ratio: increased from the same period last year. It is mainly due to the good sales in the current period and the increase in cash inflow from operating activities compared with the previous period.
5. Operating leverage: decrease compared to the same period last year. The reason is the same as description 1 above. The operating profit of the current period has increased compared with the previous period.

* If the company has an individual financial report, it should also prepare an analysis of the company's individual financial ratio.

Note 1: the annual financial statements are reviewed and verified by the CPAs.

Note 2: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

Note 3: Calculation formula:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets
   (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment
2. Debt service ability
   (1) Current ratio = Current assets/Current liabilities
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities
   (3) Times interest earned ratio = Earnings before interest and taxes/Interest expenses
3. Operating ability
   (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)
   (2) Average days for cash receipts = 365/Accounts receivable turnover
   (3) Inventory turnover rate= Cost of sales/Average inventory
   (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)
   (5) Average days for sale of goods = 365/Inventory turnover
   (6) Turnover rate for property, plant and equipment = Net sales/Average net property, plant, and equipment
   (7) Total asset turnover rate = Net sales/Average total assets
4. Profitability
   (1) Asset return ratio = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets
   (2) Equity return ratio = Profit or loss after tax/Average total equity
   (3) Net profit ratio = Profit or loss after tax/Net sales
   (4) Earnings per share = (Income attributable to owners of parent company - Preferred shares dividends)/Weighted average number of shares issued (Note 4)
5. Cash flow
   (1) Cash flow ratio = Net Cash flow from operating activities/Current liabilities
   (2) Cash flow sufficiency ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital) (Note 5)
6. Leverage:
   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income (Note 6)
   (2) Financial leverage = Operating income/(Operating income - Interest expenses)

Note 4: The formula for calculating the earnings per share above shall pay special attention to the following matters when measuring:

1. Based on the weighted average number of ordinary shares, rather than the number of issued shares at the end of the year.
2. For those who have cash capital increase or treasury stock trading, the weighted average number of shares should be calculated in consideration of the circulation period.
3. Where there is a capital increase from surplus or a capital increase from capital reserves, when calculating the earnings per share of previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the period of the issuance of the capital increase.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (regardless of whether they are paid) should be deducted from the net profit after tax or increase the net loss after tax. If the special stock is non-cumulative, in the case of net profit after tax, the dividend of the special stock shall be deducted from the net profit after tax; if it is a loss, no adjustment is necessary.

Note 5: The following items should be paid special attention to when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the amount of cash outflow from capital investment each year.
3. The increase in inventory is only included when the ending balance is greater than the beginning balance. If the inventory decreases at the end of the year, it will be calculated as zero.
4. Cash dividends include cash dividends for ordinary shares and special shares.
5. Gross real property, plant and equipment refers to the total amount of real property, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses as fixed and variable according to their nature. If estimates or subjective judgments are involved, they should pay attention to their reasonableness and maintain consistency.

Note 7: The company's stocks have no denomination or the denomination per share is not NT$10. The calculation of the ratio of paid-in capital in the previous issue will be calculated based on the equity ratio attributable to the owner of the parent company on the balance sheet.

2. Financial analysis (parent company only) - International Financial Reporting Standards (IFRS)

Items of analysis / Fiscal year		Financial analysis of the recent five fiscal years (Note 1)				
		FY2016	FY2017	FY2018	FY2019	FY2020
Financial structure (%)	Debt to assets ratio	41.72	50.00	46.15	48.32	51.46
	Proportion of long-term capitals to property, plant, and equipment	537.04	534.43	491.84	468.70	423.93
Debt service ability(%)	Current ratio	103.47	104.16	112.42	92.83	98.37
	Quick ratio	77.05	70.06	76.36	62.22	73.30
	Interest coverage ratio	14.84	(3.01)	15.85	11.97	18.26
Operating ability	Receivables turnover (cycle)	3.42	3.59	3.70	3.33	3.69
	Average collection days	107	102	99	110	99
	Inventory turnover (cycle)	7.09	6.44	5.22	4.67	5.99
	Payables turnover (cycle)	4.49	4.17	4.53	5.50	7.55
	Average days of sales	51	57	70	78	61
	Property, plant, and equipment turnover (cycle)	3.00	3.49	3.89	3.21	3.01
	Total assets turnover (cycle)	0.50	0.51	0.57	0.49	0.50
Profitability	Return on asset (%)	5.86	(2.50)	7.83	4.75	7.05
	Return on equity (%)	8.87	(5.32)	14.25	8.31	13.45
	Ratio of net income before tax to paid-in capital (%) (Note 7)	19.11	(5.82)	25.67	18.35	28.35
	Profit margin (%)	10.97	(5.66)	13.04	8.92	13.37
	Earnings per share (NT$)	1.66	(0.92)	2.41	1.50	2.70
Cash flow	Cash flow ratio (%)	46.57	21.72	20.74	28.33	16.43
	Allowable cash flow ratio (%)	103.21	76.62	67.65	59.76	56.61
	Cash reinvestment ratio (%)	5.65	1.91	5.12	5.59	1.81
Leverage	Operating leverage	3.95	3.68	2.90	3.62	3.97
	Financial leverage	1.14	1.12	1.09	1.11	1.12

Please explain the reasons for changes in various financial ratios in the last two years. (If the changes does not reach 20%, the analysis can be exempted)

1. Interest coverage ratio: improved over the same period last year. It is mainly due to the strong market demand for diodes and good sales conditions, the profit in the current period increased compared with the previous period.
2. Inventory turnover and average sales days: improved compared with the same period last year, and the reason is the same as description 1 above. It is due to the good sales in the current period and the decrease in inventory.

3. Payables turnover: increased compared with the same period last year. The reason is the same as description 1 above. Because the sales in the current period are in good condition, the cost of goods sold has increased, and the average payables in the current period has decreased compared with the previous period.
4. Profitability ratios: increase compared with the same period last year. The reason is the same as description 1 above. The profit in the current period increased compared with the previous period.
5. Cash flow ratio: Decrease compared with the same period last year It was mainly due to the decrease in cash inflow from operating activities during the current period compared with the previous period, and the company's capital loans to subsidiaries, resulting in an increase in current liabilities compared with the previous period.
6. Cash reinvestment ratio: a decrease from the same period last year, mainly due to the decrease in cash inflow from operating activities during the current period compared with the previous period.

Note 1: the annual financial statements are reviewed and verified by the CPAs.

Note 2: As of the date of publication of the annual report, there is no recent financial information verified by CPAs.

Note 3: Calculation formula:

1. Financial structure
   (1) Debt ratio = Total liabilities/Total assets
   (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + Non-current liabilities)/Net property, plant, and equipment
2. Debt service ability
   (1) Current ratio = Current assets/Current liabilities
   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities
   (3) Times interest earned ratio = Earnings before interest and taxes/Interest expenses
3. Operating ability
   (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)
   (2) Average days for cash receipts = 365/Accounts receivable turnover
   (3) Inventory turnover rate= Cost of sales/Average inventory
   (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)
   (5) Average days for sale of goods = 365/Inventory turnover
   (6) Turnover rate for property, plant and equipment = Net sales/Average net property, plant, and equipment
   (7) Total asset turnover rate = Net sales/Average total assets
4. Profitability
   (1) Asset return ratio = [Profit or loss after tax + Interest expenses × (1 - Tax rate)]/Average total assets
   (2) Equity return ratio = Profit or loss after tax/Average total equity
   (3) Net profit ratio = Profit or loss after tax/Net sales
   (4) Earnings per share = (Income attributable to owners of parent company - Preferred shares dividends)/Weighted average number of shares issued (Note 4)
5. Cash flow
   (1) Cash flow ratio = Net Cash flow from operating activities/Current liabilities
   (2) Cash flow sufficiency ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years
   (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital) (Note 5)
6. Leverage:
   (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income (Note 6)

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

Note 4: The formula for calculating the earnings per share above shall pay special attention to the following matters when measuring:

1. Based on the weighted average number of ordinary shares, rather than the number of issued shares at the end of the year.
2. For those who have cash capital increase or treasury stock trading, the weighted average number of shares should be calculated in consideration of the circulation period.
3. Where there is a capital increase from surplus or a capital increase from capital reserves, when calculating the earnings per share of previous years and half-years, retrospective adjustments should be made according to the capital increase ratio, regardless of the period of the issuance of the capital increase.
4. If the special shares are non-convertible cumulative special shares, the dividends for the current year (regardless of whether they are paid) should be deducted from the net profit after tax or increase the net loss after tax. If the special stock is non-cumulative, in the case of net profit after tax, the dividend of the special stock shall be deducted from the net profit after tax. If it is a loss, no adjustment is necessary.

Note 5: The following items should be paid special attention to when measuring cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the amount of cash outflow from capital investment each year.
3. The increase in inventory is only included when the ending balance is greater than the beginning balance. If the inventory decreases at the end of the year, it will be calculated as zero.
4. Cash dividends include cash dividends for ordinary shares and special shares.
5. Gross real property, plant and equipment refers to the total amount of real property, plant and equipment before deduction of accumulated depreciation.

Note 6: The issuer should classify various operating costs and operating expenses as fixed and variable according to their nature. If estimates or subjective judgments are involved, attention should be paid to their reasonableness and consistency.

Note 7: The company's stocks have no denomination or the denomination per share is not NT$10. The calculation of the ratio of paid-in capital in the previous issue will be calculated based on the equity ratio attributable to the owner of the parent company on the balance sheet.

III. Audit Committee Report for the most recent fiscal year's financial statement: detailed in Appendix I.

IV. Financial statements in the most recent fiscal year (consolidated): detailed in Appendix II.

V. The Company's parent company only financial statements audited and attested by CPAs in the most recent fiscal year: detailed in Appendix III.

VI. In the most recent fiscal year and up to the date of publication of the annual report, any financial difficulties experienced by the Company or its affiliates and how said difficulties will affect the Company's financial situation: None.

Chapter 7 Review and Analysis of Financial Condition and Performance and Relevant Risk Events

I. Financial Condition:

The main reasons and effects of major changes in assets, liabilities and shareholders' equity in the last two years

Units: NT$ thousands

Fiscal year / Items	FY2020	FY2019	Variance	
			Amount	%
Current asset	9,702,274	8,477,139	1,225,135	14.45
Property, Plant, and Equipment	3,691,739	3,165,965	525,774	16.61
Right-of-use assets	1,348,980	1,349,181	(201)	(0.01)
Intangible assets	253,937	328,967	(75,030)	(22.81)
Other assets	2,761,088	2,100,844	660,244	31.43
Total assets	17,758,018	15,422,096	2,335,922	15.15
Current Liabilities	5,268,736	5,044,193	224,543	4.45
Non-current liabilities	5,242,550	4,004,032	1,238,518	30.93
Financing activities	10,511,286	9,048,225	1,463,061	16.17
Equity attributable to owners of parent company	7,099,421	6,248,695	850,726	13.61
Capital stock	3,328,149	3,328,149	-	-
Capital surplus	2,196,674	2,202,946	(6,272)	(0.28)
Retained earnings	1,972,194	1,434,837	537,357	37.45
Other equities	(381,089)	(717,237)	336,148	46.87
Treasury stock	(16,507)	-	(16,507)	(100.00)
Non-controlling interests	147,311	125,176	22,135	17.68
Total equity	7,246,732	6,373,871	872,861	13.69

1. Analysis and explanation of the increase and decrease ratio:
   (1) Intangible assets decreased compared with the same period last year, It was mainly due to the deduction of NT$40,916 thousand from the goodwill of Wuxi Sumnergy, a subsidiary of the diode business group, in the current year.
   (2) Other assets increased from the same period last year. It was mainly due to the increase of NT$386,426 thousand in financial assets assessment adjustments measured by fair value through other comprehensive gains and losses, and the Company's expansion of production capacity and investment in 8-inch wafer fabs in order to strengthen the automotive and industrial product markets, resulting in an increase of NT$305,709 thousand prepaid equipment caused.
   (3) Non-current liabilities increased from the same period last year. It was mainly due to the increase in long-term borrowings by NT$1,232,536 thousand in response to capital expenditure requirements.

(4)The retained surplus increased over the same period last year. It was mainly due to the steady growth of the profits of the diode business group.

(5) Other equity increased over the same period last year. It was mainly due to the rise in the Taiwan stock market this year and the increase in unrealized benefits of financial assets measured at fair value through other comprehensive gains and losses.

(6) Treasury stocks are subscribed by employees. The company bought back treasury stocks to motivate employees this year.

2. Influence: no significant influence.

3. Future countermeasures: none.

II. Financial Performance

(1) The main reason for the major changes in operating income, operating net profit and pre-tax net profit in the last two years.

Units: NT$ thousands

Items \ Fiscal year	FY2020	FY2019	Increase (decrease) amount	Variable proportion
Operating revenue	10,485,100	9,142,650	1,342,450	14.68
Operating cost	8,038,328	7,221,040	817,288	11.32
Gross profit	2,446,772	1,921,610	525,162	27.33
Operating expense	1,454,689	1,293,200	161,489	12.49
Operating income (loss)	992,083	628,410	363,673	57.87
Non-operating income and expenditure	39,051	(27,838)	66,889	240.28
Profit before tax (net loss)	1,031,134	600,572	430,562	71.69
Net income (loss) of continuing operations	900,541	503,012	397,529	79.03
Net Income (net loss)	900,541	503,012	397,529	79.03
Other comprehensive income of the current period (net after tax)	348,788	(209,208)	557,996	266.72
Total comprehensive income	1,249,329	293,804	955,525	325.23
Profit attributable to owners of the parent company	897,435	530,209	367,226	69.26
Profit attributable to non-controlling interests	3,106	(27,197)	30,303	111.42
Total comprehensive income attributable to owners of the	1,226,597	333,031	893,566	268.31
Total comprehensive income attributable to non-controlling interests	22,732	(39,227)	61,959	157.95
Earnings per share	2.70	1.50	1.20	80.00

Analysis and explanation of the increase and decrease ratio:

1. Operating gross profit and operating profit increased compared with the previous year, it is mainly due to the steady growth of profits of the diode business group.
2. Non-operating income and expenses have changed from last year's net loss to this year's net profit. It is mainly due to investment in financial products, interest income increased by NT$49,062 thousand compared to last year, and Pynmax, a subsidiary of the diode business group, received NT$35,677 thousand of fire insurance claims.
3. The net profit before tax, the net profit for the current period and the net profit for the current period of business units increased compared with the previous year, mainly due to the impact of the description 1. and 2 above.
4. Other comprehensive income (net amount after tax) this year increased compared with last year.

It was mainly due to the RMB rebound in the second half of this year, which reduced the conversion loss of foreign operating institutions' financial statements by NT$176,308 thousand compared with last year, and the rise in the Taiwan stock market this year, which made the investment in equity instruments measured at fair value through other comprehensive gains and losses failed. This was due to an increase of NT$430,238 thousand in the assessment gains and losses compared with the previous year.

5. This year's total comprehensive income, net profit attributable to the owners of the parent company, total comprehensive income attributable to the owners of the parent company, earnings per share increased compared with the previous year, the reasons are the same as description 1, 2. and 4 above.
6. Net profit attributable to non-controlling interests increased compared to last year. It was mainly due to the increase in the net profit of non-controlling interests in the solar energy business group by NT$2,660 thousand, the increase in the net profit of non-controlling interests in the subsidiary of the diode business group Pynmax and Shandong PANJIT by NT$21,077 thousand, and the decrease in the net loss of the non-controlling interests in Wuxi Sumnergy, a subsidiary of other business groups by NT$3,931 thousand.
7. The total comprehensive profit and loss attributable to non-controlling interests has increased compared to last year, and the reason is the same as that of the description 4 above.

(2) The expected sales volume and its basis, and its possible impact on the company's future financial business and corresponding plans:

The expected sales volume is mainly derived from the future and the estimated market demand growth. For relevant market research and analysis, please refer to the future supply and demand status and growth of the market (detailed on page 82 of this annual report).

III. Cash flow statement:

(I) Analysis and explanation of changes in cash flow in recent years

Units: NT$ thousands

Open cash balance	Annual net cash flow (outgoing) inflow from operating activities	Annual net cash flow (in and out)	Effect of Exchange Rate Changes	Cash surplus (Insufficient) amount	Remedial measures for the shortfall in cash	
					Investment plan	Financial Planning
1,131,522	1,776,062	(761,907)	(197,898)	1,947,779	None	None

Analysis of changes in cash flow this year:

(1) Net cash inflow from operating activities is NT$1,776,062 thousand. It was mainly due to the steady growth of the profits of the diode business group.

(2) The net cash outflow from investment activities of NT$1,271,981 thousand was mainly due to the acquisition of real property, plant and equipment of NT$340,776 thousand and the increase of NT$1,106,283 thousand in advance for equipment during the period.

(3) Net cash inflow from financing activities was NT$510,074 thousand. It was mainly due to borrowing of long-term loans of NT$1,281,617 thousand, repayment of short-term loans of NT$296,468 thousand, and payment of cash dividends of NT$349,456 thousand.

To sum up, the cash flow (out) of the current period after adding exchange rate effects, the net cash inflow for the whole year is 816,257 thousand NT$.

(2) Improvement plan for insufficient liquidity

None.

(3) Cash flow analysis

Units: NT$ thousands

Opening cash balance	Estimated full-year net cash flow from operating activities	Estimated full-year net cash flow	(Insufficient) quantity of estimated balance of cash	Remedial measures for the anticipated shortfall in cash	
				Investment plan	Funding Program
1,947,779	2,500,000	(3,100,000)	1,347,779	None	None

Estimated future cash flow in the coming year:

It is estimated that the cash inflow from operating activities in the coming year will be approximately NT$約 2,500,000 thousand, In the coming year, it is expected that the cash outflow will increase by about NT$3,100,000 thousand due to the purchase of machinery and equipment, public acquisitions, etc., and the closing cash balance will be NT$1,347,779 thousand. There is no shortage of cash.

IV. Impact of material expenditures on the Company's finances and operations in the most recent fiscal year

The source of funds for major capital expenditures of the Company and its subsidiaries in the most recent year is mainly from net cash inflows generated from operating activities and part of the bank borrowings. The benefits of capital expenditures have already appeared in the growth of operating profits. Therefore, it has a positive impact on the company's financial business as a whole.

V. Company Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability, and Investment Plans for Coming Year

Description / Items	Investment policy	The main reason for profit or loss	Improvement Plan	Investment plan for the coming year
Diode business group Including: Pynmax Technology Co., Ltd., JOYSTAR INTERNATIONAL CO., LTD., PAN-JIT ASIA INTERNATIONAL INC., PAN JIT AMERICAS, INC., PANJIT Electronics (Wuxi) Co., Ltd., PANJIT Electronics (Beijing) Co., Ltd., Shandong PANJIT Electronic Technology Co., Ltd., PANJIT Electronics (Qufu) Co., Ltd., PAN-JIT INTERNATIONAL (HK) LTD., Suzhou Grande Electronics Limited company, CONTINENTAL LIMITED, PANJIT EUROPE GMBH, PANJIT KOREA CO.,LTD, DYNAMIC TECH GROUP LIMITED, Shenzhen Max Diode Limited company	Continuous brand cultivation and cost saving, Strengthen the investment of resources, improve the speed of new product development and the quality of products, Utilize packaging capacity and quality advantages to win customers from major international manufacturers of European, American, Japanese and Chinese first-tier brands.	The profit is mainly due to the steady growth in market demand for discrete components.	None	Will depend on the company's operating conditions
Solar energy business group Including: Aide Energy (CAYMAN) Holding Co.,Ltd, Aide Solar Energy (HK) Holding Limited, AIDE Energy Europe	Only solar power station in this business group, EC Solar C1 SRL, is still in operation. Its main manufacturing plant - Jiangsu Aide Solar Technology Co., Ltd. has closed its factory. The chairman of	The profit was mainly due to the stable profitability of the solar power station - EC Solar C1 SRL.	In the operation of Jiangsu Aide Solar Technology Co., Ltd., the management team tried hard to find a strategic partner but failed. The overall	Stop investment

Items \ Description	Investment policy	The main reason for profit or loss	Improvement Plan	Investment plan for the coming year
Coöperatie UA, AIDE Energy Europe BV, EC Solar C1 SRL, AIDE SOLAR USA INC., Jiangsu Aide Solar Technology Co. Ltd.	Jiangsu Aide was authorized to do the most beneficial disposal of the company's assets.		industrial environment continued to deteriorate, and operations fell sharply in 2017. The Company's Board of Directors resolved to reduce the scale of operations on January 12, 2018, and set forth asset impairment in accordance with International Accounting Standards (IAS) No. 36 Communiqué. The chairman of Jiangsu Aide was authorized to do the most beneficial disposal of the company's assets.	

VI. Risk:

(I) Effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

1. Effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

Units: NT$ thousands

Items	Profit and loss influence		Future countermeasures
	Subject	FY2020	
Interest rate	Financial cost	80,754	Regularly assess the interest rate of bank borrowings. In addition, to maintain close contact with the bank for a more favorable borrowing interest rate, it also adopts forward interest rate contracts to hedge risks based on actual needs.
Exchange rate	Net foreign exchange (loss) gain	(46,498)	The company paid close attention to exchange rate trends, and try to avoid risks as much as possible on the net position of foreign currency assets and liabilities. It is aied to control exchange gains and losses within a reasonable range.

2. Effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

   Under the government's policy of stabilizing the order of the financial market and maintaining stable prices, operations and profit and loss were limited to a limited extent by inflation in fiscal 2010 and up to the date of publication of the annual report. In the future, we will continue to pay close attention to the development of the economic situation, increase the company's revenue, and reduce the impact of inflation.

(II) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

1. The Company and its subsidiaries do not engage in high-risk, high-leverage investments.
2. The policy of the Company and its subsidiaries regarding fund lending to others and endorsement guarantees is handled in accordance with the Company's fund lending to others' operating procedures and endorsement guarantee measures.
3. The Company's and its subsidiaries' derivative commodity transaction policies are implemented in accordance with the Company's derivative commodity transaction processing procedures. Hedging transaction is the main transaction method. Because from the Company's standpoint, hedging is not absolutely necessary. Unless the benefit of hedging is greater than the cost of hedging, hedging behavior will create another burden.

(III) R&D work to be carried out in the future, and further expenditures expected for R&D work

Through forward-looking thinking, the Company combines industry trends and market trends. In the next few years, we will make great efforts to invest in R&D to enhance the advantages and market competitiveness of various products. The following is an explanation of the future R&D plan and estimated R&D expenses for the main product - rectifier diodes:

1. Future R&D plan:

(1) Low-voltage MOSFETs:

Make good use of internal resources and external strategic alliances. Through technical exchange and integration, develop a new double-gate structure process. In response to the demand for new smart power supplies, the power efficiency density will be improved.

(2) Mid voltage MOSFET:

A. 80V mid voltage products: Such standard components are used in telecom power supplies, server systems, and automotive 48V structures.

B. 60V mid voltage products: Such standard components are used in sever power, automotive 48V structures, cordless power tool, and brick power applications.

C. 150V mid voltage products: For demanding output applications, provide more customized products. Such standard components are used in telecom power, sever power, and automotive 48V structures.

(3) High voltage MOSFET:

A. Develop the second-generation super-junction 650V MOSFETs for fast switching. The anti-disturbance capability among the components of the system shall be improved.

B. Independently develop the second-generation super junction 600V and 650V MOSFETs. With fast recovery time (Fast Recovery) feature, increasing the competitiveness of series products.

(4) FRED:

A. Development of 2nd generation product. Further optimize the switching speed and forward conduction voltage trade off and EAS characteristics.

B. IGBT co-package FRED product development. Expand the existing FRED product line.

(5) IGBT:

Utilizing advanced photo/etching process and special backside thinning and buffer layer structure, design high cell density and optimized carrier distribution. It can achieve low turn-on voltage and high switching speed at the same time, and improve the ability of reverse blocking, voltage overshoot and EMI.

(6) SiC Schottky:

Independent design and develop the second generation of 650 / 1200V Schottky technology for improved performance.

(7) SiC MOSFET:

Development of SiC MOSFET with low on-resistance and compact chip size. Reducing capacitance and gate charge, which will provide higher efficiency and smaller form factors. This will provide higher efficiency and smaller form factors. Eliminating the tail current in the switch can speed up the operation. Reducing switching losses and improve reliability. SiC MOSFETs will allow designers to use fewer components and further reduce complexity.

(8) Schottky:

Continue improving and develop new planar high junction temperature structure (Tj=175C) 60/100/150/200V Low IR product line. Application in industrial computers with high power and temperature requirements and automotive control and automotive lighting systems.

(9) ESD Array TVS:

A. Develop a new process in ESD array to reduce Cj (<0.15pF) and increase Vc capability. The product is appropriate for high-speed transmission applications.

B. Develop a new process ESD array to improve Vc capability. The product is appropriate for in-vehicle network applications.

(10) Rectifier:

600V Input Rectifier, with extremely low VF & HTVF characteristics can reduce the forward conduction loss and slow down the recovery time, and can withstand high temperature TJ(max.)=175degC. It can reduce the forward conduction loss and slow down the recovery time, and can withstand high temperature TJ(max.)=175degC, And with a miniaturized product package, it corresponds to the high efficiency requirements of miniaturization and low power consumption of GaN fast charger applications.

2. Estimated R&D expenses:

Unit: NT$ thousands

Product line	Items to be developed	Estimated investment in research and development expenses	Estimated completion timeline for mass production
Low voltage MOSFETs	External resources of strategic alliance, extension of product line (20V~40V) and automotive application requirements	5 million	2021Q2
Mid voltage MOSFET	(1) 100V second-generation products (2) 80V second-generation products (3) 60V second-generation products (4) 150V second-generation products	87.9 million	(1) 2021Q4 (2) 2022Q3 (3) 2022Q2 (3) 2023Q3
High voltage	(1) 600V 650V 1.5th generation	22.51 million	(1) 2021Q3

Product line	Items to be developed	Estimated investment in research and development expenses	Estimated completion timeline for mass production
MOSFET	product Easy (2) 600V second-generation product Easy (3) 600V second-generation product Fast Recovery		(2) 2023Q1 (3) 2023Q2
FRED	(1) Speedy/Optima second-generation products (2) IGBT co-package Diode	9.97 million	(1) 2021Q4 (2) 2021Q4
IGBT	(1) FS IGBT 1200V first generation product (2) FS IGBT 650V first generation product	26.45 million	(1) 2022Q1 (2) 2022Q2
SiC Schottky	(1) 650V second generation product (2) 1200V second generation product	28.59 million	(1) 2021Q3 (2) 2021Q4
SiC MOSFET	(1) 1200V first generation product (2) 650V first generation product	33.26 million	(1) 2022Q2 (2) 2022Q3
Schottky	H type Schottky series	2 million	2021Q3
ESD ArrayTVS	(1) Low Cj (< 0.15 pF) (2) 8V-36V (package shrink)	5 million	(1) 2021Q2 (2) 2021Q3
Rectifier	600V Input Rectifier	5 million	2021Q2

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response

In addition to complying with relevant laws and regulations, the Company and its subsidiaries also keep an eye on important domestic and foreign policies and legal changes and other relevant situations. Therefore, in the most recent fiscal year and as of the publication date of the annual report, the Company and its subsidiaries did not have any significant impact on the Company's financial business due to changes in important domestic and foreign policies and laws.

(V) Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response

This is to explain the impact of technological changes and industrial changes on the company’s financial business and corresponding measures with regard to the main product - rectifier diode

The diode rectifier is an important part indispensable for the conversion of alternating current to direct current. Therefore, the rectifier diode can be described as the cornerstone of the electronics industry. Therefore, with the change of technology and industry, the market demand for rectifier diodes is increasing. In addition, the Company’s product line is complete and actively invested in R&D, Develop a variety of high-performance high-power rectifier diodes to meet market trends and improve the company’s competitiveness. Therefore, technological changes and industrial changes will have a positive impact on the financial business.

(VI) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response

The Company and its subsidiaries have always upheld the business philosophy of integrity, law-abiding and fulfilling social responsibilities. Therefore, the company’s corporate image has always been good. In the most recent fiscal year and as of the publication date of the annual report, there have been no major events affecting the company's corporate image.

(VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken

The Company and its subsidiaries have no plans for mergers and acquisitions in the most recent fiscal year and as of the publication date of the annual report.

(VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken

The Company and its subsidiaries have no plans to expand their plants in the most recent fiscal year and as of the date of publication of the annual report.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken

This is to explain the risks and countermeasures faced by the purchase or sales concentration of the main produc t- rectifier diodes

There is no excessive concentration of sales, And the purchase is concentrated in the subsidiaries within the group, Mainly because the company is committed to vertical integration of upstream and downstream, Companies in the group adopt a division of labor and cooperation, Specialize in the production of different product lines and provide them to the group companies responsible for sales, In order to achieve the maximum complementary effect of product lines between companies, And then enhance the competitiveness of products and the company's profitability. In addition, if the product scheduling between the groups is excluded, the Company’s purchase customers have not been over-concentrated. Therefore, the risk of concentration of purchases should not be significant.

(X) Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken

In the most recent fiscal year and as of the publication date of the annual report, the Company and its subsidiaries did not have directors, supervisors or major shareholders holding more than 10% of the shares transferred or replaced in large quantities.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken

The Company has no rights to change its operations in the most recent fiscal year and as of the date of publication of the annual report.

(XII) The most recent fiscal year and as of the printing date of the annual report, for litigation or non-litigation incidents involving the company and its directors, president, substantive owner, major shareholders with a shareholding ratio of more than 10%, and related companies, which has been determined or is still in the system, and for non-litigation or administrative disputes, of which the results may have a significant impact on shareholders’ equity or securities prices, the facts in dispute, the amount of the subject matter, the date of the commencement of the lawsuit, the main parties involved in the lawsuit, and the handling circumstances should be disclosed: None

(XIII) Other important risks, and mitigation measures being or to be taken:

1. Information security risks and countermeasures:

As the Company increasingly relies on systematization in its operations and often performs various businesses through the Internet, information security has become an unavoidable challenge. With the frequent spread of information security incidents in major companies around the world, information security threats such as hacker intrusions, social engineering, web hacking, and computer viruses have increased rapidly. The Company also actively enhances information security protection capabilities and establishes an effective information security management mechanism. In addition to avoiding waste and loss of Company resources and preventing damage to goodwill or image, the Company also aims to improve operational procedures and improve operational efficiency. Its purpose is to avoid waste and loss of company resources and prevent damage to goodwill or image. It also takes the positive goal of improving the operation process and improving the operation efficiency. The Company's information security management structure, policies and corresponding measures are as follows:

(1) information security management framework:

The Company’s information security unit is the information business unit, responsible for planning, implementing and promoting information security management matters, Promote information security awareness and regularly review information security policies. In addition, the internal audit is the inspection unit of information security supervision, If the inspection finds a defect, the inspected unit will be required to propose a relevant improvement plan and submit it to the Board of Directors. And the company regularly tracks the improvement results to reduce internal information security risks.

(2) Information security policy:

A. Formulate management regulations related to information security. Ensure the confidentiality, integrity and availability of the information assets to provide an information environment for the continuous operation of the Company's business.

B. Regularly assess the impact of various man-made and natural disasters on the Company’s information assets. And formulate important information assets and critical business disaster countermeasures and disaster recovery plans to ensure the continuous operation of the Company's business.

C. Promote the importance of information security and various possible security risks to all colleagues in order to improve employees' information security awareness.

D. All colleagues and vendors who use or connect to the Company’s information system are required to comply with the Company’s information security regulations.

(3) Measures to respond to information security risks:

The Company takes the strengthening of software and hardware prevention mechanisms as the main topic of responding to information security risks. It is hoped to prioritize strengthening of network security, infrastructure protection and disaster recovery. The control measures for information security are as follows:

A. System backup and backup: Establish a backup backup mechanism and remote backup storage for the company's important systems, and schedule an annual backup drill response operation.

B. Network security: Build exclusive enterprise-level wired and wireless networks, and bind them to computers to effectively control network usage. Control employees' access to the Internet and adopt a conversion mechanism to avoid virus infection or Trojan horse attacks via the Internet.

C. Mail control: build a spam filtering and anti-blocking system, And continue to promote email social engineering attacks related information, E-mail click-through testing is carried out from time to time.

D. Security scanning and virus protection: assign a person to scan the company's external host weaknesses with weaknesses quarterly, and perform system weakness repair operations.

E. Establish an information security anti-virus system and adopt third-party information security solutions, When a hacker attack or system poisoning is suspected, the system administrator will be notified by email.

F. Control the installation of personal computer software and prevent unauthorized use of software.

G. In terms of user endpoint security protection, in addition to building an anti-virus system and dispatching a system update mechanism through Windows, the company's server hosts and user computers can be patched in real time.

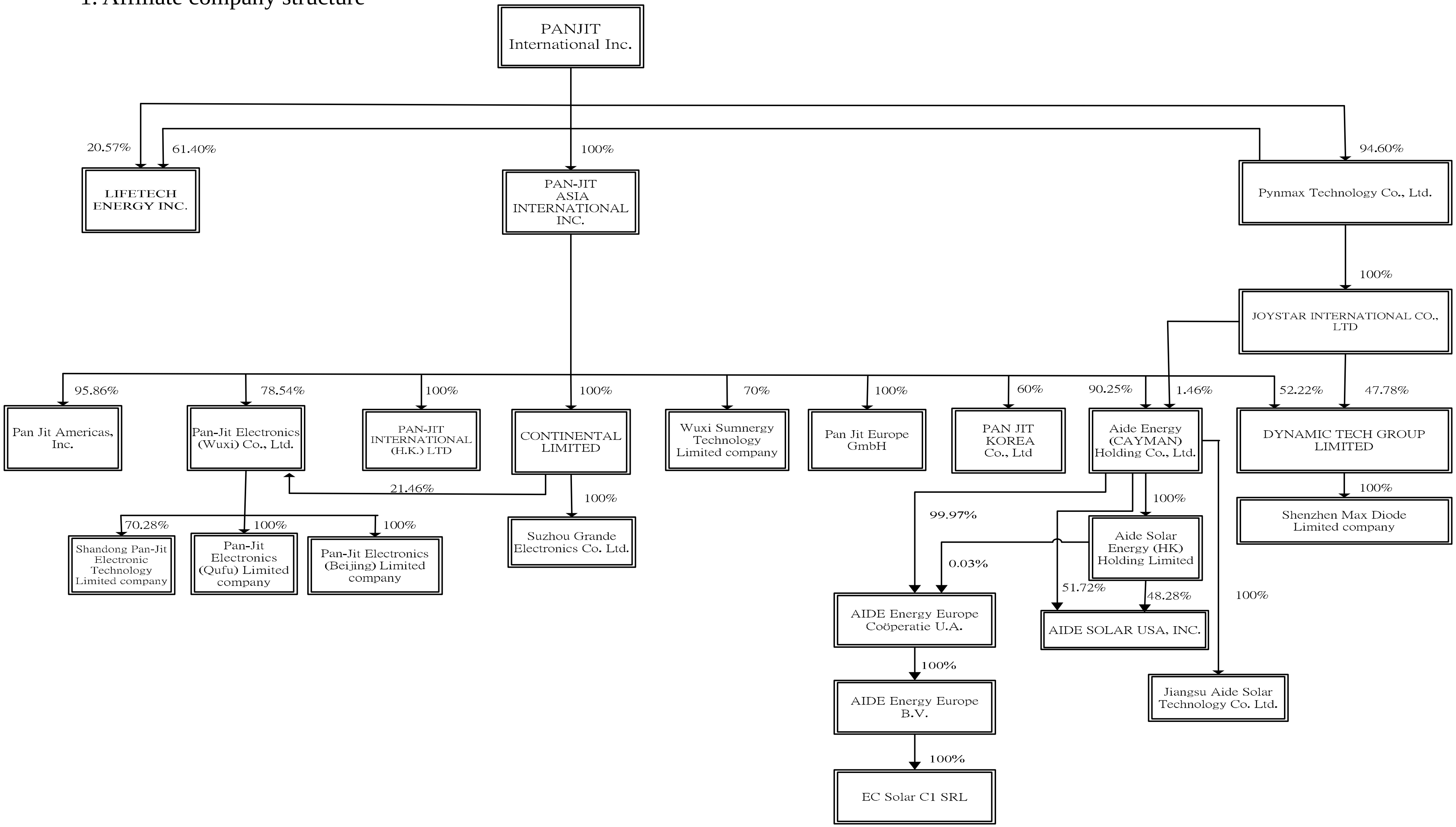
VII. Other important matters: None

Chapter 8 Special Notes

I. Information on associates

(I) Consolidated business report

1. Affiliate company structure



2. Basic information of each affiliated enterprises

Units: NT$ thousands

Company	Date of founding	Address	Paid-in capital		Main business or production items
Pynmax Technology Co., Ltd.	2000.02.25	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	NTD	892,800	Electronic component manufacturing and international trade
JOYSTAR INTERNATIONAL CO., LTD.	2006.06.06	4th Floor,Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	USD	19,522	Investing
PAN-JIT ASIA INTERNATIONAL INC.	1998.01.06	Vistra Corporate Services Centre Wickhams Cay II Road Town,Tortola,Vg1110 Virgin Islands,British	USD	228,086	Investing
PAN JIT AMERICAS, INC.	2000.08.08	2502 W. Huntington Drive Tempe, AZ 85282	USD	19,050	Electronics trade
Pan-Jit Electronics (Wuxi) Co., Ltd.	1999.12.21	No. 8 Hanjiang Road, Wuxi National High-tech Industrial Development Zone	RMB	213,153	Rectifier processing and manufacutring
PANJIT Electronics (Beijing) Co., Ltd.	2014.09.03	Room 3315, 3rd Floor, Building 425, Wangjing West Park, Chaoyang District, Beijing	RMB	3,000	Sales of new types of electronic components, semiconductor rectifiers
Shandong Pan-Jit Electronic Technology Co. Ltd.	2010.07.09	No. 186, Zhongrun Avenue, High-tech Zone, Zibo City, Shandong Province	RMB	106,720	Manufacturing of semiconductor wafers for automobiles and protection of discrete devices, integrated circuit chips and packaging products
Pan-Jit Electronics (Qufu) Co., Ltd.	2018.05.02	North of Chunqiu Road, Taiwan Industrial Park, Qufu City, Jining City, Shandong Province	RMB	500	Sales of new types of electronic components, semiconductor rectifiers
PAN-JIT INTERNATIONAL (H.K.) LTD	1993.09.14	Unit 1-5, 18 / F., Wah Wai Center, No. 38-40 Au Pui Wan Street, Fotan, Shatin, New Territories	HKD	24,711	Electronics trade
Suzhou Grande Electronics Co. Ltd.	1992.06.08	Room 903, Building 1, No. 88 Shishan Road, Suzhou New District, Jiangsu Province	RMB	93,169	Chip diodes, triodes, other new types of electronic semiconductor components and related products, as well as providing technology and after-sales

Company	Date of founding	Address	Paid-in capital		Main business or production items
					service
Wuxi Sumnergy Technology Co., Ltd.	2017.06.06	3rd Floor, No. 8, Hanjiang Road, Wuxi National High-tech Industrial Development Zone	RMB	36,000	Technical services of battery management system research, development, production and sales, etc.
CONTINENTAL LIMITED	2003.03.20	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	USD	10,226	Investing
PANJIT EUROPE GMBH	2002.11.13	Otto-Hahn-Str. 285609 Aschheim Germany	EUR	700	Electronics trade
PANJIT KOREA Co., LTD.	2008.01.29	Tower A dong 3601 Ho, Heung Deuk IT Valey, Heung Deuk 1ro 13 Gi Heung-Gu, Yong In City GyungGi-Do, Korea	KRW	450,000	Electronics trade
DYNAMIC TECH GROUP LIMITED	2002.04.12	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	USD	3,156	Investing
Shenzhen Max Diode Co., Ltd.	2002.09.30	Floor 1-3, Building 20, Fumin Industrial Zone, Pinghu Village, Pinghu Town, Longgang District, Shenzhen	RMB	15,183	New types of electronic components, semiconductor rectifiers
Aide Energy (CAYMAN)Holding Co.,Ltd	2009.11.04	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	USD	83,263	Reinvestment business and solar energy products
Aide Solar Energy (HK) Holding Limited	2008.05.19	15/F, BOC Group Life Assurance Tower, No. 136 Des Voeux Road Central, Central, Hong Kong.	USD	43,101	Investing and trade
AIDE Energy Europe Coöperatie U.A.	2012.01.17	Strevelsweg 700 - Unit 312, 3083 AS Rotterdam	EUR	18,625	Investing
AIDE Energy Europe B.V.	2012.01.17	Strevelsweg 700 - Unit 312, 3083 AS Rotterdam	EUR	18,620	Investing and trade
EC Solar C1 SRL	2009.02.17	Viale Andrea Doria 7 Cap 20124 MILANO (MI), Italy.	EUR	100	Electricity sales from solar power plants

Company	Date of founding	Address	Paid-in capital		Main business or production items
AIDE SOLAR USA, INC.	2009.03.16	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	USD	2,900	Development, manufacturing and sales of solar energy products and self-acting agents of various commodities and technologies, import and export
Jiangsu Aide Solar Technology Co., Ltd.	2006.12.28	69 Pantaoshan Road, Xuzhou Economic Development Zone	RMB	54,886	Development, manufacturing and sales of solar energy products and self-acting agents of various commodities and technologies, import and export
LIFETECH ENERGY INC.	2009.07.08	No. 17, Yonggong 1st Rd., Yong’an Dist., Kaohsiung City	NTD	42,342	LiFePO4 battery manufacturing and sales

3. Where there is considered to be a controlled and subordinate relation, the information of the same shareholders:

Units: NT$ thousands; Share: %

Presumed cause	Company (or Name)	Shares Held		Date of founding	Address	Paid-up capital Registered capital	Main business or production items
		Number of shares	Shareholding ratio				
Not applicable							

4. Industries covered by the overall relationship business

Segment	Related enterprise name	Connection with other related companies
Investment	JOYSTAR INTERNATIONAL CO., LTD.	Invested DYNAMIC TECH GROUP LIMITED.、Aide Energy (Cayman) Holding Co., Ltd.
Investment	PAN-JIT ASIA INTERNATIONAL INC.	Invested in PAN JIT AMERICAS, INC., PANJIT Electronics (Wuxi) Co., Ltd., PAN-JIT INTERNATIONAL (HK) LTD., CONTINENTAL LIMITED, Wuxi Sumnergy Technology Co., Ltd., PANJIT EUROPE GMBH, PANJIT KOREA Co., LTd., Aide Energy (Cayman) Holding Co.,Ltd., DYNAMIC TECH GROUP LIMITED
Investment	CONTINENTAL LIMITED	Invested Suzhou Grande Electronics Co. Ltd. and Pan-Jit Electronics (Wuxi) Co., Ltd.
Investment	DYNAMIC TECH GROUP LIMITED	Investment of Shenzhen Max Diode Co., Ltd.
Investment	Aide Energy (Cayman)Holding Co.,Ltd.	Invested in Aide Solar Energy (HK) Holding Limited, AIDE SOLAR USA, INC., AIDE Energy Europe Coöperatie UA, Jiangsu Aide Solar Technology Co., Ltd., and sales of solar photovoltaic products.
Investment	Aide Solar Energy (HK) Holding Limited	Invested AIDE SOLAR USA,INC., AIDE Energy Europe Coöperatie U.A., and trading
Investment	AIDE Energy Europe Coöperatie U.A.	Invested AIDE Energy Europe B.V.
Investment	AIDE Energy Europe B.V.	Invested EC Solar C1 SRL and trading
Manufacturing industry	Pynmax Technology Co., Ltd.	Electronic component manufacturing and international trade

Segment	Related enterprise name	Connection with other related companies
	Pan-Jit Electronics (Wuxi) Co., Ltd.	Rectifier processing and manufacutring
	Shandong Pan-Jit Electronic Technology Co. Ltd.	Manufacturing of semiconductor wafers for automobiles and protection of discrete devices, integrated circuit chips and packaging products
	Wuxi Sumnergy Technology Co., Ltd.	Technical services of battery management system research, development, production and sales, etc.
	Shenzhen Max Diode Co., Ltd.	New types of electronic components, semiconductor rectifiers
	Jiangsu Aide Solar Technology Co., Ltd.	Development, manufacturing and sales of solar energy products and self-acting import agents of various commodities and technologies
	LIFETECH ENERGY INC.	LiFePO4 battery manufacturing and sales
Merchandising	PAN JIT AMERICAS, INC.	Electronics trade
	Suzhou Grande Electronics Co. Ltd.	Chip diodes, triodes, other new types of electronic semiconductor components and related products, as well as providing technology and after-sales service
	PANJIT Electronics (Beijing) Co., Ltd.	Sales of new types of electronic components, semiconductor rectifiers
	Pan-Jit Electronics (Qufu) Co., Ltd.	Sales of new types of electronic components, semiconductor rectifiers
	PAN-JIT INTERNATIONAL (H.K.) LTD.	Electronics trade
	PANJIT EUROPE GMBH	Electronics trade
	PANJIT KOREA Co.,LTd.	Electronics trade
	AIDE SOLAR USA,INC.	Development, manufacturing and sales of solar energy products and self-acting agents of various commodities
Electricity supply	EC Solar C1 SRL	Electricity sales from solar power plants

5. Information on directors, supervisors, and presidents of affiliates

Unit: thousand shares

Company	Position title	Name or representative	Shares Held	
			Number of shares	Shareholding ratio
Pynmax Technology Co., Ltd.	Chairman	PANJIT International Inc. Representative: FANG, MIN-CHING	84,462	94.60
	Board director	PANJIT International Inc. Representative: FANG, MIN-ZONG	84,462	94.60
	Board director	PANJIT International Inc. Representative: LI, XUE-HAN	84,462	94.60
	Board director	FANG, HONG-RONG	0	0.00
	Board director	FANG, SHU-JUAN	135	0.15
	Supervisor	XIE, BAI-CHENG	0	0.00
	Supervisor	SHEN, YING-XIU	8	0.01
	President	FANG, MIN-CHING	0	0.00
JOYSTAR INTERNATIONAL CO., LTD.	Board director	Pynmax Technology Co., Ltd. Representative: FANG, MIN-CHING	19,522	100.00
PAN-JIT ASIA INTERNATIONAL INC.	Board director	PANJIT International Inc. Representative: FANG, MIN-CHING	228,086	100.00
PAN JIT AMERICAS, INC.	Board director	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-CHING	2,431	95.86
	Board director	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-ZONG	2,431	95.86
	Board director	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, YAN-QIU	2,431	95.86
	Board director	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, HONG-RONG	2,431	95.86
	President	Mike Coates	0	0.00

Company	Position title	Name or representative	Shares Held	
			Number of shares	Shareholding ratio
Pan-Jit Electronics (Wuxi) Co., Ltd.	Chairman	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-CHING	Note 1	78.54
	Board director	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-ZONG		78.54
	Board director	PAN-JIT ASIA INTERNATIONAL INC. Representative: HUANG, GUO-CHEN		78.54
	Supervisor	PAN-JIT ASIA INTERNATIONAL INC. Representative: XIE, BAI-CHENG		78.54
	President	FANG, MIN-CHING		0.00
PANJIT Electronics (Beijing) Co., Ltd.	Chairman	TIAN, LI	Note 1	0.00
	Board director	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: FANG, MIN-ZONG		100.00
	Board director	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: FANG, MIN-CHING		100.00
	Supervisor	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: XIE, BAI-CHENG		100.00
	President	YANG, SHENG-DE		0.00
Shandong Pan-Jit Electronic Technology Co. Ltd.	Chairman	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: FANG, MIN-CHING	Note 1	70.28
	Board Director	Zibo Micro Commercial Components Corp. Representative: LI, AN		29.72
	Board director	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: FANG, TING-YU		70.28

Company	Position title	Name or representative	Shares Held	
			Number of shares	Shareholding ratio
	Supervisor Supervisor President	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: XIE, BAI-CHENG Zibo Micro Commercial Components Corp. Representative: ZHANG, QUN LI, AN		70.28 29.72 0.00
Pan-Jit Electronics (Qufu) Co., Ltd.	Executive Director Supervisor President	Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: CHEN, MENG-SHUN Pan-Jit Electronics (Wuxi) Co., Ltd. Representative: XIE, BAI-CHENG CHEN, MENG-SHUN	Note 1	100.00 100.00 0.00
PAN-JIT INTERNATIONAL (H.K.) LTD	Chairman President	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-CHING FANG, MIN-CHING	24,711 0	100.00 0.00
Suzhou Grande Electronics Co. Ltd.	Chairman Board director Board director Supervisor President	CONTINENTAL LIMITED Representative: CHEN, MENG-SHUN CONTINENTAL LIMITED Representative: FANG, MIN-ZONG CONTINENTAL LIMITED Representative: FANG, MIN-CHING CONTINENTAL LIMITED Representative: XIE, BAI-CHENG CHEN, MENG-SHUN	Note 1	100.00 100.00 100.00 100.00 0.00
Wuxi Sumnergy Technology Co., Ltd.	Chairman Board director	RICH PARAMOUNT INTERNATIONAL LIMITED Representative: LI, XUE-HAN PAN-JIT ASIA INTERNATIONAL INC. Representative:	Note 1	30.00 70.00

Company	Position title	Name or representative	Shares Held	
			Number of shares	Shareholding ratio
	Board director Supervisor President	FANG, MIN-ZONG PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-CHING PAN-JIT ASIA INTERNATIONAL INC. Representative: SHEN, YING-XIU WANG, MENG-QIAN		70.00 70.00 0.00
CONTINENTAL LIMITED	Board director	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-CHING	7,860	100.00
PANJIT EUROPE GMBH	Chairman President	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-CHING LI JIA HUI	Note 1	100.00 0.00
PANJIT KOREA Co., LTD	Director Supervisor President	KIM YONG TAE LEE CHUN YEON KIM YONG TAE	0 0 0	0.00 0.00 0.00
DYNAMIC TECH GROUP LIMITED	Board director	PAN-JIT ASIA INTERNATIONAL INC. Representative: FANG, MIN-CHING	1,648	52.22
Shenzhen Max Diode Co., Ltd.	Chairman Vice Chairman Board director President	DYNAMIC TECH GROUP LIMITED Representative: ZHONG, YUN-HUI DYNAMIC TECH GROUP LIMITED Representative: FANG, MIN-ZONG DYNAMIC TECH GROUP LIMITED Representative: ZHUANG, GUO-CHEN FANG, MIN-CHING	Note 1	100.00 100.00 100.00 0.00
Aide Energy (CAYMAN) Holding Co.,Ltd	Chairman	PAN-JIT ASIA INTERNATIONAL INC.	235,342	90.25

Company	Position title	Name or representative	Shares Held	
			Number of shares	Shareholding ratio
		Representative: FANG, MIN-ZONG		
	Board director	PAN-JIT ASIA INTERNATIONAL INC. Prepresentative: FANG, MIN-CHING	235,342	90.25
	Board director	PAN-JIT ASIA INTERNATIONAL INC. Representative: ZHONG, YUN-HUI	235,342	90.25
	Supervisor	YE, FANG-DE	0	0.00
	President	FANG, MIN-ZONG	895	0.34
Aide Solar Energy (HK) Holding Limited	Chairman	Aide Energy (CAYMAN)Holding Co.,Ltd Representative: FANG, MIN-ZONG	43,101	100.00
	Board director	FANG, MIN-ZONG	0	0.00
	President	FANG, MIN-ZONG	0	0.00
AIDE Energy Europe Coöperatie U.A.	partners	Aide Energy (CAYMAN)Holding Co.,Ltd Representative: FANG, MIN-ZONG	Note 2	99.97
	partners	Aide Solar Energy (HK) Holding Limited Representative: FANG, MIN-ZONG		0.03
AIDE Energy Europe B.V.	Directors	Aide Energy (CAYMAN)Holding Co.,Ltd Representative: FANG, MIN-ZONG	0	0.00
	Executive Director	FANG, HONG-RONG	0	0.00
EC Solar C1 SRL	Chairman	AIDE Energy Europe B.V. Representative: FANG, MIN-ZONG	Note 1	100.00
	Executive Director	FANG, HONG-RONG		0.00
AIDE SOLAR USA, INC.	Board director	Aide Solar Energy (HK) Holding Limited Representative:	140	48.28

Company	Position title	Name or representative	Shares Held	
			Number of shares	Shareholding ratio
	Board director	FANG, MIN-ZONG Aide Solar Energy (HK) Holding Limited Representative: FANG, HONG-RONG	140	48.28
	Board director	Aide Solar Energy (HK) Holding Limited Representative: Ken K. Goto	140	48.28
	President	FANG, MIN-ZONG	0	0.00
Jiangsu Aide Solar Technology Co., Ltd.	Executive Director	Aide Energy (CAYMAN) Holding Co.,Ltd Representative: LI, JIN-JIE		100.00
	Supervisor	Aide Energy (CAYMAN) Holding Co.,Ltd Representative: ZHANG, ZHONG-BIN	Note 1	100.00
	President	LI, JIN-JIE		0.00
LIFETECH ENERGY INC.	Chairman	PANJIT International Inc. Representative: FANG, MIN-ZONG	871	20.57
	Board director	PANJIT International Inc. Representative: FANG, MIN-CHING	871	20.57
	Board director	PANJIT International Inc. Representative: SHEN, YING-XIU	871	20.57
	Supervisor	Jinmao Investment Co., Ltd. Representative: XIE, BAI-CHENG	144	3.40
	President	LI, XUE-HAN	0	0.00

(Note 1): It is a limited company, so there is no number of shares.

(Note 2): It is a merged company, so there is no number of shares.

6. The financial condition and operating results of each related company:

Units: NT$ thousands

Company	Registered capital	Total assets	Financing activities	Net worth	Operating revenue	Operating profit	Current gain or loss (After tax)	Earnings per share (NT$) (After tax)
Pynmax Technology Co., Ltd.	892,800	2,453,816	664,351	1,789,465	1,129,691	110,078	140,474	1.57
JOYSTAR INTERNATIONAL CO., LTD.	555,989	442,384	299	442,085	0	(2,101)	15,082	0.77
PAN-JIT ASIA INTERNATIONAL INC.	6,495,903	6,756,660	1,125,693	5,630,967	0	(14,518)	468,639	2.05
PAN JIT AMERICAS, INC.	542,544	200,138	61,725	138,413	128,021	(59,178)	18,068	7.12
Pan-Jit Electronics (Wuxi) Co., Ltd.	932,970	5,293,497	2,118,769	3,174,728	5,517,427	407,398	407,926	(Note 1)
PANJIT Electronics (Beijing) Co., Ltd.	13,131	10,766	485	10,281	9,430	3,421	3,215	(Note 1)
Shandong Pan-Jit Electronic Technology Co. Ltd.	467,113	456,879	75,588	381,291	124,242	21,897	26,783	(Note 1)
Pan-Jit Electronics (Qufu) Co., Ltd.	2,189	1,956	243	1,713	3,462	47	(1,271)	(Note 1)
PAN-JIT INTERNATIONAL (H.K.) LTD.	90,764	148,750	14,189	134,561	185,739	3,280	19,284	0.78
Suzhou Grande Electronics Co. Ltd.	407,803	796,535	60,903	735,632	89,609	11,718	24,457	(Note 1)
Wuxi Sumnergy Technology Co., Ltd.	157,572	146,634	176,182	(29,548)	70,158	(45,290)	(49,569)	(Note 1)
CONTINENTAL LIMITED	291,247	1,467,273	0	1,467,273	0	(1)	109,269	13.90
PANJIT EUROPE GMBH	24,514	39,049	2,029	37,020	31,720	348	1,793	(Note 1)
PANJIT KOREA Co., LTD.	11,898	55,784	12,558	43,226	46,624	8,685	7,581	84.23
DYNAMIC TECH GROUP LIMITED	89,874	40,397	0	40,397	0	0	11,149	3.53
Shenzhen Max Diode Co., Ltd.	66,454	11,318	2,756	8,562	6,077	6,274	16,347	(Note 1)
Aide Energy (Cayman) Holding Co.,Ltd.	2,371,331	1,275,178	2,056,167	(780,989)	0	(13,692)	40,831	0.16
Aide Solar Energy (HK) Holding Limited	1,227,516	558	980,066	(979,508)	0	(112)	(102)	(0.00)
AIDE Energy Europe Coöperatie U.A.	652,248	713,752	2	713,750	0	(23)	32,844	(Note 2)
AIDE Energy Europe B.V.	652,072	1,273,113	559,439	713,674	0	(5,668)	32,867	17,651.52

Company	Registered capital	Total assets	Financing activities	Net worth	Operating revenue	Operating profit	Current gain or loss (After tax)	Earnings per share (NT$) (After tax)
EC Solar C1 SRL	3,502	1,417,083	832,709	584,374	185,786	41,378	41,551	(Note 1)
AIDE SOLAR USA, INC.	82,592	0	0	0	0	0	0	0.00
Jiangsu Aide Solar Technology Co., Ltd.	240,238	315,534	2,099,252	(1,783,718)	2,194	(5,646)	12,224	(Note 1)
LIFETECH ENERGY INC.	122,342	6,936	890	6,046	0	(20)	(18)	(0.00)

(Note 1): It is a limited company and therefore there is no share number.
(Note 2): It is a merged company and therefore there is no share number.
(Note 3): Max Device (Shenzhen) Co., Ltd. has completed the equity transfer on November 19, 2020.

(II) Consolidated Financial Statements of Related Companies

For FY2020 (from January 01 to December 31, 2020), the Company's entities that are required to be included in the consolidated financial statements of associates under the "Criteria Governing Preparation of Consolidated Business Report of associates, Consolidated Financial Statements of associates, and Affiliation Reports" are the same as those required to be included in the parent-subsidiary consolidated financial statements under the International Financial Reporting Standards 10. Moreover, the related information required to be disclosed for the consolidated financial statements of associates has been fully disclosed in the aforementioned parent-subsidiary consolidated financial statements. Consequently, a separate set of consolidated financial statements of associates is not prepared.

(III) Relationship Report: None

II. Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report. The Company has to disclose the date on which the placement was approved by the Board of Directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, how the specified persons were selected, the reasons why the private placement method was necessary, the targets of the private placement, their qualifications, subscription amounts, subscription price, relationship with the company, participation in the operations of the company, actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the effect of the private placement on shareholders' equity, and, for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of securities, the implementation progress of the plan, and the realization of the benefits of the plan.

The Company did not issue private placement of securities during the most recent fiscal year or the current fiscal year up to the date of publication of the annual report.

III. Holding or Disposal of Shares in the Company by the Company's Subsidiaries During the Most Recent Fiscal Year or the Current Fiscal Year up to the Date of Publication of the Annual Report:

None.

IV. Other Supplementary Information

None.

X. 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 Occurring During the Most Recent Fiscal Year or the Current Fiscal Year up to the Date of Publication of the Annual Report :

None.

Appendix I

Audit Committee's Review Report

The Board of Directors has prepared the Company's FY2020 Business Report, Parent Company Only Financial Statements, Consolidated Financial Statements, and proposal for allocation of earnings. The CPA firm of Ernst & Young Taiwan was retained to audit the Parent Company Only Financial Statements and Consolidated Financial Statements and has issued an audit report relating to the Financial Statements.

The Business Report, Parent Company Only Financial Statements, Consolidated Financial Statements, and proposal for allocation of earnings have been reviewed and determined to be correct and accurate by the Audit Committee members. According to relevant requirements of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

Please approve.

To 2021 Annual General Meeting of PANJIT INTERNATIONAL INC.

PANJIT INTERNATIONAL INC.
Audit Committee convener: CHEN, YI-CHENG
March 26, 2021

Appendix II

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PANJIT INTERNATIONAL INC.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED

31 December 2020 AND 2019

Address: No.24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City, Taiwan, R.O.C.
Telephone: 886-7-621-3121

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese financial statements shall prevail.

Independent Auditor's Report

To: PANJIT INTERNATIONAL INC.

Opinion

We have audited the Consolidated Balance Sheets of PANJIT International Inc. and Subsidiaries as of December 31, 2020, and 2019, the Consolidated Statements of Comprehensive Income, Consolidated Statements of Changes in Equity, Consolidated Statements of Cash Flows, and Notes to Consolidated Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 01 to December 31, 2020, and 2019.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of PANJIT International Inc. and Subsidiaries as of December 31, 2020, and 2019, and its consolidated financial performance and consolidated cash flows for the annual periods ended December 31, 2020, and 2019 in conformity with the "Regulations Governing the Preparation of Financial Statements by Securities Issuers," as well as International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and effected by the Financial Supervisory Commission.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. We affirm our responsibilities under those standards as further described in the Auditors' Responsibilities for the Audit of Consolidated Financial Statements section of our report. We are independent of the PANJIT International Inc. and Subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. The CPA believes that sufficient and appropriate evidences for the audit have been obtained as the basis for expressing opinion.

Key Audit Matters

Key audit key matters refer to those most material key matters for the audit on the Consolidated Financial Statements of FY2020 of PANJIT International Inc., and Subsidiaries based on the professional judgment of the CPA. These matters have been dealt with in the process of auditing the overall consolidated financial report and forming a review opinion. the CPA does not express separate opinions on these matters.

<u>Revenue Recognition</u>

PANJIT International Inc. and Subsidiaries recognized a consolidated operating income of NT$10,485,100 thousand in FY2020. The main source of income is the manufacture and sale of diode products. As its operating locations traverse the multi-national markets in the world and the combination of sales products and pricing methods are diversified, it requires judgment and determination of the performance obligations and the timing of their satisfaction, the CPA identified the recognition of client contract revenue as a key audit matter.

The audit procedures of this accountant include (but not limited to) assessing the appropriateness of accounting policies for revenue recognition, testing the effectiveness of internal control established by management for income recognition, including the identification of the integrity of the performance obligations in the customer contract and accounting treatment at the time of income recognition; analyzing the gross profit margin of products and departments; selecting a sample to perform a detailed test of the transaction and reviewing the major terms and conditions in the contract, testing general journal entries; performing the cut-off test, reviewing the relevant certificates of income transactions in the period before and after the asset and liability date to confirm that the income is recognized in the correct period, and reviewing the rationality of major sales In addition, the CPA also considers the appropriateness of the disclosure of operating income in Note 4 and Note 6 of the financial statements.

<u>Valuation for Inventories</u>

As of December 31, 2020, the net inventory of PANJIT International Inc. and Subsidiaries was NT$1,614,459 thousand, accounting for 9% of total consolidated assets, which is significant to the financial statements. The Group's inventories are distributed in many countries and warehouses. Some warehouses are outsourced and have many inventory items, making it difficult to manage the status of inventory utilization. The aforementioned inventory is measured by the lower cost and net realizable value. The assessment involves the major accounting estimations and judgment of the management. Therefore, the CPA decides that inventory evaluation is a key audit item.

The audit procedures of this CPA include (but are not limited to) assessing the appropriateness of inventory evaluation accounting policies, testing the effectiveness of the internal control system established by the management for inventory, including the carry-forward of inventory costs, selecting major inventory locations, and observing inventory on the spot to confirm the quantity and status of the inventory. It also evaluates the net realizable value estimated by the management for inventory evaluation. It samples to check relevant certificates for testing the correct range of the inventory age and whether sufficient obsolescence loss is included, and evaluate the appropriateness of the policy. The CPA also considers the appropriateness of inventory disclosures in Note 4, 5, and 6 of the financial statements.

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

The responsibilities of management are to prepare an appropriately expressed consolidated financial report in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, and standing interpretation recognized and published by the Financial Supervisory Commission, and maintain the necessary internal controls related to the preparation of the consolidated financial statements to ensure that the consolidated financial report does not contain significant misrepresentation due to fraud or error.

Obligations of management also include the assessment of the Group 's ability on going concern, the disclosure of relevant matters, and the adoption of the accounting base for going concern, when prepare the Consolidated Financial Statements, unless the management intends to proceed liquidation to PANJIT International Inc. and Subsidiaries or quitting concern, or has no other practical alternative solutions except for liquidation or closure.

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

Auditor’s Responsibilities for the Audit of the Parent Consolidated Financial Statements

The CPAs’ 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 errors, and to issue the CPAs’ audit report and opinion thereon. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Generally Accepted Auditing Standards (GAAS) will always detect a material misstatement in consolidated financial statements when it exists. Misstatement may be caused by fraud or error. If it could be reasonably anticipated that the misstated individual amounts or aggregated sums could have influence on the economic decisions made by the users of the consolidated financial statements, they will be deemed as material.

When the CPA is auditing in accordance with generally accepted auditing standards, the CPA uses professional judgment and maintains professional suspicion. The CPA will also perform the following duties:

1. Identify and assess the risks of material misstatements of the consolidated financial statements resulting from fraud or errors, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a solid basis for the auditors’ professional opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the overriding of internal controls.

2. Obtain necessary understanding of internal controls relevant to the audit in order to design appropriate audit procedures in the circumstances, but the purpose is not to express an opinion on the effectiveness of internal controls of PANJIT International Inc. and Subsidiaries.

3. Assess the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.

4. Conclude on the appropriateness of the 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 the CPA conclude that a material uncertainty exists, the CPA is required to draw attention to these in the audit report and to the related disclosures in the consolidated financial statements or, if such disclosures appear inadequate, to modify our professional opinion based thereon
   . The CPA's conclusions are based on the audited evidence obtained as of the date of the audit report. However, future events or conditions may cause the PANJIT International Inc. and Subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures made therein, and whether the consolidated financial statements represent all the underlying transactions and events in a manner that achieves an objectively fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or operating activities within the Group to express our professional opinion on the consolidated financial statements. The CPA is responsible for the guidance, supervision, and implementation of the Group's audit and responsible for forming audit opinions on the Group.

Items that have been communicated by the CPA to the governance bodies, including the planned scope and timing of the audit, as well as major audit findings (including significant internal control deficiencies identified during the audit.)

The CPA also provided the governing body the declaration of independence of the personnel subject to the codes of independence of the accounting firm which the CPA is affiliated with, have complied with the code of professional ethics of CPA, and communicated with the governing body all the relations and other matters that may be considered to affect the independence of the CPA (including relevant protective measures.)

From the matters communicated with the governing body, the CPA determined the key matters for the Consolidated Financial statement audit of PANJIT International Inc. and Subsidiaries in FY2020. The CPA has stated those items in the audit report unless the law does not allow public disclosure of certain matters, or under extreme rare cases, the CPA decided not to communicate specific matters in the audit report because it can reasonably assume the negative impact of communication is greater than the promoted public interest.

Others

PANJIT International Inc. has also compiled Parent Company Only Financial Statements for FY2020 and FY2019, and they have also received an unqualified audit opinion from our CPA for your reference.

Ernst & Young Taiwan
March 26, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.
Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Parent Company Only Financial Statements Originally Issued in Chinese
PANJIT INTERNATIONAL INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December, 2020 and 2019
(Expressed in Thousand of New Taiwan Dollars)

Assets		December 31, 2020		December 31, 2019	
Accounting Items	Notes	Amount	%	Amount	%
Current asset					
Cash and cash equivalents	(VI)1	$1,947,779	11	$1,131,522	7
Financial assets at fair value through profit or loss - current	(VI)2	1,460,640	8	1,410,989	9
Net notes receivable, net	(VI)5, 20	368,096	2	484,044	3
Net accounts receivable, net	(VI)6, 20	3,443,558	20	2,904,296	19
Net accounts receivable - related parties, net	(VI)6, 20 / (VII)	58,720	0	42,042	0
Other receivables		197,406	1	417,009	3
Other receivable payment - related parties	(VII)	39,245	0	31,094	0
Stock inventory	(VI)7	1,614,459	9	1,638,227	11
Prepay		482,799	3	335,241	2
Other current assets	(VIII)	89,572	1	82,675	1
Total current assets		9,702,274	55	8,477,139	55
Non-current assets					
Financial assets at fair value through other comprehensive income - non-current	(VI)3	1,171,947	7	785,516	5
Financial assets measured at amortized cost - Non-current	(VI)4	136,939	1	334,482	2
Investments accounted for using equity method	(VI)8	393,508	2	421,218	3
Property, Plant, and Equipment	(VI)9 / (VII) / (VIII)	3,691,739	21	3,165,965	21
Right-of-use assets	(VI)21	1,348,980	8	1,349,181	9
Intangible assets	(VI)10, 11	253,937	1	328,967	2
Deferred income tax asset	(VI)25	404,907	2	408,628	3
Prepay for equipment		516,501	3	64,463	0
Refundable deposit		117,538	0	47,922	0
Other non-current assets, others		19,748	0	38,615	0
Total non-current assets		8,055,744	45	6,944,957	45
Total assets		$17,758,018	100	$15,422,096	100

Liabilities and Equities		December 31, 2020		December 31, 2019	
Accounting Items	Notes	Amount	%	Amount	%
Current Liabilities					
Short-term loan	(VI)12 / (VIII)	$1,898,733	11	$2,195,201	14
Financial liabilities at fair value through profit or loss - current	(VI)13	2,925	0	102	0
Contractual liabilities - current	(VI)19	12,772	0	112,614	1
Notes payable	(VI)14	556,694	3	515,112	3
Accounts payable		1,399,977	8	1,190,243	8
Accounts Payable - Related Parties	(VII)	99,114	0	55,001	1
Other payables		1,086,400	6	715,349	5
Other payables - related parties	(VII)	39,921	0	39,264	0
Current tax liabilities	(VI)25	110,147	1	143,599	1
Lease liabilities - current	(VI)21	35,583	0	31,251	0
Other current liabilities - other		26,470	0	46,457	0
Total current liabilities		5,268,736	29	5,044,193	33
Non-current liabilities					
Long-term loan	(VI)16 / (VIII)	4,643,731	26	3,411,195	22
Deferred tax liabilities	(VI)25	72,620	0	74,557	0
Lease liabilities - non-current	(VI)21	202,441	1	190,326	1
Long-term deferred revenue	(VI)15	100,701	1	124,062	1
Net defined benefit liability - non-current	(VI)17	113,342	1	108,601	1
Other non-current liabilities - others		109,715	1	95,291	1
Total non-current liabilities		5,242,550	30	4,004,032	26
Total liabilities		10,511,286	59	9,048,225	59
Equity attributable to owners of parent company					
Capital stock					
Common stock	(VI)18	3,328,149	19	3,328,149	22
Capital surplus	(VI)18	2,196,674	12	2,202,946	14
Retained earnings	(VI)18				
Legal surplus reserves		239,453	1	186,432	1
Special surplus reserves		717,237	4	525,032	3
Undistributed earnings		1,015,504	6	723,373	5
Total retained earnings		1,972,194	11	1,434,837	9
Other equities		(381,089)	(2)	(717,237)	(5)
Treasury stock		(16,507)	0	0	0
Equity attributable to owners of the parent company		7,099,421	40	6,248,695	40
Non-controlling interests	(VI)18	147,311	1	125,176	1
Total equity		7,246,732	41	6,373,871	41
Total liabilities and equity		$17,758,018	100	$15,422,096	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(Expressed in Thousand of New Taiwan Dollars)

Accounting items	Notes	2020		2019	
		Amount	%	Amount	%
Operating revenue	(VI)19 / (VII)	$10,485,100	100	$9,142,650	100
Operating cost	(VI)7, 22 / (VII)	(8,038,328)	(77)	(7,221,040)	(79)
Gross profit		2,446,772	23	1,921,610	21
Operating expense	(VI)20, 21, 22				
Selling expense		(540,392)	(5)	(490,098)	(5)
Administrative expense		(568,569)	(5)	(522,167)	(6)
Research and development costs		(348,046)	(3)	(291,669)	(3)
Anticipated credit diminished loss	(VI)20	2,318	0	10,734	0
Total Operating Expense		(1,454,689)	(13)	(1,293,200)	(14)
Operating Profit		992,083	10	628,410	7
Non-operating income and expenditure	(VI)23				
Interest earned		99,152	1	50,090	0
Other revenues	(VII)	141,748	1	127,234	2
Other gain or loss		(95,470)	(1)	(100,740)	(1)
Financial cost		(80,754)	(1)	(84,611)	(1)
The proportion of gain or loss of associates recognized by equity method	(VI)8	(25,625)	(0)	(19,811)	(0)
Total non-operating income and expenditure		39,051	(0)	(27,838)	(0)
Profit before tax		1,031,134	10	600,572	7
Income tax (expense)	(VI)25	(130,593)	(1)	(97,560)	(1)
Net income of continuing operations		900,541	9	503,012	6
Net income		900,541	9	503,012	6
Other Comprehensive Income	(VI)24				
Items that may not be reclassified subsequently to gain or loss					
Remeasurement of defined benefit plan		(6,505)	(0)	(5,943)	(0)
Unrealized valuation gain or loss on investments in equity instruments at fair value through other comprehensive income		394,573	4	(35,665)	(0)
Income tax relating to items that will not be reclassified	(VI)25	(12,800)	0	1,892	0
Items that may be reclassified subsequently to gain or loss					
Exchange differences on translation of foreign financial statements		(31,765)	(1)	(208,073)	(2)
Income tax expenses (gains) related to items that may be reclassified subsequently to gain or loss:	(VI)25	5,285	0	38,581	0
Other comprehensive income of the current period (net after tax)		348,788	3	(209,208)	(2)
Total comprehensive income		$1,249,329	12	$293,804	4
Net Income Attributable to:					
Owners of the parent company		$897,435	9	$530,209	6
Non-controlling interests		3,106	(0)	(27,197)	(0)
		$900,541	9	$503,012	6
Total comprehensive income attributable to:					
Owners of the parent company		$1,226,597	12	$333,031	4
Non-controlling interests		22,732	0	(39,227)	(0)
		$1,249,329	12	$293,804	4
Earnings per share (NT$)	(VI)26				
Basic earnings per share:		$2.70		$1.50	
Diluted earnings per share		$2.69		$1.50	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December, 2020 and 2019

(Expressed in Thousand of New Taiwan Dollars)

Items	Equity attributable to owners of parent company — Capital: Common Stock	Capital surplus	Retained earnings: Legal surplus reserves	Retained earnings: Special surplus reserves	Retained earnings: Undistributed earnings (losses to be offset)	Other equity interest: Exchange differences on translation of foreign financial statements	Other equity interest: Unrealized gain or loss of financial assets at fair value through other comprehensive income	Others	Treasury stock	Total owner equity attributable to the parent company	Non-controlling interests	Total equity
Balance as of January 1, 2019	$3,697,944	$2,196,674	$108,104	$254,865	$783,283	($475,123)	($49,075)	($834)	$-	$6,515,838	$166,696	$6,682,534
Earnings allocation and distribution												
Legal surplus reserves recognized			78,328		(78,328)					-		-
Special surplus reserves				270,167	(270,167)					-		-
Cash dividends on ordinary shares					(184,897)					(184,897)		(184,897)
Changes in associates recognized by equity method		489			(33,270)			153		(32,628)	15	(32,613)
Net profit in FY2019					530,209					530,209	(27,197)	503,012
Other comprehensive income in FY2019					(4,761)	(165,501)	(26,916)			(197,178)	(12,030)	(209,208)
Total comprehesive income in FY2019	-	-	-	-	525,448	(165,501)	(26,916)	-	-	333,031	(39,227)	293,804
Cash capital reduction	(369,795)									(369,795)		(369,795)
Difference between the price received from acquisition or disposal of interest in subsidiaries and carrying amount										-	(797)	(797)
Changes of ownership equities of subsidiaries		5,783			(17,404)			59		(11,562)	(1,511)	(13,073)
Disposal of equity instruments at fair value through other comprehensive income					(1,292)					(1,292)		(1,292)
Balance as of December 31, 2019	$3,328,149	$2,202,946	$186,432	$525,032	$723,373	($640,624)	($75,991)	($622)	$-	$6,248,695	$125,176	$6,373,871
Balance as of January 1, 2020	$3,328,149	$2,202,946	$186,432	$525,032	$723,373	($640,624)	($75,991)	($622)	$-	$6,248,695	$125,176	$6,373,871
Earnings allocation and distribution												
Legal surplus reserves recognized			53,021		(53,021)					-		-
Special surplus reserves				192,205	(192,205)					-		-
Cash dividends on ordinary shares					(349,456)					(349,456)		(349,456)
Changes in associates recognized by equity method		(489)			(154)			209		(434)	(73)	(507)
Net profit in FY2020					897,435					897,435	3,106	900,541
Other comprehensive income in FY2020					(5,087)	(28,659)	362,908			329,162	19,626	348,788
Total comprehensive income	-	-	-	-	892,348	(28,659)	362,908	-	-	1,226,597	22,732	1,249,329
Redemption of treasury stocks									(16,507)	(16,507)	-	(16,507)
Difference between the price received from acquisition or disposal of interest in subsidiaries and carrying amount		(8,489)								(8,489)	7,501	(988)
Changes of ownership equities of subsidiaries		2,706			(3,691)					(985)	66	(919)
Change in non-controlling equities										-	(8,094)	(8,094)
Disposal of equity instruments at fair value through other comprehensive income					(1,690)		1,690			-		-
Others										-	3	3
Balance as of December 31, 2020	$3,328,149	$2,196,674	$239,453	$717,237	$1,015,504	($669,283)	$288,607	($413)	($16,507)	$7,099,421	$147,311	$7,246,732

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December, 2020 and 2019

(Expressed in Thousand of New Taiwan Dollars)

Items	2020 Amount	2019 Amount
Cash flow from operating activities		
Profit before tax for the current period	$1,031,134	$600,572
Adjustment items:		
Revenue and expenses		
Depreciation expense	636,673	808,515
Amortization expense	51,445	44,634
Expected credit impairment loss (gain)	(2,318)	(10,734)
Net loss (gain) of financial assets and liabilities at fair value through profit or loss	(12,422)	(13,097)
Interest expense	80,754	84,611
Interest earned	(99,152)	(50,090)
Dividend income	(11,262)	(16,286)
The shares of associates recognized by equity method	25,625	19,811
Loss (gain) from disposal of property, plant, and equipment	15,554	(52,730)
Disposal of investments (gain)	(2,663)	(27)
Non-financial asset impairment loss	43,331	7,479
All Others	(26,720)	54,703
Total revenue and expenses	698,845	876,789
Changes in assets/liabilities related to operating activities:		
Net changes in assets of operating activities		
Decrease (increase) in acquisition of financial assets at fair value through profit or loss	(49,140)	(1,279,758)
Decrease (increase) in notes receivable	112,484	(213,527)
(Increase) decrease in accounts receivable	(467,468)	376,183
(Increase) in accounts payable - related parties	(16,678)	(6,917)
Other accounts receivable decreased (increased)	219,339	(105,965)
(Increase) in other receivable payment - related parties	(8,151)	(5,836)
Decrease in inventories	21,153	241,302
Advance payment (increase) decrease	(147,790)	77,883
Other current assets (increase)	(6,897)	(18,620)
Net changes in liabilities related to operating activities		
Increase (decrease) in contract liabilities	(30,689)	27,026
Increase in notes receivable	41,582	422,554
Increase (decrease) in accounts payable	214,567	(140,594)
Increase (decrease) in accounts payable - related parties	44,113	(7,208)
Increase (decrease) in other payables	201,314	(124,428)
Increase (decrease) in other current liabilities	(19,987)	29,846
Net defined benefit liability (decrease)	(2,226)	(5,182)
Increase in deferred credits	2,155	-
Total net changes in assets and liabilities related to operating activities	107,681	(733,241)
Cash inflow from operations	1,837,660	744,120
Interest received	99,152	50,090
Income tax (paid)	(160,750)	(52,241)
Net cash generated by operating activities	1,776,062	741,969
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(25,000)	(25,000)
Disposal of financial assets at fair value through other comprehensive income	27,580	2,019
Acquisition of financial assets measured in terms of amortized cost	(179,951)	(162,282)
Disposal of financial assets measured at amortized cost	378,288	-
Disposal of investments under the equity method	4,676	-
Disposal of subsidiaries	288	-
Acquisition of property, plant, and equipment	(340,776)	(369,377)
Disposal of property, plant, and equipment	40,145	104,884
Increase in refundable deposit	(69,616)	-
Decrease in refundable deposits	-	2,499
Acquisition of intangible assets	(31,286)	(53,397)
Disposal of intangible assets	-	3,842
Increase in other non-current assets	18,692	(25,722)
Increase in prepay for equipment	(1,106,283)	(86,350)
Dividends received	11,262	16,286
Net cash (outflow) from investing activities	(1,271,981)	(592,598)
Cash flows from financing activities:		
Decrease in short-term loans	(296,468)	(73,334)
Increase in long-term loan	1,281,617	250,108
Repayment of lease principal	(42,854)	(37,696)
Increase in other non-current liabilities	14,424	28,231
Cash dividends distributed	(349,456)	(184,897)
Cash capital reduction	-	(369,795)
Buyback cost of treasury stocks	(16,507)	-
Acquisition of shares of subsidiaries	(5,436)	(797)
Interest paid	(74,441)	(78,519)
Change in non-controlling equities	(805)	-
Net cash inflow (outflow) from financing activities	510,074	(466,699)
Effect of exchange rate volatility on cash and cash equivalents	(197,898)	(110,773)
Net increase (decrease) in cash and cash equivalents	816,257	(428,101)
Opening cash and cash equivalents	1,131,522	1,559,623
Closing cash and cash equivalents	$1,947,779	$1,131,522

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

English Translation of Financial Statements Originally Issued in Chinese

PANJIT INTERNATIONAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

I. History and organization

1. PANJIT International Inc. (hereinafter referred to as the Company) was established on May 20, 1986 in accordance with the provisions of the Company Act concerning limited liability companies. The Company is located at No. 24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City. The main business includes the manufacturing, processing, assembly, trading, and import and export of various semiconductor rectifiers, the assembling, trading, technology transfer of various mechanical parts, and trade and import and export of the resins and coatings for electronics related to the preceding electronic items.

2. The Company's stock was officially listed for trading on the OTC market on December 22, 1999, and then listed on the Taiwan Stock Exchange on September 17, 2001.

II. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and Subsidiaries (hereinafter referred to the Group) for FY2020 and FY2019 were published upon approval by the Board of Directors on March 26, 2021.

III. Newly issued or revised standards and interpretations

1. Changes in accounting policies resulting from applying for the first time certain standards and amendments

   The Group has adopted the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations or Interpretation Announcements that have been approved by the Financial Supervision Commission (hereinafter referred to as FSC) and applicable for fiscal years beginning on January 1, 2020. The first adoption of the new standards and amendments does not have a significant impact on the Group.

2. The Group has not yet adopted the following newly issued, revised, and amended standards or interpretations that have been issued by the International Accounting Standards Board and approved by the FSC:

No.	New Standards, Interpretations, and Amendments	Effective Date issued by IASB
1	Changes in Interest Rate Indicators - Phase II (amendments to IFRS 9, IAS 39, and IFRS 7, IFRS 4, and IFRS 16)	January 1, 2021

(1) Changes in Interest Rate Indicators - Phase II (amendments to IFRS 9, IAS 39, and IFRS 7, IFRS 4, and IFRS 16)

The final stage revisions mainly focus on the impact of changes in interest rate indicators on corporate financial statements, including:

A. For changes in the basis for determining the contractual cash flow of financial instruments, those required by the change in interest rate indicators will not de-recognize or adjust the carrying amount of financial instruments.
By updating the effective interest rate, it reflects changes in the alternative index interest rate;
B. When hedging still meets the requirements of hedging accounting, the adoption of hedging accounting will not stop simply because of the changes required by the reform; and
C. Disclosure information is required for new risks arising from the change and how to manage the transition to an alternative indicator interest rate.

The Group has assessed that the above amendments applicable to the fiscal year beginning after January 1, 2021 will not have a significant impact on the Group.

3. As of the date of publication of the financial report, the Group has not yet adopted the following newly issued, revised, and amended standards or interpretations that have been issued by the International Accounting Standards Board and approved by the FSC:

No.	New Standards, Interpretations, and Amendments	Effective Date issued by IASB
1	Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or investment of assets between investors and their associates or joint ventures	Subject to the decision of the International Accounting Standards Board
2	IFRS 17 "Insurance Contracts"	January 1, 2023
3	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
4	A limited range of amendments to the International Financial Reporting Standards, including amendments to IFSR 3, IAS 16, and IFRS 37, and annual improvement	January 1, 2022
5	Disclosure initiative - Accounting Policies (Amendments to IAS 1)	January 1, 2023
6	Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023

(1) Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or investment of assets between investors and their associates or joint ventures

This project deals with the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investment in Associates and Joint Ventures" regarding the loss of control by investing in associates or joint ventures at the price of subsidiaries. IAS 28 requires that investment in non-monetary assets, when exchanging equity in associates or joint ventures, shall be treated as downstream transactions and eliminate the portion of gain or loss incurred; IFRS 10 requires full gain or loss to be recognized at losing control of the subsidiary. This amendment restricts the aforementioned provisions of IAS 28. When assets that constitute a business as defined by IFRS 3 are sold or invested, the profits or losses incurred shall be fully recognized.

This amendment also modifies IFRS 10 so that when investors and their associates or joint ventures sell or invest in a subsidiary that does not constitute a business defined in IFRS 3, the profits or losses incurred are only for recognition of the scope of shares enjoyed by non-investors.

(2) IFRS 17 "Insurance Contracts"

This standard provides a comprehensive model of insurance contracts, including all accounting-related parts (recognition, measurement, expression and disclosure principles.) The core of the standard is a general model. Under this model, the original recognition is based on fulfilment of cash flows and contract services. The sum of the two margins measures the group of insurance contracts, where the fulfilment cash flows include:

A. Estimate of future cash flow
B. Discount rate: reflect the adjustment on the time value of money and the financial risks associated with future cash flows (when financial risks are not included in the estimated value of future cash flows); and
C. Risk adjustment for non-financial risks

The carrying amount of the insurance contract group at the end of each reporting period is the sum of the remaining coverage liabilities and the incurred claims liabilities.

Besides common model, the followings are offered:

A. Specific applicable methods for contracts with direct participation characteristics (variable fee method)

B. Simplification of short-run contracts (premium sharing method)

This standard was released in May 2017, and an amendment was issued in June 2020. This amendment not only allows the extension of the effective date of the transitional clause for 2 years (that is, postponed from the original January 1, 2021 to January 1, 2023) and additional exemptions, but also reduce the cost of adopting this standard by simplifying some of the regulations, and amending some regulations to make some situations easier to explain. The effectiveness of this standard shall replace the transition standard (ie, IFRS 4 “Insurance Contracts”)

(3) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

This is based on the amendments to IAS 1 “Classification of Liabilities as Current or Non-Current.” The classification of liabilities in paragraphs 69 to 76 as current or non-current shall be corrected.

(4) A limited range of amendments to the International Financial Reporting Standards, including amendments to IFSR 3, IAS 16, and IFRS 37, and annual improvement

A. Index update to the conceptual framework (Amendments to IFRS 3 “Reference to the Conceptual Framework”)
This amendment replaces the old version of the index on the conceptual framework of financial reporting and updates IFRS 3 with the latest version of the index published in March 2018. An exception to the recognition principle has been added to avoid possible "Day 2" gains or losses due to liabilities and contingent liabilities. In addition, it is to clarify existing guidelines for contingent assets that are not affected by the replaced structure index.

B. Property, plant, and equipment: income before intended use (Amendment to IAS 16)
This amendment is to prohibit corporations from deducting the sale amount from the cost of property, plant, and equipment for items generated when corporations prepare assets for its intended use; conversely, corporations recognize such sales revenue and related costs in gain or loss.

C. Onerous contract - cost of fulling a contract (Amendments to IAS 37)
This amendment clarifies the cost that should be included in corporations’ assessment of whether the contract is generating loss.

D. Annual Improvements to IFRSs during 2018-2020 cycle

Amendments to IFRS 1
This amendment simplifies the measurement of cumulative conversion adjustments for applying IFRS 1 when the subsidiary takes the first-time application after the parent company.

Amendments to IFRS No. 9, *Financial instruments*
This amendment clarifies the expenses involved when corporations evaluate whether the new contract terms or the revised terms of the financial liabilities are significantly different from the original financial liabilities.

Amendments to IFRS 16*, "Leases"*
This is to revise the lease incentives related to the improvement of the lessee's rights in Example 13.

Amendments to IAS 41
This amendment removes the requirement that cash flow is not included in tax when measuring fair value, so that the fair value measurement requirements of IAS 41 are consistent with the relevant requirements of other international financial reporting standards.

(5) Disclosure initiative - Accounting Policies (Amendments to IAS 1)

This amendment is to improve the disclosure of accounting policies to provide investors and other major users of financial statements with more useful information.

(6) Definition of Accounting Estimates (Amendments to IAS 8)

This amendment directly defines accounting estimates and makes other amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to help companies distinguish between changes in accounting policies and changes in accounting estimates.

The above-mentioned standards or interpretations that have been issued by the International Accounting Standards Board but have not yet been recognized by the FSC shall be subject to the actual application date of the FSC. The Group is currently assessing the potential impact of the newly announced or revised standards or interpretations in (3.) It is temporarily impossible to reasonably estimate the impact of the aforementioned standards or interpretations on the Group, and other newly announced or revised standards or interpretations have no significant impact on the Group.

IV. Summary of significant accounting policies

1.Statement of compliance

The Group's consolidated financial report for FY2020 and FY2019 is prepared in accordance with the Securities Issuer Financial Report Preparation Standard, as well as IFRS, IAS, interpretations, and announcement accredited by FSC.

2.Basis of Preparation

The consolidated financial statements are prepared on the basis of historical cost, except for financial instruments measured by fair value. The unit for all amounts expressed in the consolidated financial statements are in thousands of NTD unless otherwise stated.

3.Basis of consolidation

<u>Preparation principle of consolidated financial statements</u>

The Group controls an individual entity when it is exposed to, or has rights to, variable remuneration from its participation in that individual and can influence that remuneration through its power over that individual. In particular, the Group only controls the investee when the Group has the following three control elements:

(1) The power over the investee (that is, the existing right that gives the current ability to lead the relevant activities)
(2) Risks or rights arising from variable rewards for the participation of the investee, and
(3) The ability to use its power over the investee to affect the amount of investor compensation.

When the Group directly or indirectly holds less than a majority of the voting rights or similar rights of the investee, the Group considers all relevant facts and circumstances to assess whether it has power over the investee, including:

(1) Contractual agreements with other voting rights holders of the investee
(2) Rights arising from other contractual agreements
(3) Voting rights and potential voting rights

When facts and circumstances show that one or more of the three control elements has changed, the Group will reassess whether it still controls the investee.

Subsidiaries are all included in the consolidated statement from the date of acquisition (that is, the day when the Company obtains control), until the day when they lose control of the subsidiary. The accounting period and accounting policies of the subsidiary's financial statements are consistent with those of the parent company. All intra-group account balances, transactions, unrealized internal gain or loss and dividends arising from intra-group transactions are eliminated in full.

If the change in the shareholding of the subsidiary does not lose control of the subsidiary, the change in the shareholding shall be handled as an equity transaction.

The total comprehensive income of subsidiaries is attributable to the owners and non-controlling interests of the Group, even if the non-controlling interests become the deficit balance.

If the Company loses control of the subsidiary,

(1) Derecognize assets (including goodwill) and liabilities of subsidiaries;
(2) Derecognize carrying amount of any non-controlling interests acquired;
(3) Recognize the fair value of the acquired consideration;
(4) Recognize the fair value of any investment retained;
(5) Recognize any profit or loss as current gain or loss;
(6) The amount of items previously recognized in other comprehensive income by the reclassification parent company is the current gain or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main Business	Percentage of ownership (%) 2020.12.31	2019.12.31
The Company	PAN-JIT ASIA INTERNATIONAL INC.	Investment holding	100.00%	100.00%
The Company	Pynmax Technology Co., Ltd.	Manufacture of electronic components and international trade business	94.60%	94.52%
The Company	LIFETECH ENERGY INC.	Manufacture and sale lithium iron phosphate battery pack	81.97% (Note 1)	81.97% (Note 1)
PAN-JIT ASIA INTERNATIONAL INC.	PAN-JIT INTERNATIONAL (H.K.) LTD.	Sale of electronic products	100.00%	100.00%
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT EUROPE GMBH	Sale of electronic products	100.00%	100.00%
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT AMERICAS, INC.	Sale of electronic products	95.86%	95.86%
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT ELECTRONIC (WUXI) CO., LTD.	Manufacture, and process of rectifier	100.00% (Note 2)	100.00% (Note 2)
PAN-JIT ASIA INTERNATIONAL INC.	SUMMERGY CO., LTD	Battery management system research, development, production and sales of technical services	70.00%	70.00%
PAN-JIT ASIA INTERNATIONAL INC.	CONTINENTAL LIMITED	Investment holding	100.00%	100.00%
PAN-JIT ASIA INTERNATIONAL INC.	DYNAMIC TECH GROUP LIMITED	Investment holding	100.00% (Note 2)	100.00% (Note 2)
PAN-JIT ASIA INTERNATIONAL INC.	PAN JIT KOREA CO., LTD.	Sale of electronic products	60.00%	60.00%
PAN-JIT ASIA INTERNATIONAL INC.	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Investment holding and sale of photovoltaic products	91.71% (Note 3)	91.71% (Note 3)

Investor	Subsidiary	Main Business	Percentage of ownership (%) 2020.12.31	2019.12.31
PYNMAX TECHNOLOGY CO., LTD.	JOYSTAR INTERNATIONAL CO., LTD.	Investment holding	100.00%	100.00%
DYNAMIC TECH GROUP LIMITED	MAX-DIODE ELECTRONIC., LTD.(SHENZHEN)	Production, processing and manufacturing chip diode rectifier, rectifier bridge and push the other to provide technical and after-sales service	100.00%	100.00%
DYNAMIC TECH GROUP LIMITED	MAX-DIODE ELECTRONIC CO., LTD.	Production, processing and manufacturing chip diode rectifier, rectifier bridge and push the other to provide technical and after-sales service	- (Note 6)	100.00%
CONTINENTAL LIMITED	SUZHOU GRANDE ELECTRONICS CO., LTD.	Chip diodes, transistors and other new electronic semiconductor components and related products, sales of products and provide technical and after-sales service	100.00%	100.00%
PAN JIT ELECTRONIC (WUXI) CO., LTD	PAN JIT ELECTRONIC (BEIJING) CO., LTD	Manufacture, process and sales of electronic products	100.00%	100.00%
PAN JIT ELECTRONIC (WUXI) CO., LTD	PAN JIT LIGHTING TECHNOLOGY (SHENZHEN) CO., LTD	Light Emitting Diode manufacturing, sales, selfagency of goods and technology import and export business	-	- (Note 5)
PAN JIT ELECTRONIC (WUXI) CO., LTD	PAN-JIT ELECTRONICS (SHANDONG) CO., LTD.	Manufacturing of semiconductor wafers for automobiles and protection of discrete devices, integrated circuit chips and packaging products	70.28%	62.56%
PAN JIT ELECTRONIC (WUXI) CO., LTD	PAN JIT ELECTRONIC (QUFU) CO., LTD.	Manufacture, process and sales of electronic products	100.00%	100.00%
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	Investment holding and sales	100.00%	100.00%

Investor	Subsidiary	Main Business	Percentage of ownership (%) 2020.12.31	2019.12.31
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE Energy Europe Coöperatie U.A.	Investment holding	100.00% (Note 4)	100.00% (Note 4)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR USA, INC.	Solar photovoltaic product development, manufacturing, sales, selfagency of goods and technology import and export business	100.00% (Note 4)	100.00% (Note 4)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	JIANGSU AIDE SOLAR ENERGY TECHNOLOGY CO., LTD.	Solar photovoltaic product development, manufacturing, sales, selfagency of goods and technology import and export business	100.00%	100.00%
AIDE Energy Europe Coöperatie U.A.	AIDE ENERGY EUROPE B.V.	Investment holding and sales	100.00%	100.00%
AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Solar power generation and sales of electricity	100.00%	100.00%

(Note 1)：The Group and other subsidiaries jointly hold shares, with a total shareholding ratio of 81.97%.

(Note 2)：PAN-JIT ASIA INTERNATIONAL INC. and other subsidiaries jointly hold shares, with a total shareholding ratio of 100.00%.

(Note 3)：PAN-JIT ASIA INTERNATIONAL INC. and other subsidiaries jointly hold shares, with a total shareholding ratio of 91.71%.

(Note 4)：AIDE ENERGY (CAYMAN) HOLDING CO., LTD. and other subsidiaries jointly hold shares, with a total shareholding ratio of 100.00%.

(Note 5)：PAN JIT LIGHTING TECHNOLOGY (SHENZHEN)) CO., LTD was liquidated in July 2019.

(Note 6)：MAX-DIODE ELECTRONIC CO.,LTD. has completed the equity transfer in November 2020.

4.Foreign currency transactions

The Group's consolidated financial report presents NTD as the functional currency. Each entity within the Group decides its own functional currency and uses this functional currency to measure its financial statements.

Inter-group foreign currency transaction is translated into functional currency according to the exchange rate of the transaction date. At the end of each reporting period, monetary items in foreign currencies are converted at the closing exchange rate of that day; Foreign currency items measured at fair value are translated according to the exchange rate on the date of fair value, and foreign currency non-currency items measured through historical cost will be translated according to the exchange rate on the original date of transaction.

Except for the following, the exchange difference arising from the delivery or conversion of monetary items is recognized as gain or loss in the current period:

(1) For the foreign currency borrowing in order to obtain the assets that meet the requirements, if the conversion difference incurred is regarded as an adjustment to the interest cost, it is a part of the borrowing cost and capitalized as the cost of the asset.

(2) Foreign currency items applicable to IFRS 9, "Financial Instruments" shall be handled in accordance with the accounting policies of financial instruments.

(3) Monetary items that form part of the reporting entity's net investment in foreign operation, the resulting exchange differences are originally recognized as other comprehensive income, and are reclassified from equity to gain or loss when disposing of the net investment.

When the profit or loss of a non-monetary item is recognized as other comprehensive income, any conversion component of the profit or loss is recognized as other comprehensive income. When the profit or loss of a non-monetary item is recognized as gain or loss, any conversion component of the profit or loss is recognized as gain or loss.

5.Translation of financial statements in foreign currency

When preparing consolidated financial statements, the assets and liabilities of foreign operation are converted into New Taiwan dollars at the closing exchange rate on the balance sheet date, and income and expenditure items are converted at the current average exchange rate. The conversion difference arising from the conversion is recognized as other comprehensive income, and the cumulative conversion difference that has been previously recognized in other comprehensive income and accumulated in the individual components under equity when the foreign operation is disposed of, when the disposition gain or loss are recognized, shall be reclassified from equity to gain or loss. When involving the partial disposal of the loss of control of a subsidiary that includes a foreign operation, and after a partial disposal of the equity of an associate or joint agreement including the foreign operation, if the retained equity is a financial asset that includes the foreign operation, it is also deemed to be disposal.

When disposing of a subsidiary that includes a foreign operation without losing control, the cumulative conversion difference recognized in other comprehensive income is non-controlling interests re-attributed to the foreign operating agency, and not recognized as gain or loss; Under influence or joint control, when part of the disposition includes an associate or joint agreement of a foreign operation, the accumulated exchange difference will be reclassified to gain or loss on a pro rata basis.

The Group's goodwill arising from the acquisition of a foreign operation and fair value adjustments to the carrying amount of its assets and liabilities are treated as the assets and liabilities of the foreign operation and presented in its functional currency.

6. Current and non-current distinction

In one of the following conditions, it is classified as current assets, and non-current assets are classified as non-current assets:

(1) The asset is expected to be realized within normal operation cycle, or it is intended to be sold or consumed;
(2) The asset held for the purpose of transaction.
(3) The asset is expected to be realized within twelve months after the reporting period.
(4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Any liability meeting one of the following conditions is current liability, and other liabilities not falling into current liability are non-current liability:

(1) Liabilities to be cleared off within the normal operation cycle.
(2) Liabilities held primarily for the purpose of trading.
(3) Liabilities that is due to be settled within twelve months after the reporting period.
(4) Liabilities whose settlement can be deterred unconditionally for at least twelve months after the reporting period. If the term of liability, at the discretion of transaction party, causes it to be cleared off by issuing equity instruments, the classification will not be influenced

7.Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposits, Short-term and high liquidity time deposits or investments (including time deposits within 3 months of the contract period) that can be converted into fixed cash at any time and have little risk of value changes.

8. Financial instruments

Financial assets and financial liabilities shall be recognized when the Group became a party to the terms of the financial instrument contract.

Financial assets and financial liabilities that meet the scope of application of IFRS 9 "Financial Instruments" are measured at fair value at the time of initial recognition and are directly attributable to financial assets and financial liabilities (except for those classified as fair value through profit or loss.) The transaction cost of acquisition or issuance, other than financial assets and financial liabilities measured by value, is added to or subtracted from the fair value of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

The recognition and derecognition of all financial assets of the Group's customary transactions shall be accounted for on the transaction day. The Group classifies financial assets as financial assets that are subsequently measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss based on the following two items:

A. Business model for managing financial assets
B. Contractual cash flow characteristics of finanical assets

Financial asset measured at amortized cost

Financial assets that meet the following two conditions at the same time are measured at amortized cost, and listed on the balance sheet in terms of notes receivable, accounts receivable, financial assets measured at amortized cost, and other receivables:

A. The business model of managing financial assets: holding financial assets to collect contractual cash flows
B. Contractual cash flow characteristics of financial assets: the cash flow is completely for paying the capital and the interest of capital circulating outside.

These financial assets (excluding those involved in a hedging relationship) are measured subsequently at the amortized cost [the amount measured at the time of original recognition, minus the principal paid, plus or minus the difference between the original amount and the maturity amount accumulated amortization (using the effective interest method), and adjust the allowance for loss]. When derecognizing, undergoing amortization procedures, or recognizing detrimental profits or losses, the profits or losses are recognized in gain or loss.

The interest calculated by the effective interest method (multiplying the effective interest rate by the total carrying amount of the financial asset) or the following conditions is recognized in the gain or loss:

A. For purchased or initial credit impaired financial assets, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial asset
B. If it is not the former, but subsequently becomes credit impaired, the effective interest rate is multiplied by the amortized cost of financial assets

<u>Financial assets measured at fair value through other comprehensive income</u>

Financial assets that meet the following two conditions at the same time are measured at fair value through other comprehensive income, and recognized on the balance sheet as financial assets measured at fair value through other comprehensive income:

A. The business model of managing financial assets: collecting contractual cash flow and selling financial assets
B. Contractual cash flow characteristics of financial assets: the cash flow is completely for paying the capital and the interest of capital circulating outside.

The explanation of the recognition of such financial assets-related gain or loss is as follows:

A. Before derecognition or reclassification, in addition to the derogation gain or loss and the foreign currency exchange gain or loss are recognized in the gain or loss, the gain or loss is recognized in the other comprehensive income.
B. At derecognizing, the cumulative benefits or losses previously recognized in other comprehensive income are reclassified from equity to gain or loss as a reclassification adjustment.
C. The interest calculated by the effective interest method (multiplying the effective interest rate by the total carrying amount of the financial asset) or the following conditions is recognized in the gain or loss:
   (a) For purchased or initial credit impaired financial assets, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial asset
   (b) If it is not the former, but subsequently becomes credit impaired, the effective interest rate is multiplied by the amortized cost of financial assets

In addition, for equity instruments that fall within the scope of IFRS 9 and the equity instruments are neither held for trading, nor recognized or recognized by the acquirer in a business merger under IFRS 3, if there is consideration at the time of initial recognition, corporations choose (irrevocably) to report its subsequent fair value changes in other comprehensive income. The amount reported in other comprehensive income shall not subsequently be transferred to gain or loss (when disposing of these equity instruments, it will be included in the cumulative amount of other equity items and directly transferred to retained earnings), and shall be measured as financial assets at fair value through other comprehensive income and recognized on the balance sheet. Investment dividends are recognized in profit or loss, unless the dividend clearly represents part of the recovery of investment costs.

Financial assets measured at fair value through profit or loss

Except for those, meeting the above-mentioned specific conditions, measured at amortized cost or through other comprehensive income measured at fair value, financial assets are measured at fair value through profit or loss. The financial assets measured at fair value through profit or loss are recognized on the balance sheet.

Such financial assets are measured at fair value, and the profits or losses resulting from re-measurement are recognized as gain or loss. The profits or losses recognized as gain or loss include any dividends or interest received by the financial asset.

(2) Impairments of financial assets

The Group's investment in debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost are recognized by expected credit losses and measured against the loss. The loss allowance of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income (without reducing the carrying amount of the investment.)
The Group measures expected credit losses by reflecting the following:

A. The unbiased and probability-weighted amount determined by evaluating each possible outcome
B. Time value of money
C. Reasonable and supportive information related to past events, current conditions and forecasts of future economic conditions (that can be obtained without excessive costs or investment on the balance sheet date)

The method of measuring the allowance loss is explained as follows:

A. Measured by the amount of 12-month expected credit losses: including financial assets that have not significantly increased in credit risk since initial recognition, or those that are judged to be low in credit risk on the balance sheet date. In addition, it also includes those who measured the allowance loss based on the amount of expected credit loss during the previous reporting period, but no longer met the conditions for a significant increase in credit risk since the initial recognition on the balance sheet date of the current period.

B. Measurement of the amount of expected credit loss within duration: including financial assets that have significantly increased credit risk since initial recognition, or are purchased or initial credit-impaired financial assets.

C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group uses the amount of expected credit losses within duration to measure the allowance loss.

D. For lease receivables arising from transactions within the scope of IFRS 16 (before January 1, 2019, IAS 17), the Group uses the amount of expected credit losses within duration to measure the allowance loss.

On each balance sheet date, the Group compares the changes in the default risk of financial instruments on the balance sheet date and the original recognition date to assess whether the credit risk of the financial instruments has increased significantly after the initial recognition. In addition, please refer to Note XII for information related to credit risk.

(3) Derecognition of financial assets

Financial assets held by the Group are derecognized when one of the following conditions is met:

A. The contractual rights from the cash flows of financial assets terminate.
B. The financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to others.
C. Almost all risks and rewards of asset ownership have not been transferred or retained, but control of assets has been transferred.

When a financial asset is derecognized as a whole, the difference between its carrying amount and the received or receivable consideration plus any cumulative gains or losses recognized in other comprehensive income is recognized in gain or loss.

(4) Financial liabilities and equity instruments

<u>Classification of liabilities or equities</u>

The debt and equity instruments issued by the Group are classified as financial liabilities and equity in accordance with the substance of contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity Instruments

An equity instrument refers to any contract that recognizes the Group's remaining equity after deducting all liabilities from its assets. The equity instruments issued by the Group are recognized at the price obtained deduct the direct issue cost.

Compound instruments

The Group recognizes the constituent elements of financial liabilities and equity in accordance with the contractual terms of the convertible corporate bonds issued. In addition, for the issued convertible corporate bonds, before distinguishing the equity elements, it is evaluated whether the economic characteristics and risks of the embedded buying and selling rights are closely related to the main debt product.

For the market interest rate assessment of the debt component that does not involve derivative instruments, the fair value of which is equivalent in nature and does not have conversion characteristics. Before conversion or redemption and settlement, this part of the amount is classified as financial liabilities measured at amortized cost; As for other parts of embedded derivatives that are not closely related to the risks of the economic characteristics of the main contract (for example, the execution price of the embedded buy-back and redemption rights cannot be almost equal to the amortized cost of the debt goods on each execution day), except for the components of equity, they are classified as components of liabilities. And in the subsequent period, it will be measured at fair value through profit or loss; The amount of the equity element is determined by deducting the component part of the liability from the fair value of the convertible corporate bond. The carrying amount will not be remeasured in subsequent accounting periods. If the convertible corporate bonds issued do not have equity elements, they shall be processed in accordance with the IFRS 9 Hybrid Instruments.

Transaction costs are allocated to the liabilities and equity components in accordance with the proportion of the originally recognized convertible corporate bonds allocated to the liabilities and equity components.

When the holder of the convertible corporate bond requests to exercise the right of conversion before the expiry of the convertible corporate bond, the carrying amount of the component elements of the liability is adjusted to the carrying amount that should be at the time of the conversion as the accounting basis for the issuance of ordinary shares.

Financial liabilities

Financial liabilities that meet the scope of application of IFRS 9 are classified as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost at the time of initial recognition.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated to be measured at fair value through profit or loss.

When one of the following conditions is met, it is classified as held for trading:

A. The main purpose of its acquisition is to sell in a short time;
B. At the time of initial recognition, it is part of the portfolio of identifiable financial instruments jointly managed, and there is evidence that the portfolio is a short-run profit-making operation in the near future; or
C. Derivatives (except for financial guarantee contracts or derivatives that are designated and effective hedging instruments.)

For contracts containing one or more embedded derivatives, the overall hybrid (combined) contract can be designated as a financial liability measured at fair value through profit or loss; when one of the following factors is met and more relevant information can be provided, at the time of initial recognition, it is designated as measured at fair value through profit or loss:

A. The designation can eliminate or significantly reduce measurement or recognition inconsistencies; or
B. A group of financial liabilities or a group of financial assets and financial liabilities shall be managed and evaluated on a fair value basis in accordance with written risk management or investment strategies, and the information on the investment portfolio provided to the management by the Group shall also be based on fair value.

The profits or losses arising from the re-measurement of such financial liabilities are recognized as gain or loss, and the profits or losses recognized as gain or loss include any interest paid by the financial liabilities.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost, including accounts payable and borrowings, etc., are measured using the effective interest method after initial recognition. When financial liabilities are derecognized and amortized through the effective interest rate method, their related gain or loss and amortization amount are recognized in gain or loss.

The calculation of the amortized cost considers the discount or premium at the time of acquisition and transaction costs.

Derecognition of financial liabilities

When the obligation of a financial liability is discharged, canceled or lapsed, the financial liability is derecognized.

When the Group and creditors exchange debt instruments with materially different terms, or make major changes to all or part of the terms of existing financial liabilities (regardless of whether due to financial difficulties), the method of dividing the original liabilities and recognizing new liabilities In processing, when derecognizing financial liabilities, the difference between its carrying amount and the total consideration paid or payable (including transferred non-cash assets or liabilities assumed) is recognized in gain or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities can be offset and recognized on the balance sheet as a net amount only when the recognized amount currently has mutually offsetting legal exercise rights and intends to settle on a net amount or realize assets and liquidate liabilities at the same time.

9.Derivative instruments

The derivatives held or issued by the Group are used to avoid exchange rate risk and interest rate risk. Among them, those that are designated and effectively hedged are recognized as hedged financial assets or liabilities in the balance sheet; the rest are not designated and For effective hedging, it is reported on the balance sheet as financial assets or financial liabilities measured at fair value through profit or loss.

The initial recognition of derivatives is measured by the fair value on the date when the derivative contract is signed, and is measured by the fair value after it is renewed. When the fair value of a derivative is a positive number, it is a financial asset; when the fair value is a negative number, it is a financial liability. Changes in the fair value of derivatives are directly recognized in gain or loss, but for those involving cash flow hedging and net investment hedging of foreign operation are an effective part, the Group recognized under gain or loss or equity.

Where the master contract is a non-financial asset or financial liability, when the economic characteristics and risks of the derivatives embedded in the master contract are not closely related to the master contract, and the master contract is not measured at fair value through profit or loss, the embedded derivatives should be treated as independent derivatives.

10.Fair value measurement

Fair value refers to the price that can be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement date. The fair value measurement assumes that the sale of assets or transfer of liabilities takes place in one of the following markets:

(1) The main market for the asset or liability, or
(2) If there is no major market, the most favorable market for the asset or liability

The main or most advantageous market must be accessible to the Group for trading.

The fair value of assets or liabilities is measured by using assumptions that market participants will use when setting asset or liability price, and it is assumed that these market participants are acting in their economic best interests.

The fair value measurement of non-financial assets takes into account market participants by using the asset for its highest and best use or by selling the asset to another market participant who will use the asset for its highest and best use, In order to generate economic benefits.

The Group adopts appropriate valuation techniques under relevant circumstances and sufficient information is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

11.Inventories

Inventories are evaluated based on the lower of cost and net realizable value.

Cost refers to the cost incurred to bring the inventory to the state and location available for sale or production:

Raw materials - based on the actual purchase cost, using the weighted average method.

Finished goods and work in progress - including direct raw materials, labor, and fixed manufacturing expenses shared by normal production capacity, but not borrowing costs.

Net realizable value is the estimated selling price in the ordinary course, less the cost of completion and applicable variable selling expenses.

The provision of labor services is handled in accordance with the provisions of IFRS 15, and is not in the scope of inventory.

12.Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups to be sold refer to those that can be sold immediately in accordance with general conditions and business practices under the current circumstances, and are highly likely to complete the sale within one year. Non-current assets classified as pending sale and disposal groups are measured by the lower of carrying amount and fair value minus disposal costs.

The income and expenditures of the discontinued unit are reported separately in the consolidated income statement during the reporting period and the comparison period of the previous year, based on the after-tax basis and the income and expenditures of the continuing business unit. Even if, after the Group disposed the subsidiary, it still retains a non-controlling equity. The relevant after-tax profits and losses of discontinued units are presented separately in the consolidated income statement.

Once property, plant, and equipment and intangible assets are classified as pending sale, they will no longer be depreciated or amortized.

13.Investments accounted for using equity method

The Group's investments in associates are treated with the equity method, except for assets classified as assets for sale. Associates refer to companies that the Group has a significant influence on.

Under the equity method, investment in an associate is recognized in the balance sheet, which is the amount recognized by the Group based on cost plus the amount of the change in the net assets of the associate after acquisition in shareholding ratio. After the carrying amount of the associate investment and other related long-term equity is reduced to zero using the equity method, additional losses and liabilities are recognized within the scope of legal obligations, constructive obligations, or payments made on behalf of the associate. Unrealized gains and losses arising from transactions between the Group and associates shall be eliminated according to the proportion of its equity in the associates.

When changes in the equity of an associate do not occur due to gain or loss and other comprehensive income items and do not affect the Group's shareholding ratio, the Group recognizes the related ownership and equity changes based on the shareholding ratio. Therefore, the recognized capital reserve is transferred to gain or loss according to the proportion of the disposal in the subsequent disposal of associates. When an associate issues new shares, the Group fails to subscribe in proportion to the shareholding ratio, resulting in a change in the investment ratio, thereby increasing or decreasing the Group's equity holdings in the associate, "capital reserve" and "investment using the equity method" are used to adjust the increase or decrease. When the investment ratio change decreases, the related items that have been previously recognized in other comprehensive income are also reclassified to gain or loss or other appropriate accounts according to the reduction ratio. The recognized capital reserve above is transferred to gain or loss according to the proportion of the disposal in the subsequent disposal of associates.

The financial reports of associates are prepared for the same reporting period as the Group, and adjusted to make their accounting policies consistent with the Group's accounting policies.

At the end of each reporting period, the Group confirms whether there is objective evidence showing that the investment in associates or joint ventures has been impaired in accordance with the provisions of IAS 28 "Investment in associates and joint ventures." That is, in accordance with IAS 36 "Asset Impairment", the amount of impairment is calculated based on the difference between the recoverable amount of the associate or joint venture and the carrying amount, and the amount is recognized as gain or loss of the associate or joint venture. If the aforementioned recoverable amount adopts the use value of the investment, the Group will determine the relevant use value based on the following estimates:

(1) The Group's share of the present value of the estimated future cash flows generated by the associate, including the cash flow generated by the associate's operations and the final disposal price of the investment; or
(2) The Group expects the present value of estimated future cash flows from the investment to receive dividends and ultimately dispose of the investment.

Since the goodwill component items that constitute the carrying amount of investment in associates are not separately recognized, there is no need for goodwill impairment test per the provisions of IAS 36 "Asset Impairment."

When the significant impact on the associate is lost, the Group measures and recognizes the retained investment portion at fair value. In the event of loss of significant influence, the difference between the carrying amount of the investment associate and the fair value of the retained investment plus the proceeds from the disposal is recognized as gain or loss. In addition, when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method without re-evaluating the retained equity.

14. Property, Plant, and Equipment

Property, plant, and equipment are recognized on the basis of acquisition cost, and are recognized after deducting accumulated depreciation and accumulated impairment. The aforementioned cost includes the cost of dismantling, removing and restoring the property, plant, and equipment at their location and the cost of unfinished construction. Necessary interest expenses incurred. If each item of property, plant, and equipment is significant, it should be itemized for depreciation individually. When the major components of property, plant, and equipment are to be replaced on a regular basis, the Group treats the items as individual assets and recognizes them separately with specific useful life and depreciation methods. The carrying amount of the replacement part shall be derecognized in accordance with the derecognizing requirements of IAS 16 "property, plant, and equipment". If the major maintenance cost meets the recognition conditions, it is regarded as replacement cost and recognized as part of the carrying amount of plant, and equipment, and other repair and maintenance expenses are recognized in gain or loss.

Depreciation is accrued based on the estimated useful life of the following assets by the straight-line method:

Assets	Useful life
Building	1-52 years
Machinery equipment	1-15 years
Utilities equipment	1-13 years
Transportation equipment	1-10 years
Office equipment	1-10 years
Right-of-use assets/lease assets (Note)	1-50 years
Lease improvement	1-20 years
Other equipment	1-25 years

After initial recognition, items of property, plant, and equipment or any important component are derecognized and recognized as gain or loss if they are disposed of or are not expected to have an inflow of economic benefits due to use or disposal in the future.

The residual value, useful life, and depreciation method of property, plant, and equipment are assessed at the end of each financial year. If the expected value is different from the previous estimate, the change is regarded as a change in accounting estimates.

15.Leases

The Group assesses whether the contract is (or includes) a lease on the date of contract establishment. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is (or contains) a lease. In order to assess whether the contract transfers control over the use of the identified asset for a period of time, the Group assesses whether it has both of the following during the entire period of use:

(1) Obtain substantially all of the economic benefits from use of an identified asset; and
(2) Has the right to direct the use of an identified asset.

For contracts that are (or include) leases, the Group treats each lease component in the contract as a separate lease and treats it separately from the non-lease component in the contract. For contracts that include one lease component and one or more additional lease or non-lease components, the Group uses the relative individual price of each lease component and the aggregate individual price of the non-lease component as basis and allocates the consideration in the contract to the lease component. The relative stand-alone prices of lease and non-lease components are determined on the basis of the prices charged by the lessor (or similar suppliers) for the components (or similar components.) If the observable stand-alone price is not readily available, the Group maximizes the use of observable information to estimate the stand-alone price.

Group as a lessee

In addition to meeting and selecting Short-term leases or leases of low-value target assets, when the Group is the lessee of the leasing contract, the right-of-use assets and lease liabilities are recognized for all leases.

The Group measures the lease liability on the inception date based on the present value of the lease payments not yet paid on that date. If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, use the lessee's incremental borrowing interest rate. On the starting date, the lease payments in the lease liability include the following payments related to the right-of-use of the underlying asset during the lease period and not yet paid on that date:

(1) Fixed payments (including in-substance fixed payments) less any lease incentives receivable;
(2) Variable lease payments depending on an index or a rate, initially measured (using the index or rate at the commencement date);
(3) Amounts expected to be payable by the lessee under residual value guarantees;
(4) The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
(5) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the starting date, the Group measures the lease liability on the basis of amortized cost, and increases the carrying amount of the lease liability using the effective interest rate method to reflect the interest on the lease liability; the lease payments reduces the carrying amount of the lease liability.

On the starting date, the Group measures the right-of-use asset based on cost. The cost of the right-of-use asset includes:

(1) The original measured amount of the lease liability;
(2) Any lease payments paid on or before the commencement date, less any lease incentives receivable;
(3) Any original direct costs incurred by the lessee; and
(4) The estimated cost of lessee's dismantling, removing an underlying asset and restoring its location, or restoring the underlying asset to the state required in the terms and conditions of the lease.

Subsequent measurement of the right-of-use asset is presented after the cost minus the accumulated depreciation and accumulated impairment loss, that is, the cost model is applied to measure the right-of-use asset.

If the ownership of the underlying asset is transferred to the Group when the lease period expires, or if the cost of the right-of-use asset reflects that the Group will exercise the purchase option, the right-of-use asset will be depreciated from the start date to the end of the useful life of the underlying asset. The right-of-use asset is depreciated from the commencement date by the Group to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 "Asset Impairment" to determine whether the right-of-use asset has been impaired and to deal with any identified impairment losses.

In addition to meeting and selecting Short-term leases or leases of low-value target assets, the Group presents right-of-use assets and lease liabilities in the balance sheet, and separately presents lease-related depreciation expenses and interest expenses in the consolidated income statement.

For Short-term leases and leases of low-value target assets, the Group chooses to use a straight-line basis or another systematic basis to recognize the lease payments related to these leases as expenses during the lease period.

Group as a lessor

The Group classifies each of its leases as operating leases or finance leases on the date of contract establishment. If a lease transfers almost all the risks and rewards attached to the ownership of the underlying asset, it is classified as a financial lease; if it has not been transferred, it is classified as an operating lease. On the starting date, the Group recognized the assets held under finance leases in the balance sheet and expressed them as finance lease receivables based on the net lease investment.

For contracts that include lease components and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognizes lease payments from operating leases as rental income on a straight-line basis or another systematic basis. For operating leases, lease payments that are not dependent on a certain index or rate change are recognized as rental income when they occur.

16.Intangible assets

Intangible assets acquired separately are measured by cost at the time of initial recognition. The cost of intangible assets acquired through a business merger is the fair value at the acquisition date. After the initial recognition of intangible assets, the carrying amount is the amount of its cost minus accumulated amortization and accumulated impairment losses. Internally generated intangible assets that do not meet the recognition conditions shall not be capitalized, but shall be recognized in gain or loss when they occur.
The useful life of intangible assets is divided into limited and non-determined useful life.

Intangible assets with a limited useful life are amortized over their useful life, and an impairment test is performed when there are signs of impairment. The amortization period and amortization method of intangible assets with limited useful life are reviewed at least at the end of each financial year. If the estimated useful life of the asset is different from the previous estimate or the expected pattern of future economic benefit consumption has changed, the amortization method or amortization period will be adjusted and considered as a change in accounting estimates.

Intangible assets with a non-determined useful life are not amortized, but impairment tests are conducted at the level of individual assets or cash-generating units in each fiscal year. Intangible assets with indefinite useful life are assessed in each period whether there are events and circumstances that continue to support that the asset's useful life is still indefinite. If the useful life is changed from non-determined to limited useful life, the application will be postponed.
The profit or loss arising from the derecognition of intangible assets is recognized as gain or loss.

The Group's accounting policies for intangible assets are summarized as follows:

	The cost of computer software	Other intangible assets
Useful life	Finiteness (1 to 10 years)	Finiteness (1 to 10 years)
Amortisation method used	Straight-line method	Straight-line method
Internally generated or externally acquired	Externally acquired	Externally acquired

17. Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there are any signs of impairment for all assets to which IAS 36 "Asset Impairment" is applicable. If there are signs of impairment or a periodic impairment test is required for an asset every year, the Group will conduct the test on the basis of the individual asset or the cash-generating unit to which the asset belongs. As a result of the impairment test, if the carrying amount of the asset or the cash-generating unit to which the asset belongs is greater than its recoverable amount, the impairment loss is recognized. The recoverable amount is the higher of its net fair value or its value in use.

At the end of each reporting period, the Group assesses whether there is any indication that the previously recognized impairment loss may no longer exist or decrease for assets other than goodwill. If there are such signs, the Group estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment will be reversed. However, after the reversal, if the carrying amount does not exceed the asset value before recognizing impairment losses, the carrying amount after depreciation or amortization should be deducted.

The cash-generating unit or group to which the goodwill belongs, regardless of whether there are signs of impairment, is subjected to impairment tests on a regular basis every year. If the result of the impairment test needs to be recognized as the impairment loss, the goodwill shall be deducted first, and the shortfall will be deducted and then allocated to other assets other than the goodwill based on the relative proportion of the carrying amount. Once the impairment of goodwill is recognized, it shall not be reversed for any reason thereafter.

The impairment loss and the reversal of continuing business units are recognized in gain or loss.

18.Provisions

The recognition conditions of the liability reserve are the current obligations (legal obligations or constructive obligations) arising from past events. When paying off obligations, it is very likely that economically effective resources will need to be flowed out. And the amount of the obligation can be estimated reliably. When the Group expects that some or all of the liability reserves can be reimbursed, it is recognized as a separate asset only when the reimbursement is almost completely certain. If the time value of money has a significant impact, the liability reserve is discounted at the current pre-tax interest rate that can appropriately reflect the specific risks of the liability. When debt is discounted, the increase in the amount of debt over time is recognized as borrowing cost.

Liability reserve for warranty

The liability reserve for warranty is estimated in accordance with the sales contract agreement and the management's best estimate of the future outflow of economic benefits due to warranty obligations (based on historical warranty experience.)

19.Treasury stock

When the Group obtains the stock of the parent company (treasury stock), it is recognized at the cost of acquisition and used as a deduction of equity. The spread of treasury stock transactions is recognized under equity.

20.Revenue recognition

The Group’s revenue from contracts with customers mainly includes sales of goods. The accounting treatments are explained as follows:

Sales of goods

The Group manufactures and sells products, and recognizes revenue when the customer obtains its control (that is, the customer’s ability to control the use of the product and obtain almost all the remaining benefits of the product.) The main product is diode and rectifier and the revenue is recognized based on the price stated in the contract.

The warranty provided by the Group is based on the guarantee that the provided products will operate as expected by the customer, and is handled in accordance with the provisions of IAS 37.

The credit period for the Group’s sales of commodities is 30 to 120 days from the month’s closing. Most contracts recognize accounts receivable when commodity transfer control and the right to unconditionally receive consideration are recognized. Such accounts receivable are usually within the short period and without significant financial components; a small part of the contract has the goods transferred to the customer but does not have the right to unconditionally receive the consideration, then the contract assets are recognized, and the contract assets must be maintained in accordance with IFRS 9. The amount of expected credit loss during the period measures the allowance loss. However, for some contracts, since part of the consideration is first collected from customers when signing the contract, the Group assumes the obligation to provide goods after the renewal, so they are recognized as contract liabilities.

The period for the Group's aforementioned contract liabilities to be transferred to income usually does not exceed one year, and does not result in the generation of significant financial components.

The contract between the Group and the customer does not exceed one year until the delivery of the promised goods to the customer and the payment from the customer. Therefore, the Group has not adjusted the transaction price for the time value of money.

21.Borrowing costs

The borrowing cost directly attributable to the acquisition, construction or production of qualified assets shall be capitalized as part of the cost of the asset. All other borrowing costs are recognized as expenses during the period in which they are incurred. Borrowing costs include interest and other costs incurred in connection with borrowed funds.

22.Government grants

The Group only recognizes government subsidy income when it can reasonably be sure that it will meet the conditions set by the government subsidy and can receive the inflow of economic benefits from the government subsidy. When the subsidy is related to an asset, the government subsidy is recognized as deferred income and recognized as income in installments over the expected useful life of the relevant asset; when the subsidy is related to an expense item, the government subsidy is recognized as income with a reasonable and systematic method to match the expected period of the related costs' occurrence.

When the Group obtains non-monetary government subsidies, the assets and subsidies received are recognized at the nominal amount, and the gain is recognized in the consolidated income statement in equal installments based on the expected useful life and benefit consumption pattern of the underlying assets. Obtaining loans or similar subsidy from the government or related institutions that are lower than the market interest rate is regarded as an additional government subsidy.

23.Post-employment benefits

The Company and its domestic subsidiaries' employee retirement plan is applicable to all employees who are officially appointed. The employee pension is fully deposited in the management of the Labor Retirement Reserve Supervision Committee and deposited into a special account for pension. Because the above-mentioned pensions are deposited in the name of the retirement reserve supervision committee, it is completely separated from the Company and its domestic subsidiaries, so it is not included in the Consolidated Financial Report above. Retirement measures for employees of foreign subsidiaries are handled in accordance with local laws and regulations.

For post-retirement welfare program that are defined contribution plans, the Company and its domestic subsidiaries' monthly employee pension allocation rate shall not be less than 6% of the employee's monthly salary, and the amount allocated is recognized as the current expense; foreign subsidiaries are allocated according to a specific local proportion and recognized as current expenses.

For post-employment welfare programs that are defined benefit plans, they are presented as actuarial reports on the end of the annual reporting period in accordance with the projected unit credit method. The remeasurement of net defined benefit liabilities (assets) includes any changes in the planned asset return and the impact of the asset ceiling, minus the amount of net interest included in the net defined benefit liabilities (assets), and actuarial gain or loss. When the remeasured amount of net defined benefit liabilities (assets) occurs, it is included in other comprehensive income, and immediately recognized in retained surplus. The past service cost is the amount of change in the present value of a defined benefit obligation caused by the planned revision or reduction, and is recognized as an expense on the earlier date of the following two:

(1) When plan revisions or reductions occur; and
(2) When the Group recognizes related restructuring costs or resignation benefits.

The net interest of the net defined benefit liabilities (assets) is determined by multiplying the net defined benefit liabilities (assets) by the discount rate, both of which are determined at the beginning of the annual reporting period, and then the net defined benefit liabilities (assets) during the period take into account the any changes due to the appropriation of financial and welfare payments.

The pension cost of the interim period is calculated based on the pension cost rate determined by actuarial calculation on the end of the previous year and calculated based on the beginning of the year to the end of the current period. After the end date, major market fluctuations as well as major reductions, settlements or other major one-time matters should be adjusted and disclosed.

24.Share-based payment transactions

The cost of share-based payment transactions between the Group and employees for equity delivery is measured by the fair value of the equity instruments on the date of grant. The fair value is measured by an appropriate pricing model.

The cost of the share-based payment transaction for equity delivery is recognized phase by phase during the period when the service and performance conditions are fulfilled. There is corresponding increase in recognized equity as well. The accumulated expenses recognized by equity delivery exchanges on the end of each reporting period before the acquisition date reflect the passage of the acquisition period and the Group's best estimate of the number of equity instruments that will eventually be acquired. At the beginning and end of each reporting period, the cumulative cost changes recognized by the stock-based payment exchange are recognized in the gain or loss of that period.

If the share-based rewards ultimately do not meet the vested conditions, there is no need to recognize any expenses. However, if the acquired conditions of the equity settlement transaction are related to market conditions or non-vested conditions, if all service or performance conditions have been fulfilled, the relevant fees will still be recognized regardless of whether the market conditions or non-vested conditions are fulfilled.

When modifying the trading conditions of equity delivery, at least the original payment cost without modification is recognized. If the modification of the trading conditions of the share-based transaction increases the total fair value of the share-based payment transaction or is beneficial to employees, the additional transaction cost of equity delivery is recognized.

If the share-based compensation plan for equity delivery is canceled, it will be deemed to have been acquired on the date of cancellation, and the remaining unrecognized share-based compensation will be immediately recognized. This includes the unfulfilled reward plan of non-vested conditions that the Group or employees can control. If the originally canceled reward is replaced by a new reward plan and it is confirmed on the date of award that it will replace the canceled reward plan, the canceled and new reward plan will be treated as the original reward modification of the plan.

The dilution effect of the tradable option will be calculated based on the additional shares when calculating the diluted earnings per share.

When issuing stocks with restricted employee rights, it is based on the fair value of the equity commodities given to them on the grant date. Salary expenses and the relative increase in equity are recognized during the vesting period; at the grant date, the Group recognizes that employees have not earned compensation. The unearned compensation of employees is a transitional item, which is treated as a deduction of equity in the consolidated balance sheet, and the salary expenses are transferred according to the passage of time.

25.Income taxes

Income tax expense (gain) refers to the aggregate amount related to current income tax and deferred income tax included in the current profit or loss.

Current income tax

The current income tax liabilities (assets) related to the current and previous periods are measured by the tax rates and tax laws that have been legislated or substantively legislated at the end of the reporting period. Current income taxes are related to items recognized in other comprehensive income or directly recognized in equity, which are respectively recognized in other comprehensive income or equity instead of gain or loss.

The Company and its domestic subsidiaries’ undistributed earnings subjects to income tax shall be recognized as income tax expense on the day when the shareholders meeting decides to distribute the surplus.

Deferred tax

Deferred tax is calculated based on the temporary difference between the tax basis of assets and liabilities and their carrying amounts on the balance sheet at the end of the reporting period.

Except for the following two, all taxable temporary differences are recognized as deferred tax liabilities:

(1) The original recognition of goodwill; or the original recognition of assets or liabilities that were not generated by a business merger transaction and did not affect accounting profits or taxable income (loss) at the time of the transaction;
(2) Taxable temporary differences arising from investment in subsidiaries, associates, and joint venture interests, the timing of which is controllable and may not be reversed in the foreseeable future.

In addition to the following two, deferred tax assets resulting from deductible temporary differences, unused tax losses and unused income tax deductions are recognized within the scope of possible future taxable income:

(1) Relevant to deductible temporary differences arising from the original recognition of assets or liabilities that are not a business merger transaction that does not affect accounting profits or taxable income (loss) at the time of the transaction;
(2) It is related to the deductible temporary differences arising from the equity subsidiaries and associates, which are only likely to be reversed in the foreseeable future and there is sufficient taxable income at that time to provide for such temporary differences recognized within the scope of use.

Deferred tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which corporations expect, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax and items that are not recognized in profit or loss are also not recognized in gain or loss, but are recognized in other comprehensive income or directly recognized in equity based on their related transactions. deferred tax assets are reviewed and recognized at the end of each reporting period.

Deferred tax assets and liabilities can only be granted when the current income tax assets and current income tax liabilities have the statutory enforcement power, and when the deferred tax belongs to the same taxpayer and is related to the income tax levied by the same tax authority, they can be offsetting.

26.Business combinations and goodwill

Business combinations are accounted for by the acquisition method. The transfer consideration of the business combinations, the identifiable assets acquired and the liabilities assumed are measured by the fair value on the acquisition date. For each business combinations, the acquirer measures non-controlling interests based on the fair value or the relative proportion of the acquiree's identifiable net assets. The acquisition-related costs incurred are expensed in the current period and included in management expenses.

When the Group acquires business, it evaluates whether the classification and designation of assets and liabilities are appropriate based on the contractual conditions, economic conditions and other relevant conditions existing on the acquisition date, including the separate considerations of embedded derivative financial instruments in the master contract held by the acquiree.

If the business combinations is completed in stages, the acquirer’s previously held equity of the acquiree is re-measured at the fair value on the acquisition date, and the resulting profits or losses are recognized as current profits and losses.

The acquirer expects that the contingent consideration transferred will be recognized at its fair value on the acquisition date. The contingent consideration that is considered an asset or liability, and subsequent changes in fair value will be recognized as changes in current profit or loss or other comprehensive income in accordance with IFRS 9. However, if the contingent consideration is classified as equity, it will not be remeasured until it is finally settled under equity.

The original measurement of goodwill is the total amount of the transferred consideration plus non-controlling interests, which exceeds the fair value of the identifiable assets and liabilities obtained by the Group; if the consideration is lower than the fair value of the net assets obtained, the difference is recognized as current gain or loss.

After initial recognition, goodwill is measured by cost less accumulated impairment. Goodwill arising from a business combination is allocated to each cash-generating unit in the Group that is expected to benefit from the merger from the date of acquisition, regardless of whether other assets or liabilities of the acquiree are attributable to these cash-generating units. Each unit or unit’s group representative of the assessed goodwill is the lowest level of goodwill for internal management purposes, and is not greater than the operating segment before the aggregation.

When the disposition part includes a cash-generating unit of goodwill, the carrying amount of this sub-part includes the goodwill related to the dispositional operation. The goodwill of the disposition is measured based on the relative recoverable amount of the dispositioned operation and the retained part.

V. Significant accounting judgements, estimates and assumptions

When the Group prepares consolidated financial reports, management must make judgments, estimates and assumptions at the end of the reporting period, which will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, the uncertainties in these major assumptions and estimates may result in significant adjustments to the carrying amount of assets or liabilities in future periods.

1. Judgement

In the process of adopting the Group's accounting policies, the management made the following judgments that have the most significant impact on the recognition of Consolidated Financial Statement amounts:

Some of the Group's property holdings are partly for earning rent or capital appreciation, and the other part is for self-use. If each part can be sold separately, it will be treated as investment property and property, plant, and equipment. If each part cannot be sold separately, only when the part held for own use accounts for less than 5% of the individual property, the property will be classified as investment property.

2. Estimates and assumptions

At the end of the reporting period, the Estimation made about the future and the main sources of Assumption uncertainty are information that has a significant risk of causing significant adjustments to the carrying amounts of assets and liabilities in the next financial year. These are described below:

(1) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recognized on the balance sheet cannot be obtained from the active market, the fair value will be determined using evaluation techniques, including income method (such as discounted cash flow model) or market method. Assuming changes will affect the fair value of the reported financial instruments. Please refer to Note XII for details.

(2) Impairment of non-financial assets

An impairment occurs when the carrying amount of an asset or cash-generating unit is greater than its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose or value in use. The fair value minus the cost of disposal is calculated based on the price that can be received for the sale of assets or the price paid to transfer liabilities in an orderly transaction between market participants on the measurement date, which can be directly attributable to the amount after generating the incremental cost of the unit at disposal of assets or cash after deduction. Value in use is calculated based on the discounted cash flow model. The cash flow estimation is based on the budget for the next five years, and does not include the Group's uncommitted reorganization or future major investments needed to strengthen the asset performance of the tested cash-generating unit. The recoverable amount is easily affected by the discount rate used in the discounted cash flow model, as well as the expected future cash inflow and growth rate used for extrapolation purposes. Please refer to Note VI for details.

(3) Pension benefits

The pension cost of the post-employment welfare program and the present value of a defined benefit obligation depend on the actuarial evaluation. Actuarial evaluation involves a variety of different assumptions, including: discount rate and expected salary changes.

(4) Revenue recognition - sales returns and allowance

The Group estimates sales returns and discounts based on historical experience and other known reasons, and uses them as a deduction of operating income when the products are sold. The aforementioned estimates of sales returns and discounts are the cumulative revenue recognized in the major turnaround. The amount is highly probable that it will not occur on the basis of the previous withdrawal. Please refer to Note VI for details.

(5) Income tax

The uncertainty of income tax lies in the interpretation of complicated tax laws and the amount of taxable income generated in the future. Due to the long-term and complex nature of extensive international business relations and contracts, the differences between actual results and assumptions made, or changes in these assumptions in the future, may force the income tax benefits and expenses recorded in the book to be adjusted in the future. The calculation of income tax is based on a reasonable estimate made by the tax authority of the countries the Group operates. The stated amount is based on different factors, such as the previous tax review experience and the difference between the taxation body and the taxation authority’s interpretation of tax laws and regulations. The difference in this interpretation may result in various issues due to the location of the Group’s individual enterprise.

Post-transition of unused tax losses and income tax deductions and reducible temporary differences, which are likely to generate taxable income in the future or within the scope of contingent taxable temporary differences, shall be recognized as deferred income tax assets. The determination of the recognizable amount of deferred tax assets is based on the estimated time and level at which future taxable income and taxable temporary differences may occur, as well as future tax planning strategies.

(6) Accounts receivables–estimation of impairment loss

The estimation of the impairment loss of the Group's accounts receivable is based on the estimated amount of credit loss within duration, and will be based on the difference between the contractual cash flow (carrying amount) that can be received by the contract and the expected cash flow (assessment forward-looking information.) The value is credit loss, but the discounting effect of Short-term receivables is not significant, and credit loss is measured by the undiscounted difference. If the actual future cash flow is less than expected, significant impairment losses may occur. Please refer to Note VI for details.

(7) Stock inventory

The estimated value of the net realizable value of the inventory is based on the fact that the inventory is damaged, fully or partially obsolete, or the selling price has fallen. The most reliable evidence of the expected cash value of the inventory available at the time of the estimation is used. Please refer to Note VI for details.

VI. Contents of significant accounts

1. Cash and cash equivalents

	2020/12/31	2019/12/31
Cash in treasury	$2,040	$1,387
Check deposit, demand deposit, time deposit, etc.	1,945,739	1,130,135
Total	$1,947,779	$1,131,522

2. Financial assets at fair value through profit or loss - current

	2020/12/31	2019/12/31
Measured at fair value forcibly through profit or loss:		
Wealth Management Products - Structured Time Deposit	$660,927	$734,433
Fund	786,883	674,585
Stock	11,920	1,956
Derivative instruments without specified hedging relationship		
Forward exchange contract and currency swaps contract	910	15
Total	$1,460,640	$1,410,989

The Group does not provide guarantees with financial assets measured at fair value through profit or loss.

3. Financial assets at fair value through other comprehensive income - non-current

	2020/12/31	2019/12/31
Non-current equity instrument investment measured at fair value through other comprehensive income:		
TAIEX/OTC listed company stocks	$924,476	$519,819
Unlisted company stocks	247,471	265,697
Total	$1,171,947	$785,516

The Group does not provide guarantees with financial assets measured at fair value through other comprehensive income.

4. Financial assets measured at amortized cost - Non-current

	2020/12/31	2019/12/31
Financial products	$136,939	$334,482

Financial assets measured at amortized cost were not pledged.

5. Net notes receivable, net

	2020/12/31	2019/12/31
Notes receivable - incurred due to operating	$368,096	$484,044
(Less): allowance loss	-	-
Total	$368,096	$484,044

The Group’s has not provided notes receivable as collateral.

The Group assesses impairments in accordance with IFRS 9. For information on allowances for losses, please refer to Note VI(20), and for information related to credit risk, please refer to Note XII.

6. Accounts receivable and accounts receivable from related parties (net)

	2020/12/31	2019/12/31
Accounts receivable	$4,909,733	$4,447,661
(Less): allowance loss	(1,466,175)	(1,543,365)
Subtotals	3,443,558	2,904,296
Accounts receivable - related party	58,720	42,042
Total	$3,502,278	$2,946,338

The Group’s has not provided accounts receivable as collateral.

The Group's credit period to customers is usually from 30 days to 120 days for monthly settlement. The total carrying amount as of December 31, 2020, and 2019 were NT$4,968,453 thousand and NT$4,489,703 thousand, respectively. The information related to the allowance for loss from January 1 to December 31, 2020, and 2019 is detailed in Note VI (20). The information related to credit risk is detailed in Note XII.

7. Stock inventory

	2020/12/31	2019/12/31
Raw material	$685,783	$525,602
Work in process	170,834	192,112
Finished good	757,842	920,513
Total	$1,614,459	$1,638,227

The Group’s inventory cost recognized as an expense in FY2020 and FY2019 was NT$8,038,328 thousand and NT$7,221,040 thousand, respectively. In addition to the inventory cost, it included inventory sales of NT$219 thousand from inventory valuation gain in FY2020 and (NT$57,905) thousand from inventory valuation loss in FY2019.

The above inventory does not provide a guarantee.

8. Investments accounted for using equity method

	2020/12/31		2019/12/31	
Investee companies	Amount	Shareholding ratio	Amount	Shareholding ratio
Investee associates:				
ZIBO MICRO COMMERCIAL COMPONENT CORP.	99,544	31.38%	90,306	31.38%
MILDEX OPTICAL INC.	293,964	29.28%	330,912	28.78%
	$393,508		$421,218	

The Group's investment in Zibo Micro Commercial Components Corp. is not material to the Group. The aggregate carrying amount of the Group’s investment in Zibo Micro Commercial Components Corp. as of December 31, 2020 and December 31, 2019 was NT$99,544 thousand and NT$90,306 thousand, respectively. The aggregate financial statements based on proportion are as follows :

	FY2020	FY2019
Net income of continuing operations	$7,668	$7,519
Other comprehensive income (net after tax)	$-	$-
Total comprehensive income	$7,668	$7,519

The Group's investment in MILDEX OPTICAL INC. is not material to the Group. The aggregate carrying amount of the Group’s investment in MILDEX OPTICAL INC. on December 31, 2020 and December 31, 2019 was NT$293,964 thousand and NT$330,912 thousand, respectively. The aggregate financial statements based on proportion are as follows :

	FY2020	FY2019
Net (loss) of continuing operations	($33,293)	($27,330)
Other comprehensive income (net after tax)	($1,909)	$73,801
Total comprehensive income	($35,002)	$46,471

From January 1st to December 31, 2020, the amount of changes in the associates’ equity was (NT$154) thousand and recognized as undistributed earnings.

The aforementioned investee associates had no contingent liabilities or capital commitments as of December 31, 2020, and 2019, nor did they provide guarantees.

9. Property, Plant, and Equipment

	2020/12/31	2019/12/31
Property, plant, and equipment for self-use	$3,691,739	$3,165 ,965

Property, plant, and equipment for self-use

	Land	Building	Machinery equipment	Transportation equipment	Utilities equipment	Office equipment	Lease improvement	Other equipment	Equipment to be inspected and construction in progress	Total
Cost:										
2020/01/01	$374,404	$1,092,729	$7,885,244	$17,287	$168,425	$126,617	$81,825	$1,289,826	$30,940	$11,067,297
Addition	-	1,047	112,923	1,025	4,120	2,556	14,035	63,426	243,098	442,230
Disposal	-	-	(233,544)	-	-	(1,352)	-	(24,357)	-	(259,253)
Transfer	-	-	108,303	-	-	-	-	12,544	550,506	671,353
Consolidated change impact	-	-	-	-	-	(226)	-	(595)	-	(821)
Influence of exchange rate change	58	10,084	28,374		-	502	2,528	8,131	(5)	49,918
2020/12/31	$374,462	$1,103,860	$7,901,300	$18,558	$172,545	$128,097	$98,388	$1,348,975	$824,539	$11,970,724
Depreciation and impairment:										
2020/01/01	$-	$580,592	$6,052,569	$12,494	$157,656	$94,544	$37,324	$966,153	$-	$7,901,332
Depreciation expense	-	35,917	380,798	1,598	2,285	12,105	7,754	99,085	-	539,542
Disposal	-	-	(180,545)	-	-	(1,115)	-	(19,105)	-	(200,765)
Impairment loss	-	-	2,415	-	-	-	-	-	-	2,415
Transfer	-	-	2,783	-	-	-	-	-	-	2,783
Consolidated change impact	-	-	-	-	-	(95)	-	(348)	-	(443)
Influence of exchange rate change	-	6,774	18,975	194	-	447	1,216	6,515	-	34,121
2020/12/31	$-	$623,283	$6,276,995	$14,286	$159,941	$105,886	$46,294	$1,052,300	$-	$8,278,985
Net carrying amount:										
2020/12/31	$374,462	$480,577	$1,624,305	$4,272	$12,604	$22,211	$52,094	$296,675	$824,539	$3,691,739

	Land	Building	Machinery equipment	Transportation equipment	Utilities equipment	Office equipment	Lease improvement	Other equipment	Equipment to be inspected and construction in progress	Total
Cost:										
2019/01/01	$374,756	$1,526,583	$8,878,507	$17,283	$169,132	$129,604	$71,311	$1,683,675	$31,115	$12,881,966
Addition	-	7,569	167,868	2,568	-	11,063	13,432	59,238	66,433	328,171
Disposal	-	(442,529)	(1,265,211)	(1,972)	(707)	(14,783)	-	(461,908)	-	(2,187,110)
Transfer	-	27,024	171,010	(7)	-	2,500	-	27,009	(66,521)	161,015
Influence of exchange rate change	(352)	(25,918)	(66,930)	(585)	-	(1,767)	(2,918)	(18,188)	(87)	(116,745)
2019/12/31	$374,404	$1,092,729	$7,885,244	$17,287	$168,425	$126,617	$81,825	$1,289,826	$30,940	$11,067,297
Depreciation and impairment:										
2019/01/01	$-	$783,591	$6,627,512	$12,900	$155,867	$95,352	$30,866	$1,254,786	$-	$8,960,874
Depreciation expense	-	55,742	514,332	1,949	2,334	14,132	7,536	106,741	-	702,766
Disposal	-	(216,104)	(1,058,501)	(1,942)	(545)	(13,673)	-	(410,069)	-	(1,700,834)
Impairment loss (reversal)	-	-	7,477	-	-	2	-	-	-	7,479
Transfer	-	(27,644)	2,407	-	-	-	43	27,554	-	2,360
Influence of exchange rate change	-	(14,993)	(40,658)	(413)	-	(1,269)	(1,121)	(12,859)	-	(71,313)
2019/12/31	$-	$580,592	$6,052,569	$12,494	$157,656	$94,544	$37,324	$966,153	$-	$7,901,332
Net carrying amount:										
2019/12/31	$374,404	$512,137	$1,832,675	$4,793	$10,769	$32,073	$44,501	$323,673	$30,940	$3,165,965

The capitalized amount of the borrowing costs of property, plant, and equipment was both $0 in FY2020 and FY2019.

Please refer to Note VIII for the provision of guarantees through property, plant, and equipment.

10. Intangible assets

	The cost of computer software	Other intangible assets	Good will	Total
Cost:				
2020/01/01	$157,678	$162,093	$619,193	$938,964
Additions - separate acquisition	19,336	11,950	-	31,286
Derecognition	(19,531)	-	-	(19,531)
Transfer	-	(13,038)	-	(13,038)
Influence of exchange rate change	75	5,632	(27,324)	(21,617)
2020/12/31	$157,558	$166,637	$591,869	$916,064
2019/01/01	$139,606	$276,581	$634,146	$1,050,333
Additions - separate acquisition	43,889	9,508	-	53,397
Derecognition	(25,592)	(117,035)	-	(142,627)
Transfer	656	-	-	656
Influence of exchange rate change	(881)	(6,961)	(14,953)	(22,795)
2019/12/31	$157,678	$162,093	$619,193	$938,964
Amortization and impairment:				
2020/01/01	($67,897)	($65,900)	($476,200)	($609,997)
amortisation	(41,738)	(9,707)	-	(51,445)
Impairment	-	-	(40,916)	(40,916)
Derecognition	19,531	-	-	19,531
Transfer	-	609	-	609
Influence of exchange rate change	35	(2,420)	22,476	20,091
2020/12/31	($90,069)	($77,418)	($494,640)	($662,127)
2019/01/01	($55,531)	($175,587)	($487,172)	($718,290)
amortisation	(34,802)	(9,832)	-	(44,634)
Derecognition	21,750	117,035	-	138,785
Influence of exchange rate change	686	2,484	10,972	14,142
2019/12/31	($67,897)	($65,900)	($476,200)	($609,997)
Net Carrying Amount:				
2020/12/31	$67,489	$89,219	$97,229	$253,937
2019/12/31	$89,781	$96,193	$142,993	$328,967

Amortized amount recognized as intangible assets:

	FY2020	FY2019
Operating cost	$14,994	$12,535
Operating expense	$36,451	$4,767

11. Impairment testing of goodwill

For the purpose of impairment testing, the goodwill obtained as a result of a business merger is as follows:

The carrying amount of the goodwill allocated to each cash-generating unit under the diode business entity plus the total carrying amount:

	2020/12/31	2019/12/31
Good will	$97,229	$142,993

The Group conducted an impairment test on goodwill at the end of the annual financial reporting period. The recoverable amount of a cash-generating unit in the diode business group on December 31, 2020, was determined based on the value in use. The value in use is calculated using the cash flow forecast of the financial budget approved by the management. The cash flow forecast has been updated to reflect changes in the demand for related products and assumptions about the existence of the unit. This cash-generating unit was not as expected due to the management's assessment of the local market development, the expected pattern of future economic benefits has changed, and it was unable to continuously generate net cash inflows. Therefore, the goodwill allocated to the cash-generating unit in FY2020 The full amount of the impairment loss is NT$40,916 thousand.

Except for the above, the recoverable amount of cash-generating units under the diode business group was NT$393,589 thousand on December 31, 2020. The recoverable amount is determined based on the value in use. The value in use is calculated using the cash flow forecast of the five-year financial budget approved by the management. The cash flow forecast has been updated to reflect changes in demand for related products. The pre-tax discount rate used in the cash flow forecast is between 10.5% and 16.2%. The growth rate is approximately equal to the long-term average growth rate of the industry. Based on the results of this analysis, the management believes that the goodwill allocated to this cash-generating unit has not been impaired.

Key assumptions used to calculate value in use

Gross profit margin -The gross profit margin is based on the previous operating performance and its expectations for market development to determine the budgeted gross profit margin.

Discount rate -The discount rate represents the market's assessment of the specific risks of each cash-generating unit at that time (about the time value of currency and the individual risks of related assets that have not been included in the cash flow estimation.) The discount rate calculation is based on the specific circumstances of the Group and its operating segments, and is derived from its weighted average cost of capital (WACC.) WACC considers liabilities and equities at the same time. The cost of equity is derived from the expected return of the Group's investors to the investment, while the cost of liabilities is based on the interest-bearing borrowings that the Group is obligated to repay. Sector-specific risks are incorporated using individual beta factors, which are evaluated annually based on publicly available market data.

Growth rate estimation - based on published industry research data.

Sensitivity of hypothesis change

Regarding the valuation of the value in use of the cash-generating unit, the management believes that the aforementioned key assumptions have not changed reasonably, and the carrying amount of the unit significantly exceeds its recoverable amount.

12. Short-term loan

Details of the short loans are as follows:

	2020/12/31	2019/12/31
Unsecured bank loans	$1,898,733	$2,195,201
Interest rate range	0.55%~2.35%	1.00%~3.075%
Maturity date	2021/01/13~2021/12/01	2020/01/06~2020/06/17

As of December 31, 2020, and 2019, the Group's unused short-term borrowings quota were approximately NT$7,436,828 thousand and NT$3,264,612 thousand, respectively.

13.Financial liabilities at fair value through profit or loss - current

	2020/12/31	2019/12/31
Held for trading:		
Derivative instruments without specified hedging relationship		
Forward exchange contract and currency swaps contract	$2,925	$102

14.Notes payable - current

	2020/12/31	2019/12/31
Notes receivables arising from operating activities	$556,694	$515,112

15.Long-term deferred revenue

	FY2020	FY2019
Opening balance	$124,062	$347,832
Addition	7,647	41,010
Items recognized as profit or loss	(32,112)	(35,612)
Derecognition (Note)	-	(226,749)
Reclassification	-	494
Effect of Exchange Rate Changes	1,104	(2,913)
Closing balance	$100,701	$124,062

	2020/12/31	2019/12/31
Asset related deferred income - non-current	$100,701	$124,062

The Group has received government subsidies for obtaining property, plant, and equipment, and land use rights for specific projects. There are no unfulfilled conditions and other contingencies for those that have been recognized in gain or loss.

16.Long-term loan

Details of the long-term loans are as follows:

Creditor	2020/12/31	2019/12/31
Syndicated bank Loan (A)	$2,487,500	$2,237,500
Syndicated bank Loan (B)	1,121,533	962,018
Project loan (C)	23,000	23,000
Project loan (D)	103,000	-
Project loan (E)	152,000	-
Credit loan	765,333	198,000
Subtotals	4,652,366	3,420,518
(Less): Maturity within one year	-	-
(Less): unamortized expense	(3,194)	(8,829)
(Less): Deferred gain from government grants	(5,441)	(494)
Total	$4,643,731	$3,411,195

	2020/12/31	2019/12/31
Interest rate range	0.65%~1.79%	0.90%~1.79%

(A) The Company signed a syndicated loan of a total NT$5,000,000 thousand or equivalent U.S. dollars with 16 financial institutions such as the Land Bank on October 17, 2018. The period is from the date of first use to the date of expiry in 5 years. In addition, the first use should be within 3 months from the date of signing, otherwise, when calculating the credit period, the date of expiry of the three-month period shall be the first use date. Here is an excerpt of the important matters stipulated in the contract as follows:

a. The method of this credit case is agreed as follows:
   i. Credit Line A: The mid-term loan amount is NT$1.5 billion.
   ii. Credit Line B: The mid-term loan amount is NT$3.5 billion or equivalent in US dollars.

b. In terms of financial ratios: Before the debts are fully paid off during the contract period, the Company shall calculate the financial ratios specified in the following clauses on the basis of the information and data recorded in the Company's consolidated financial statements with a CPA audit each year, and shall meet the financial ratio values set by each section:
   i. Current ratio (current assets ÷ current liabilities): should not be less than 100%.
   ii. Debt ratio (total debt ÷ shareholders' equity): should not be higher than 200%.
   iii. Times interest earned ratio [(profit before tax + interest expense + depreciation + amortization) ÷ (interest expense)]: should not be less than 2.5 times.
   iv. Tangible net worth: The net worth deducting intangible assets should not be less than NT$5.3 billion or the equivalent in U.S. dollars.

(B) The Subsidiary, PAN-JIT ASIA INTERNATIONAL INC., signed a syndicated loan of a total USD66,000 thousand with 17 financial institutions such as the First Commercial Bank on October 17, 2018. The period is from the date of first use to the date of expiry in 5 years. In addition, the first use should be within 3 months from the date of signing, otherwise, when calculating the credit period, the date of expiry of the three-month period shall be the first use date. Here is an excerpt of the important matters stipulated in the contract as follows:

a. The method of this credit case is agreed as follows:
   i. Credit Line A: the mid-term loan amount is USD 35,000 thousand. The restriction is to employ the fund as a whole instead of revolving.
   ii. Line B credit: the mid-term loan amount is USD 31,000 thousand, which is revolving within the credit period.

b. Financial ratio: within the entire credit period, the information and data recorded in the annual and semi-annual consolidated financial statements of the Company, which have been reviewed or audited by the CPA, are the basis for calculation. The Company calculates the financial ratios specified in the following paragraphs, and it should comply with the financial ratio values specified in the following paragraphs:

i. Current ratio (current assets ÷ current liabilities): should not be less than 100%.
ii. Debt ratio (total debt ÷ shareholders' equity): should not be higher than 200%.
iii. Times interest earned ratio [(profit before tax + interest expense + depreciation + amortization) ÷ (interest expense)]: should not be less than 2.5 times.
iv. Tangible net worth: The net worth deducting intangible assets should not be less than NT$5.3 billion or the equivalent in U.S. dollars.

The syndicated bank loan is guaranteed by part of the property, plant, and equipment and the main management staff. For the guarantee situation,
Please refer to Note VII and VIII for details.

(C) The Company and Taishin International Bank signed a medium- and long-term Taiwan investment project loan credit contract of a total NT$600,000 thousand on September 9, 2019. The relevant terms are as follows:
The method of this credit case is agreed as follows:

Line of credit	Credit period	Interest rate	Repayment method
$400,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.4%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.
$200,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.4%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.

(D) The Company and Chang Hwa Commercial Bank signed a medium- and long-term Taiwan investment project loan credit contract of a total NT$900,000 thousand on October 25, 2019. The relevant terms are as follows:

The method of this credit case is agreed as follows:

Line of credit	Credit period	Interest rate	Repayment method
$600,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.
$300,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.

(E) The Company and First Commercial Bank signed a medium- and long-term Taiwan investment project loan credit contract of a total NT$1,500,000 thousand on November 1, 2019. The relevant terms are as follows:

The method of this credit case is agreed as follows:

Line of credit	Credit period	Interest rate	Repayment method
$1,000,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.
$500,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.

17. Post-employment benefits

Defined contribution plan

The Company and domestic Subsidiaries set forth the employee pension rules under the “Labor Pension Act”, which is a state-managed defined contribution plan. According to the regulations, the Company and domestic Subsidiaries' monthly labor pension contribution rate shall not be less than 6% of the employees' monthly salary. The Company and domestic Subsidiaries have established the employee retirement rules accordingly, and 6% of the employee’s salary is allocated to the individual retirement account of the Labor Insurance Bureau every month.

Subsidiaries in mainland China, in accordance with local government laws and regulations, provide pension insurance funds based on a certain percentage employees’ total salary, pay to relevant government departments, and save in separate accounts for each employee.

The Group’s other foreign subsidiaries allocate pension funds to relevant pension management businesses in accordance with local laws and regulations.

The Group has recognized $43,126 thousand and $43,805 thousand, respectively, for the defined contribution plans in FY2020 and FY2019.

Defined benefits plan

The Company and it domestic Subsidiaries’ employee pension plan established by the “Labor Standards Act” is a defined benefit plan. The employee pension payment is calculated based on the base number of service years and the average salary of one month at the time of retirement. The service length within 15 years (including) shall be given two cardinalities for each full year, and the service length over 15 years shall be given one cardinality for each full year. However, the cumulative maximum shall be limited to 45 cardinalities. Per requirement of the Labor Standard Act, the Company and its domestic Subsidiaries shall transfer 2% of the total salary to the pension fund on a monthly basis, which shall be deposited in the special account of the Bank of Taiwan in the name of the Labor Retirement Reserve Fund Supervision Committee. In addition, the Company and its domestic Subsidiaries shall, before the end of each fiscal year, estimate the balance of the labor retirement reserve fund special account in the preceding paragraph. If the balance is insufficient to pay the retirement allowance amount calculated in accordance with the foregoing calculation for the labor eligible for retirement in the next one fiscal year, the Company shall once allocate the balance by the end of March of the next fiscal year.

The Ministry of Labor conducts asset allocation in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor pension. The investment of the fund is invested by self-management and entrusted management, and adopts both active and passive management with medium and long-term investment strategies. Considering market, credit, liquidity and other risks, the Ministry of Labor sets fund risk limits and control plans to make it flexible enough to achieve target returns without over-taking risks. For the utilization of the fund, the minimum annual income allocated in the final accounts shall not be less than the income calculated according to the two-year fixed deposit interest rate of the local bank. Any insufficiency, shall be made up by the national treasury after being approved by the competent authority. Since the Company and its domestic Subsidiaries do not have the right to participate in the operation and management of the fund, it cannot disclose the fair value of the project assets in accordance with paragraph 142 of the IAS 19. As of December 31, 2020, the Group’s defined benefit plan is expected to allocate NT$2,887 thousand in the next fiscal year.

As of December 31, 2020, and 2019, the Company and its domestic Subsidiaries’ defined benefit plans are expected to expire in 12~19 years and 12~18 years, respectively.

The following table summarizes and determines the cost of the benefit plan recognized to profit or loss:

	FY2020	FY2019
Current service cost	$2,024	$2,267
Net interest of net defined benefit liabilities (assets)	828	1,097
Total	$2,852	$3,364

The current value of the defined benefit obligations and the fair value of the planned assets are adjusted as follows:

	2020/12/31	2019/12/31	2019/01/01
Present value of defined benefit obligations	$194,474	$187,860	$196,158
Fair value of the planned assets	(81,132)	(79,259)	(89,874)
The amounts accounted of other non-current liabilities - net defined benefit liabilities	$113,342	$108,601	$106,284

Adjustment of net defined benefit liabilities (assets):

	Defined benefit Present value of obligation	Plan assets Fair value	Net defined benefit liability (asset)
2019/01/01	196,158	(89,874)	106,284
Current service cost	2,267	-	2,267
Interest expense (income)	2,035	(938)	1,097
Past service costs and liquidation gain or loss	-	-	-
Subtotals	200,460	(90,812)	109,648
Defined benefit liabilities / assets remeasurement:			
Actuarial gain or loss resulting from changes in demographic assumptions	273	-	273
Actuarial gain or loss resulting from changes in financial assumptions	6,674	-	6,674
Experience adjustments	2,116	-	2,116
Determine the amount of welfare assets rebalance quantity	-	(2,835)	(2,835)
Subtotals	209,523	(93,647)	115,876
Benefit payment	(21,663)	21,663	-
Employer contribution	-	(7,275)	(7,275)
Influence of exchange rate change	-	-	-
2019/12/31	$187,860	($79,259)	$108,601
Current service cost	2,024	-	2,024
Interest expense (income)	1,444	(616)	828
Past service costs and liquidation gain or loss	-	-	-
Subtotals	191,328	(79,875)	111,453
Defined benefit liabilities / assets remeasurement:			
Actuarial gain or loss resulting from changes in demographic assumptions	(822)	-	(822)
Actuarial gain or loss resulting from changes in financial assumptions	9,811	-	9,811
Experience adjustments	1,191	-	1,191
Determine the amount of welfare assets rebalance quantity	-	(3,087)	(3,087)
Subtotals	201,508	(82,962)	118,546
Benefit payment	(7,034)	7,034	-
Employer contribution	-	(5,204)	(5,204)
Influence of exchange rate change	-	-	-
2020/12/31	$194,474	($81,132)	$113,342

The following main assumptions are used to determine the Company and its domestic Subsidiaries' defined benefit plan:

	2020/12/31	2019/12/31
Discount rate	0.38% ~ 0.41%	0.75% ~ 0.87%
Expected salary increase rate	1.50% ~ 2.00%	1.50% ~ 2.00%

The sensitive analysis of each major actuarial assumption:

	FY2020		FY2019	
	Increased defined benefit obligation	Decreased defined benefit obligations	Increased defined benefit obligation	Decreased defined benefit obligations
Discount rate added by 0.5%	$-	$12,891	$-	$11,180
The discount rate was reduced by 0.5%	$14,322	$-	$14,236	$-
Remuneration expected to increase by 0.5%	$14,072	$-	$14,042	$-
Remuneration expected to decrease by 0.5%	$-	$12,809	$-	$11,149

The aforementioned sensitivity analysis is performed on the assumption that other assumptions remain unchanged, and when a single actuarial assumption (such as discount rate or expected salary) may change reasonably, analysis of the possible impact of determining welfare obligations is carried out. Since some actuarial assumptions are related to each other, in practice, only the case with a single actuarial assumption changes is rare, so this analysis has its limitations.

The method and assumptions used in preparing the sensitivity analysis for the period are the same as before.

18.Equity

(1) Common stock

As of December 31, 2020, and 2019, the Company’s rated share capital is NT$6,000,000 thousand, the issued share capital is NT$3,328,149 thousand, and the par value of each share is NT$10, which is 332,815 thousand shares. Each share has one voting right and the right to receive dividends.

The Company’s shareholders meeting on June 13, 2019 resolved to implement a cash capital reduction of NT$369,795 thousand, and the number of shares to be canceled was 36,979 thousand shares. The base date of the capital reduction was July 18, 2019, and the registration alteration has been completed.

(2) Capital surplus

Items	2020/12/31	2019/12/31
Share premium	$1,000,884	$1,000,884
Conversion premium of convertible corporate bonds	1,083,418	1,083,418
Recognized value of changes in equity of ownership of subsidiaries	-	5,783
Executive stock option	24,527	24,527
Restrict employee rights share	694	694
Changes in the net worth of associates and joint ventures by equity method	-	489
Others	87,151	87,151
Total	$2,196,674	$2,202,946

According to laws and regulations, the capital reserve shall not be used except to cover the Company’s losses. When the Company has no losses, the premium from issuing shares in excess of the par value and the capital surplus generated by the donation is subject to a certain percentage of paid-in capital each year for capital replenishment. The aforementioned capital reserve may also be distributed in cash in proportion to the shareholders' original shares.

(3) Treasury stock

In order to transfer shares to employees, the Company’s Board of Directors resolved to implement the repurchase of treasury shares on March 23, 2020. The scheduled period of repurchase is from March 24, 2020 to May 23, 2020. The amount is scheduled to be repurchased. It is 10,000 thousand shares, and the repurchase price ranges from 10.54 to 34.50 per share.

As of September 30, 2020, and 2019, the Company held treasury stocks of NT$16,507 thousand and NT$0 thousand, and the numbers of shares were 700 thousand shares and 0 thousand shares, respectively.

(4) Retained earnings and dividend policies

According to the articles of association of the Company, if there is a surplus in the annual final accounts, it shall be distributed in the following order:

A. Withholding taxes.
B. Offsetting accumulated losses.
C. Withdrawing 10% as statutory surplus reserve.
D. Allocating or reversing special surplus reserves in accordance with the regulations of the competent authority.
E. The balance shall be proposed by the Board of Directors for the surplus distribution proposal. When new shares are issued, it shall be submitted to the shareholders meeting for a resolution

.

In accordance with Article 240, Paragraph 5 of the Company Act, the Company authorizes the Board of Directors, in the condition of having more than two-thirds of the directors present and more than half of the directors agree, to assign all or part of the dividends and bonuses payable. The resolutions shall be reported to the shareholders meeting.

The Company's dividend policy is determined by the Board of Directors based on operating plans, investment plans, capital budgets, and changes in internal and external environments. The Company's business is a capital-intensive industry and is currently in the stage of operational growth. Considering the Company's future capital needs and long-term financial planning, and meeting shareholders' demand for cash inflows, the principles of surplus distribution are as follows:

The balance to be distributed for the current year is given priority to cash dividends and can also be distributed to shareholders in the form of stock dividends, but the total amount of cash dividends shall not be less than 10% of the total amount of dividends paid to shareholders.

Per requirement of the Company Act, the legal surplus reserve shall be appropriated until the total reaches the amount of total paid-in capital stock of the Company. Legal surplus reserves may offset losses. When the Company bears no losses, the part of the statutory surplus reserve exceeding 25% of the paid-up capital can issue new shares or cash in proportion to the shareholders’ original shares.

In accordance with Article 241 of the Company Act, the Company will issue all or part of the statutory surplus reserve and capital reserve as new shares or cash in proportion to the shareholders’ original shares. When cash is assigned, the Company authorizes the Board of Directors, in the condition of having more than two-thirds of the directors present and more than half of the directors agree, to make a resolution and report to the shareholders meeting. When new shares are issued, they shall be distributed after a resolution of the shareholders meeting.

After adopting International Financial Reporting Standards, according to the Financial Regulatory Commission issued on April 06, 2012, the Ching-Kuan-Chen-Fa-Tze No. 1010012865 letter, when the International Financial Reporting Standards were first adopted, the Company's accounts have not realized the benefits of revaluation value-added and accumulated conversion adjustments on the conversion date, as a result of choosing to adopt an exemption from IFRS 1 "First Application of International Financial Reporting Standards," and transferred to retained earnings. The same amount is recognized as special surplus reserve. After adopting IFRS to prepare financial reports, when distributing the distributable surplus, the difference between the balance of the special surplus reserve provided for the first time when the IFRS is adopted and the net deduction of other equity is added to the special surplus reserve. Afterward, if other shareholders' equity deduction has been reversed, the reversal shall be applicable to earnings distribution.

As of January 1, 2020, and 2019, the Company's special surplus reserve after first application were both NT$200,400 thousand. In addition, the Company did not use, dispose of, or reclassify related assets from January 1 to December 31, 2020, and 2019, therefore did not convert the special surplus reserve to undistributed earnings. As of December 31, 2020, and 2019, the Company's special surplus reserve after first application were both NT$200,400 thousand.

The earnings appropriation and distribution scheme and dividends per share of FY2020 and FY2019 proposed by the Company's Board of Directors on March 26, 2021, and approved by the annual general meeting on June 12, 2020, are as follows:

	Earnings appropriation and distribution scheme		Dividend per share (NT$)	
	FY2020	FY2019	FY2020	FY2019
Legal surplus reserves	$88,681	$53,021	$-	$-
Special surplus reserves recognized	$-	$192,205	$-	$-
Cash dividends on ordinary shares (Note)	$498,172	$349,456	$1.50	$1.05

(Note) The Company's Board of Directors passed a special resolution to issue cash dividends on ordinary shares for FY2020 and FY2019, respectively, on March 26, 2021, and March 23, 2020.

Please refer to Note VI (22) for the relevant information about the assessment basis and recognized amount of the employee compensation and directors remuneration

(5) Non-controlling interests

	FY2020	FY2019
Opening balance	$125,176	$166,696
Profit or loss attributable to the non-controlling interests	3,106	(27,197)
Other comprehensive gains and losses attributable to non-controll equities:		
Exchange differences on translation of foreign financial statements	2,179	(3,991)
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	17,444	(8,102)
Re-measurement amount of defined benefit plan	3	63
Changes in affiliated enterprises and joint ventures recognized by equity method	(73)	15
Changes of ownership equities of subsidiaries	66	(1,511)
Difference between the price received from acquisition or disposal of interest in subsidiaries and		
Carrying amount difference	-	(797)
Acquisition of subsidiaries' shares issued	(1,133)	-
Cash capital increase of subsidiary	8,634	-
Subsidiaries pay cash dividends	(8,094)	-
Others	3	-
Closing balance	$147,311	$125,176

19.Operating revenue

Client contractual income

	FY2020	FY2019
Income from sales of goods	$10,475,269	$9,136,264
other operating revenue	9,831	6,386
Total	$10,485,100	$9,142,650

Information on the Company's client contractual revenues for FY2020 and FY2019 is as follows:

(1) Revenue breakdown

FY2020

	Diode	Solar Energy	Other business units	Total
Sales of goods	$10,226,964	$187,980	$70,156	$10,485,100

FY2019

	Diode	Solar Energy	Other business units	Total
Sales of goods	$8,932,686	$205,679	$4,285	$9,142,650

(2) Contract balance

Contractual liabilities - current

	2020/12/31	2019/12/31	2019/01/01
Sales of goods	$12,772	$112,614	$85,588

The reason for the changes in the balance of contract liabilities of the Group in FY2020, and FY2019 was due to the fact that part of the performance obligations had been met and transferred into revenue or the increase in repay.

20.Expected credit impairment gains (losses)

	FY2020	FY2019
Operating expenses - expected credit impairment gain (loss)		
Accounts receivable	$2,318	$10,734

For other credit risk information, please refer to Note XII.

The Group’s receivables (including notes and accounts receivable, and accounts receivable - related parties) were subject to the allowance for loss measured at expected credit loss amount during the survival period, with the related explanations about the allowance for loss evaluated on December 31, 2020, and 2019, as follows:

Accounts receivable considers the counterparty's credit rating, regional and industrial factors, and uses the preparation matrix to measure the allowance loss. The relevant information is as follows:

2020/12/31

	1-90 days (Note)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Total carrying amount	$3,219,458	$682,886	$1,308	$3	$1,432,894	$5,336,549
Loss rate	-	4.84%	20.00%	50.00%	100%	-
Anticipated credit diminished loss within the period of existence	-	(33,024)	(256)	(1)	(1,432,894)	(1,466,175)
Subtotal	$3,219,458	$649,862	$1,052	$2	$-	$3,870,374

2019/12/31

	1-90 days (Note)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Total carrying amount	$3,084,425	$361,036	$10,715	$3,870	$1,513,701	$4,973,747
Loss rate	-	7.53%	20.31%	7.44%	100%	
Anticipated credit diminished loss within the period of existence	-	(27,200)	(2,176)	(288)	(1,513,701)	(1,543,365)
Subtotals	$3,084,425	$333,836	$8,539	$3,582	$-	$3,430,382

(Note): Notes receivable included. All notes receivable of the Group are mostly not overdue.

The relevant information on the change of allowance loss of the accounts receivable for the Group in FY2020 and FY2019 is as follows:

	Accounts receivable
2020/01/01	$1,543,365
Amounts increase (reversal) in the current period	(2,318)
Write-off of unrecoverable accounts	(5,545)
Effect of Exchange Rate Changes	(69,327)
2020/12/31	$1,466,175
2019/01/01	$1,602,732
Amounts increase (reversal) in the current period	(10,734)
Write-off of unrecoverable accounts	(9,805)
Effect of Exchange Rate Changes	(38,828)
2019/12/31	$1,543,365

21.Leases

(1) The Group is the lessee

The Group leases a number of different assets, including property (land, houses, and buildings) transportation equipment, and other equipment. The lease period of each contract is between 1 to 50 years.

The impact of leasing on the Group's financial status, financial performance and cash flow is explained as follows:

A. The amounts recognized in the balance sheet are:

(a) Right-of-use assets

Carrying amount of right-of-use assets

	2020/12/31	2019/12/31
Land	$72,740	$74,185
Building	71,656	48,382
Transportation equipment	1,174	1,308
Other equipment	1,203,410	1,225,306
Total	$1,348,980	$1,349,181

(b) Lease liabilities

	2020/12/31	2019/12/31
Current	$35,583	$31,251
Non-current	202,441	190,326
Total	$238,024	$221,577

Please refer to Note VI (23-4) Financial Costs for the Group’s interest expense of lease liabilities in FY2020 and FY2019. Please refer to Note XII (5) Liquidity Risk Management for the maturity analysis of lease liabilities due on December 31, 2020.

B. Amount recognized in statement of comprehensive income

Depreciation of right-of-use assets

	FY2020	FY2019
Land	$2,628	$13,885
Building	21,919	17,382
Transportation equipment	1,243	1,259
Other equipment	71,341	73,223
Total	$97,131	$105,749

C. The lessee's income and expenditures related to leasing activities

	FY2020	FY2019
Expenses arising from short-run lease	$9,672	$8,125
Expenses arising from low-value asset lease (Excluding the expenses arising from short-run lease of low-value asset)	$329	$307
Income from sublease of right-of-use assets	$4,918	$12,791

D. The lessee's cash outflows related to leasing activities

The total cash flow arising from the Group’s leases in FY2020 was NT$42,854.

E. Other information related to leasing activities

Option to extend lease and to terminate lease

Some of the Group's property leasing contracts include options for lease extension and lease termination. When deciding the lease term, the non-cancellable period with the right-of-use of the underlying asset, and the period covered by the Group’s option to extend the lease can be reasonably determined, and it can be reasonably determined that the Group will not exercise the option of lease termination for the period covered. The use of these options can maximize the operating flexibility of the management contract. Most of the options for lease extension and lease termination can only be exercised by the Group. After the start date, there are major events or major changes in circumstances (Within the lessee's control and affecting whether the Group can reasonably determine to exercise options that were not previously included in the determination of the lease term, or not to exercise the options previously included in the determination of the lease term), the Group shall reassess the lease period.

22. Summary statement of employee benefits, depreciation and amortization expenses by function:

Function / Nature	FY2020			FY2019		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense						
Salary expense	$1,079,807	$667,465	$1,747,272	$1,032,248	$527,048	$1,559,296
Labor and health insurance expenses	$103,787	$41,822	$145,609	$106,652	$52,708	$159,360
Pension expenses	$30,922	$15,055	$45,977	$33,010	$14,159	$47,169
Directors remuneration	$-	$21,039	$21,039	$-	$13,609	$13,609
Other employee benefit expenses	$63,996	$22,210	$86,206	$64,000	$21,270	$85,270
Depreciation expense	$537,999	$98,674	$636,673	$682,926	$125,589	$808,515
Amortization expense	$14,994	$36,451	$51,445	$12,535	$32,099	$44,634

The Company's Articles of Association stipulates that, after annual earnings first offset against any deficit, a minimum of 6% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. But the shall reserve a portion of profit to offset accumulated losses, if any. The aforementioned employee compensation can be made in stock or cash. Its subjects may include employees of controlling or associates that meet certain conditions which are set by the Board of Directors.

According to one of Article 235 of the Company Act, if the employee's compensation in the preceding paragraph is based on stocks or cash, the Board of Directors shall come to the resolution with more than two-thirds of the directors present and more than half of the present directors approve, and report to the shareholders meeting. For information about employee compensation and director renumeration approved by the Board of Directors, please visit "Market Observation Post System" of Taiwan Stock Exchange.

According to the profit status of the Company in FY2020, the employee compensation and directors renumeration were estimated to be 6% and 2%, respectively, and the amount of employee compensation and directors renumeration were NT$61,528 thousand and NT$20,509 thousand, respectively; In FY2019, the amount of employee compensation and directors renumeration were NT$39,835 thousand and NT$13,279 thousand, respectively. The foregoing amounts were accounted for under salary expenses. If the Board of Directors decides to pay employee compensation in stocks, the closing price on the day before the Board of Directors resolution is used as the basis for calculating the number of allotted shares. If there is a difference between the estimated number and the actual allotted amount by the Board of Directors, it is recognized as gain or loss in the following year.

The Company's Board of Directors resolved on March 26, 2021 and March 23, 2020 to provide cash for the employees compensation and directors renumeration in FY2021 and FY2020 and the amounts were NT$61,528 thousand, NT$20,509 thousand and NT$39,835 thousand, NT$13,279 thousand, respectively. There is no significant difference to the amounts recognized as expenses in the financial report of FY2020 and FY2019.

23.Non-operating income and expenditure

(1) Interest earned

	FY2020	FY2019
Financial asset measured at amortized cost	$99,152	$50,090

(2) Other income

	FY2020	FY2019
Rental receipt	$5,178	$12,807
Dividend income	11,262	16,286
Other income - other	125,308	98,141
Total	$141,748	$127,234

(3) Other gains or losses

	FY2020	FY2019
Gains (losses) on disposal of property, plant, and equipment	($15,554)	$52,730
Profits on disposal of investments	2,663	27
Net Foreign Exchange (Losses)	(46,498)	(25,578)
Impairment (Loss)	(43,331)	(7,479)
Valuation gain of Financial assets and liabilities measured at fair value through profit or loss (Note)	12,422	13,097
Other expenses	(5,172)	(133,537)
Total	($95,470)	($100,740)

(Note): Mandatory generated by financial assets and liabilities measured at fair value through profit or loss.

(4) Financial costs

	FY2020	FY2019
Interest on bank borrowing	($72,597)	($76,963)
Interest on lease liabilities	(8,157)	(7,648)
Total	($80,754)	($84,611)

24.Other comprehensive income components

	FY2020				
	Current amount	Occurred reclassification adjustments	Others Comprehensive income	Tax benefit (Expense)	After-tax amount
Items that may not be reclassified subsequently to gain or loss:					
Remeasurement of defined benefit plan	($6,505)	$-	($6,505)	$1,419	($5,086)
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	394,573	-	394,573	(14,219)	380,354
Items that may be reclassified subsequently to gain or loss:					
Exchange differences on translation of foreign financial statements	(31,765)	-	(31,765)	5,285	(26,480)
Total	$356,303	$-	$356,303	($7,515)	$348,788

	FY2019				
	Current amount	Occurred reclassification adjustments	Others Comprehensive income	Tax benefit (Expense)	After-tax amount
Items that may not be reclassified subsequently to gain or loss:					
Remeasurement of defined benefit plan	($5,943)	$-	($5,943)	$1,245	($4,698)
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	(35,665)	-	(35,665)	647	(35,018)
Items that may be reclassified subsequently to gain or loss:					
Exchange differences on translation of foreign financial statements	(208,073)	-	(208,073)	38,581	(169,492)
Total	($249,681)	$-	($249,681)	$40,473	($209,208)

25.Income tax

(1) Income tax recognized in profit or loss

	FY2020	FY2019
Current income tax expense:		
Current income tax payables	$188,430	$153,292
Adjustment of current deferred income tax of previous years in current year	(49,747)	(11,896)
Deferred income tax expense (gain):		
Deferred income tax expenses (gains) related to the original generation and reversion of temporary differences	(11,018)	(45,008)
Deferred income tax expense (gain) related to the original generation of tax losses and income tax credits and their reversal	7,749	-
Others	(821)	1,172
Income tax expense	$130,593	$97,560

(2) Income tax recognized as other comprehensive income

	FY2020	FY2019
Deferred income tax expense (gain):		
Remeasurement of defined benefit plan	($1,419)	($1,245)
Unrealized assessed profit or loss of financial assets measured at fair value through other comprehensive gains or losses	14,219	(647)
Exchange differences on translation of foreign financial statements	(5,285)	(38,581)
Income tax gain (expense) related to other comprehensive income components	$7,515	($40,473)

(3) The amount of income tax expenses multiplied by accounting profits by the applicable tax rate is adjusted as follows:

	FY2020	FY2019
Pre-tax Net Profit from Continuing Business Units	$1,031,134	$600,572
Tax calculated at domestic tax rate applicable in relevant country	$289,885	$178,059
Tax effects of tax exemption income	(28,942)	(3,525)
Income tax impact on non-deductible expenses in tax returns	(746)	(30,903)
Income tax impact on deferred income tax assets / liabilities	(69,321)	(49,968)
Tax on undistributed earnings	-	15,791
Adjustment of current deferred income tax of previous years in current year	(49,747)	(11,896)
Other income tax adjusted in accordance with the tax law	(10,536)	2
Total income tax expense recognized in profit or loss	$130,593	$97,560

(4) The deferred income tax assets (liabilities) balance related to the following items:

FY2020:

	Opening balance	Recognized in gain or loss	Recognized in other comprehensive income	Consolidated change impact	Exchange difference	Closing balance
Temporary difference						
Exceeding amount of allowance for bad debts	$1,276	$564	$-	$-	$21	$1,861
Allowance for price decline in inventories	60,996	1,648	-	-	93	62,737
Unrealized exchange gain or loss	3,211	(2,737)	-	-	-	474
The proportion of gain or loss of subsidiaries recognized by equity method	121,856	(20,120)	-	-	-	101,736
Changes in the net worth of the subsidiary's equity recognized by equity method	(71,014)	-	-	-	-	(71,014)
The balance of translation of the financial reports of foreign operation institutions	113,221	-	5,285	-	-	118,506
Tax differentials in depreciation	(1,087)	311		- -	3	(773)
Net defined benefit liabilities	21,720	(470)	1,419	-	-	22,669
Impairment Loss	9,802	499	-	-	39	10,340
Evaluation of financial assets measured at fair value through other comprehensive income	20,810	-	(14,219)	-	-	6,591
Others	45,531	31,323	-	2,018	288	79,160
Tax loss un-used	7,749	(7,749)	-	- -	-	
Deferred income tax (expense) gain		$3,269	($7,515)	$2,018	$444	
Net deferred income tax assets / liabilities	$334,071					$332,287
Below is the information contained in the balance sheet:						
Deferred income tax asset	$408,628					$404,907
Deferred tax liabilities	($74,557)					($72,620)

FY2019

	Opening balance	Recognized in gain or loss	Recognized in other comprehensive income	Consolidated Change Impact	Exchange difference	Closing balance
Temporary difference						
Exceeding amount of allowance for bad debts	$1,385	($57)	$-	$-	($52)	$1,276
Allowance for price decline in inventories	47,968	13,256	-	-	(228)	60.996
Unrealized exchange gain or loss	(13,698)	16,909	-	-	-	3,211
The proportion of gain or loss of subsidiaries recognized by equity method	108,979	12,877	-	-	-	121,856
Changes in the net worth of the subsidiary's equity recognized by equity method	(71,014)	-	-	-	-	(71,014)
The balance of translation of the financial reports of foreign operation institutions	74,640	-	38,581	-	-	113,221
Tax differentials in depreciation	(1,216)	142	-	-	- (13)	(1,087)
Net defined benefit liabilities	21,257	(782)	1,245	-	-	21,720
Impairment Loss	9,029	886	-	-	(113)	9,802
Evaluation of financial assets measured at fair value through other comprehensive income	20,163	-	647	-	-	20,810
Others	33,134	12,828	-	-	(431)	45,531
Tax loss un-used	18,800	(11,051)	-	-	- -	7,749
Deferred income tax (expense) gain		$45,008	$40,473	$-	($837)	
Net deferred income tax assets / liabilities	$249,427					$334,071
Below is the information contained in the balance sheet:						
Deferred income tax asset	$339,759					$408,628
Deferred tax liabilities	($90,332)					($74,557)

(5) The following table contains information of the unused tax losses of the Group:

① LIFETECH ENERGY INC.

Year	Tax losses for the period	Unused tax losses as at 2020/12/31	Unused tax losses as at 2019/12/31	Expiration year
FY2011	21,985	$21,985	$21,985	FY2021
FY2012	4,457	4,457	4,457	FY2022
FY2013	11,706	11,706	11,706	FY2023
FY2014	26,214	26,214	26,214	FY2024
FY2015	24,895	24,895	24,895	FY2025
FY2016	21,921	21,921	21,921	FY2026
FY2017	20,387	20,387	20,387	FY2027
		$131,565	$131,565	

② AIDE ENERGY (CAYMAN) HOLDING CO., LTD. TAIWAN BRANCH

Year	Tax losses for the period	Unused tax losses as at 2020/12/31	Unused tax losses as at 2019/12/31	Expiration year
FY2010	13,297	$13,297	$13,297	FY2020
FY2011	30,876	30,876	30,876	FY2021
FY2012	42,967	42,967	42,967	FY2022
FY2013	15,965	15,965	15,965	FY2023
FY2014	30,253	30,253	30,253	FY2024
FY2015	25,606	25,606	25,606	FY2025
FY2016	14,680	680	680	FY2026
FY2017	4,705	4,705	4,705	FY2027
		$164,349	$164,349	

③ Jiangsu Aide Solar Energy Technology Co., Ltd.

Year	Tax losses for the period	Unused tax losses as at 2020/12/31	Unused tax losses as at 2019/12/31	Expiration year
FY2015	575,576	$575,576	$575,576	FY2020
FY2016	298,276	298,276	298,276	FY2021
FY2017	162,698	162,698	162,698	FY2023
FY2019	12,218	12,218	12,218	FY2024
		$1,048,768	$1,048,768	

④ Sumnergy Co., Ltd.

		Unused tax losses as at		
Year	Tax losses for the period	2020/12/31	2019/12/31	Expiration year
FY2020	136,675	$136,675	$-	FY2025
		$136,675	$-	

(6) Unrecognized deferred tax assets

As of 31 December 2020, and 2019, the Group's unrecognized deferred income tax assets were NT$361,012 thousand and NT$427,735 thousand, respectively.

(7) Situations of income tax declaration and verification

As of December 31, 2020, the Group's foreign subsidiaries have completed their declarations in accordance with the tax laws and regulations in various countries. The income tax declarations of domestic subsidiaries are as follows:

	Situations of income tax declaration and verification
The Company	Approved until FY2018
Pynmax Technology Co., Ltd.	Approved until FY2018
LIFETECH ENERGY INC.	Approved until FY2018
AIDE ENERGY (CAYMAN) HOLDING CO., LTD. TAIWAN BRANCH	Approved until FY2019

26.Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to parent company's holders of ordinary shares in the current year by the weighted average number of ordinary shares outstanding in the current year.

The amount of diluted earnings per share is calculated by dividing the net profit (after adjusting the interest on convertible corporate bonds) attributable to parent company's holders of ordinary shares for the year by the weighted average number of ordinary shares outstanding for the year plus the weighted average number of ordinary shares issued of all potential ordinary shares with dilution effect when they are converted into ordinary shares.

	FY2020	FY2019
(1) Basic earnings per share		
Net profit attributable to the common shareholders of the parent company (NT$ thousands)	$897,435	$530,209
Weighted average number of shares of common stock per share of earnings (thousand shares)	$332,349	$352,875
Basic earnings per share (NT$)	$2.70	$1.50
(2) Diluted earnings per share		
Net profit after adjusting the dilution effect attributable to the common shareholders of the parent company (NT$ thousands)	$897,435	$530,209
Weighted average number of shares of common stock per share of earnings (thousand shares)	$332,349	$352,875
Dilution effect:		
Employee compensation - stocks (thousand shares)	1,855	1,438
Weighted average number of ordinary shares after adjusting the dilution effect (thousand shares)	$334,204	$354,313
Diluted earnings per share (NT$)	$2.69	$1.50

After the reporting period and before the financial statements were approved for release, there were no other transactions that materially changed the number of common shares outstanding or the number of potential common shares at the end of the period.

27.Changes in ownership equity of subsidiaries

(1) The Group disposes of 100% of the equity of MAX-DIODE ELECTRONIC Co., Ltd. in November 2020 and loses its control. The disposition price is NT$2,167 thousand (USD 75,017.25.) The company's exchange differences on translation of foreign financial statements is reclassified to profit or loss in NT$354 thousand. It is recognized under "Disposal of Investment Benefits" in the consolidated income statement.

Net asset carrying amount of Max Device (Shenzhen) Co., Ltd. Is detailed as follows:

	Carrying amount
Cash and cash equivalents	$1,879
Accounts receivable, accounts receivables and other receivables	3,709
Stock inventory	673
Other current assets	232
Property, Plant, and Equipment	599
Right-of-use assets	1,327
Other non-current assets	175
Accounts payable and other payables	(4,991)
Other current liabilities	(1,132)
Other non-current liabilities	(304)
Net total assets	$2,167

VII.Related party transactions

The related parties which have trading with the Group within the period of the financial report are as follows:

Names of related parties and relationship

Name of related parties	Relationship with the Group
ZIBO MICRO COMMERCIAL COMPONENT CORP.	The Group's associates
MILDEX OPTICAL INC.	The Group's associates
Mildex OPTOELECTRONICS(XUZHOU) Co., Ltd	The Group's associates
MILDEX OPTICAL USA, INC.	The Group's associates
Mr. FANG, MIN-QING etc. of 14 individuals	Management levels above Vice President of the Group

1. Sales

	FY2020	FY2019
ZIBO MICRO COMMERCIAL COMPONENT CORP.	$134,273	$140,267
Others	46	41
Total	$134,319	$140,308

The sales price of the goods sold by the Group to related parties is negotiated by both parties with reference to market conditions, and the payment term for related parties is 90 days from month end; For non-related parties, it's 30 to 120 days; the current year's circulating funds are unsecured, interest-free and must be settled in cash.
No guarantee has been received for accounts receivable from related parties.

2. Purchase

	FY2020	FY2019
ZIBO MICRO COMMERCIAL COMPONENT CORP.	$333,220	$309,873

The Group's purchase price from related parties is negotiated by both parties with reference to market conditions; the Group's payment terms for purchases from related parties are equivalent to those of ordinary manufacturers, and the payment term is 1 to 3 months.

3. Accounts receivable - related parties

	2020/12/31	2019/12/31
ZIBO MICRO COMMERCIAL COMPONENT CORP.	$58,720	$42,028
Others	-	14
Total	$58,720	$42,042

4. Other accounts receivable - related parties (not loans)

	2020/12/31	2019/12/31
Mildex OPTOELECTRONICS(XUZHOU) Co., Ltd	$37,754	$30,030
Others	1,491	1,064
Total	$39,245	$31,094

5. Accounts Payable - Related Party

	2020/12/31	2019/12/31
ZIBO MICRO COMMERCIAL COMPONENT CORP.	$99,114	$55,001

6. Other payables - related parties

	2020/12/31	2019/12/31
Mildex OPTOELECTRONICS(XUZHOU) Co., Ltd	$39,921	$39,264

7. Rental income

	FY2020	FY2019
MILDEX OPTICAL USA, INC.	$1,474	$749

The rental prices leased by the Group to related parties are negotiated by both parties with reference to market conditions.

8. Sale of property, plant and equipment:

FY2020:

	Assets	Selling price	Carrying amount:	Sale (loss) gain
ZIBO MICRO COMMERCIAL COMPONENT CORP.	Machinery equipment	$2,874	$2,212	$662

FY2019:

	Assets	Selling price	Carrying amount:	Sale (loss) gain
ZIBO MICRO COMMERCIAL COMPONENT CORP.	Machinery equipment	$5,310	$8,648	($3,338)

9. Key management personnel compensation

	FY2020	FY2019
Short-term employee benefits	$94,906	$68,140
After-retirement benefits	633	723
Total	$95,539	$68,863

As of December 31, 2020, and 2019, part of the main management is the joint guarantor of the Company's loans from financial institutions.

VIII. Assets pledged as security

The following assets of the Group have been provided as collateral:

	Carrying amount		
Items	2020/12/31	2019/12/31	Details of secured debt
Other current assets	$36,860	$14,390	Long-term borrowings and financial commodity transactions
Property, Plant, and Equipment	938,438	1,105,098	Short-term and long-term loan
Total	$975,298	$1,119,488	

IX. Commitments and contingencies

1. As of December 31, 2020, and 2019, the Group has provided customs bonded guarantees through bank guarantees both in the amount of NT$12,000 thousand.

2. The Group’s subsidiary, Jiangsu Aide Solar Technology Co., Ltd., received the Dispute Arbitration Notice from DAX Corporation in March, 2019. On January 30, 2020, the Group has reached a payment agreement with DAX Corporation.

3. The Group’s subsidiary, Jiangsu Aide Solar Technology Co., Ltd., received a enforcement notice from Mildex OPTOELECTRONICS(XUZHOU) Co., Ltd in February 2019. In which, RMB 9,469 thousand was claimed for debt fulfillment and application fee for the enforcement notice. Mildex OPTOELECTRONICS(XUZHOU) Co., Ltd has revoked the enforcement notice on August 12, 2019. The subsidiary and creditors are in the process of negotiating repayment plan.

X. Losses due to major disasters

None.

XI. Significant matters after the period

The Group's Board of Directors was held on January 22, 2021 to approve the public acquisition of the common shares of Alltop Technology Co., Ltd. and the settlement of the bonds was completed on March 05, 2021. The number of purchases was 14,583 thousand shares, and the total purchase price was NT$1,531,232 thousand and recognized as investment under the equity method.

XII. Others

1. Classification of financial tools

Financial assets

	2020/12/31	2019/12/31
Financial assets at FVTPL:		
Mandatory to measure at fair value through profit or loss	$1,460,640	$1,410,989
Financial assets measured at fair value through other comprehensive income	1,171,947	785,516
Financial asset measured at amortized costs	6,344,100	5,391,024
Total	$8,976,687	$7,587,529

Financial liabilities

	2020/12/31	2019/12/31
Financial liabilities measured at amortized cost:		
Short loan	$1,898,733	$2,195,201
Payables	3,286,640	2,658,568
Long-term borrowings (including maturity within one year)	4,643,731	3,411,195
Lease liabilities	238,024	221,577
Subtotals	10,067,128	8,486,541
Financial liability at fair value through profit or loss:		
Held for trading	2,925	102
Total	$10,070,053	$8,486,643

2. Financial risk management objectives and policies

The Group’s financial risk management objectives are mainly to manage market risks, credit risks and liquidity risks related to operating activities. The Group conducts the identification, measurement and management of the aforementioned risks in accordance with the Group's policies and risk preferences.

The Group has established appropriate policies, procedures and internal controls for the aforementioned financial risk management in accordance with relevant regulations. Important financial activities must be reviewed by the Board of Directors and similar audit committee units in accordance with relevant regulations and internal control systems. During the execution of financial management activities, the Group must actually comply with the stipulated financial risk management regulations.

3. Market risk

Market risk refers to the risk of fluctuations in fair value or cash flow of financial instruments due to changes in market prices. Market risks mainly include exchange rate risk, interest rate risk and other price risks (such as equity instruments.)

In practice, it is rare that a single risk variable changes independently, and the changes of each risk variable are usually related, but the sensitivity analysis of each risk below does not consider the interactive impact of related risk variables.

Exchange rate risk

The Group's exchange rate risk is mainly related to operating activities (when the currency used for revenue or expenses is different from the Group's functional currency) and the net investment of foreign operation.

The Group’s foreign currency receivables are in the same currencies as part of the foreign currency payables. At this time, a considerable part of the position will have a natural hedging effect. For some foreign currency payments, forward foreign exchange contracts are used to manage exchange rate risks, based on the aforementioned natural hedging. The use of forward foreign exchange contracts to manage exchange rate risks does not meet the requirements of hedging accounting, therefore it is not adopted. In addition, the net investment of foreign operation is a strategic investment, so the Group does not consider hedging.

The sensitivity analysis of the Group's exchange rate risk mainly focuses on the major foreign currency monetary items at the end of the financial reporting period, and the impact of related foreign currency appreciation/devaluation on the Group's gain or loss and equity. The Group’s exchange rate risk is mainly affected by fluctuations in the exchange rate of the U.S. dollar and euro.

Interest Rate Risk

Interest rate risk is the risk of fluctuations in the fair value or future cash flow of financial instruments due to changes in market interest rates. The Group's interest rate risk mainly comes from investment in floating-rate debt instruments, fixed-rate borrowings and floating-rate borrowings.

Sensitivity analysis of interest rate risk mainly focuses on interest rate risk insurance items at the end of the financial reporting period, including floating rate investments, floating rate borrowings and interest rate swap contracts.

Equity Price Risk

The Group holds foreign and domestic listed and unlisted equity securities, the fair value of which will be affected by the uncertainty of the future value of these investment targets. The listed and unlisted equity securities held by the Group belong to the category measured at fair value through other comprehensive income. The Group manages the price risk of equity securities by diversifying investment and setting limits for single and overall equity securities investment. The equity securities investment portfolio information needs to be regularly provided to the Group's senior management. The Board of Directors must review and approve all equity securities investment decisions.

The sensitivity analysis of the related risk changes is as follows:

FY2020

Key risks	Variation range	Sensitivity to gain or loss (NT$ thousands)		Sensitivity to equity (NT$ thousands)
Exchange rate risk	NTD/USD exchange rate +/- 1%	+/-	$6,269	-
	NTD/EUR exchange rate +/- 1%	-/+	$4,866	-
Interest Rate Risk	NTD market interest rate +/- 100 basis points	-/+	$45,999	-
Equity Price Risk	Equity securities price +/-10%	+/-	$1,192	$117,195

FY2019

Key risks	Variation range	Sensitivity to gain or loss (NT$ thousands)		Sensitivity to equity (NT$ thousands)
Exchange rate risk	NTD/USD exchange rate +/- 1%	+/-	$11,926	-
	NTD/EUR exchange rate +/- 1%	-/+	$5,079	-
Interest Rate Risk	NTD market interest rate +/- 100 basis points	-/+	$44,856	-
Equity Price Risk	Equity securities price +/-10%	+/-	$196	$78,552

4. Credit risk management

(1) Credit risk refers to the risk that the counterparty cannot fulfill the obligations set out in the contract and will result in financial losses. The Group's credit risk is due to operating activities (mainly accounts and notes) and financial activities (mainly bank deposits and various financial instruments.)

All units of the Group follow credit risk policies, procedures and controls to manage credit risk. The credit risk assessment of all is a comprehensive consideration of such factors as the counterparty's financial status, ratings of credit rating agencies, past historical experience, current economic environment, and the Group's internal rating standards. The Group also uses certain credit enhancement tools (such as advance payment and insurance, etc.) at appropriate times to reduce the credit risk of specific counterparties.

As of December 31, 2020, and 2019, the top ten customer accounts receivable accounted for 17% and 14% of the Group's balance of accounts receivable, respectively. The credit concentration risk of the remaining accounts receivable is relatively not significant.

The Group's finance department manages the credit risk of bank deposits, fixed income securities, and other financial instruments in accordance with Group policies. Since the Group's trading partners are determined by internal control procedures, and are credit worthy banks and investment-grade financial institutions, corporate organizations, and government agencies, there is no significant credit risk.

5. Liquidity risk management

The Group maintains financial flexibility through contracts such as cash and cash equivalents, high-liquidity securities bank loans, and leases. The following table summarizes the maturity of the payments contained in the contracts for financial liabilities of the Group. It is compiled based on the earliest possible repayment date and based on its undiscounted cash flows. The amounts listed are also Including agreed interest. For interest cash flows paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	Later than 2 years but not later than 3 years	Later than 4 years but not later than 5 years	Later than 5 years	Total
2020/12/31					
Loan	$1,912,752	$4,396,372	$3,543	$274,396	$6,587,063
Payables	$3,286,640	$-	$-	$-	$3,286,640
Lease liabilities	$37,921	$78,376	$55,383	$96,286	$267,966
2019/12/31					
Loan	$3,189,038	$1,564,114	$1,022,183	$401	$5,775,736
Payables	$2,658,568	$-	$-	$-	$2,658,568
Lease liabilities	$37,650	$53,139	$50,714	$113,794	$255,297

Derivative financial liabilities

	Less than 1 year	Later than 2 years but not later than 3 years	Later than 4 years but not later than 5 years	Later than 5 years	Total
2020/12/31					
Forward exchange contracts - inflow	$390,151	$-	$-	$-	$390,151
Forward exchange contracts - outflow	($393,024)	$-	$-	$-	**(**$393,024**)**
2019/12/31					
Forward exchange contracts - inflow	$95,935	$-	$-	$-	$95,935
Forward exchange contracts - outflow	($96,021)	$-	$-	$-	($96,021)

The disclosure of derivative financial liabilities in the above table is expressed using undiscounted total cash flows.

6. Adjustment in liabilities generated from financing activities

Adjustment information of liabilities in FY2020:

	Short loan	Long-term loan	Lease liabilities	Total liabilities from financing activities
2020/01/01	$2,195,201	$3,411,195	$221,577	$5,827,973
Cash flows	(296,468)	1,281,617	(42,854)	942,295
Non-cash changes	-	119	53,989	54,108
Changes in exchange rates	-	(49,200)	5,312	(43,888)
2020/12/31	$1,898,733	$4,643,731	$238,024	$6,780,488

Adjustment information of liabilities in FY2019:

	Short loan	Long-term loan	Lease liabilities	Total liabilities from financing activities
2019/01/01	$2,268,535	$3,191,030	$191,727	$5,651,292
Cash flows	(73,334)	250,108	(37,696)	139,078
Non-cash changes	-	5,745	74,159	79,904
Changes in exchange rates	-	(35,688)	(6,613)	(42,301)
2019/12/31	$2,195,201	$3,411,195	$221,577	$5,827,973

7. Fair value of financial instruments

(1) Valuation techniques and assumptions used to measure fair value

Fair value refers to the price that can be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement date. The methods and assumptions used by the Group to measure or disclose the fair value of financial assets and financial liabilities are as follows:

A. The carrying amounts of cash and cash equivalents, financial assets measured at amortized cost, receivables, other current assets, payables and other current liabilities are a reasonable approximation of the fair value, which is mainly due to the short maturity period of such instruments.

B. The fair value of financial assets and financial liabilities that are traded in an active market with standard terms and conditions is determined by reference to market quotes (for example, listed stocks, beneficiary certificates, bonds and futures, etc.).

C. The fair value of equity instruments without active market transactions (for example, private equity stocks of listed companies, public company shares without active markets, and unpublished company shares) is estimated by the market method, and is estimated for the fair value with the price and other relevant information (such as lack of liquidity discount factors, similar company stock price-to-earning ratio, similar company stock price-to-net worth ratio and other input values) of the same or comparable company equity instruments generated by market transactions.

D. For investment in debt instruments, bank borrowings, corporate bonds payable and other non-current liabilities without active market quotations, the fair value is determined based on the counterparty's quotation or evaluation technology. The evaluation technology is determined on the basis of discounted cash flow analysis. The interest rate and assumptions such as discount rate are mainly based on information related to similar tools (for example, OTC's reference yield curve, the average quotation of the Reuters commercial paper rate, and credit risk information.)

E. Derivative financial instruments without active market quotations, among which are non-option derivative financial instruments, are calculated based on discounted cash flow analysis using the counterparty's quotation or the applicable yield curve within duration; for option derivative financial instruments, use Counterparty quotations, appropriate option pricing models (such as the Black-Scholes model) or other evaluation methods (such as Monte Carlo Simulation) to calculate the fair value.

(2) Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and financial liabilities measured at amortized cost is a reasonable approximation of the fair value.

(3) Information about the fair value level of financial instruments

For information on the fair value levels of the Group's financial instruments, please refer to Note XII.9.

8. Derivative instruments

As of December 31, 2020, and 2019, information of the Group's holding on derivatives that do not comply with hedge accounting and have not yet expired is as follows:

Forward exchange contract

The forward exchange contract is a risky position that manages part of the transaction, but it is not designated as a hedging tool

Forward foreign exchange contracts undertaken by the Group are as follows:

	Items	Contract amount	Maturity date
2020/12/31			
The Company	Forward exchange contract	Buy USD 13,500 thousand	2021/01/07~2021/03/19
Pynmax Technology Co., Ltd.(Subsidiary)	Forward exchange contract	Buy USD 300 thousand	2021/01/15
Pan-Jit Electronics (Wuxi) Co., Ltd.(Subsidiary)	Forward exchange contract	Buy USD 5,100 thousand	2021/01/29~2021/03/31
2019/12/31			
The Company	Forward exchange contract	Buy USD 3,200 thousand	2020/01/09~2020/01/16

The aforementioned derivatives transaction counterparties are well-known banks at home and abroad, and their credit is good, so the credit risk is not high.

For forward exchange and currency swaps contract transactions, it is mainly to avoid the risk of exchange rate and interest rate changes on net assets or net liabilities. There will be relative cash inflows or outflows at maturity, and working capital is sufficient to support, so there will be no significant cash flow risk.

9. Fair value level

(1) Definition of fair value level

All assets and liabilities measured or disclosed by fair value are entered at the lowest level of importance to the overall fair value measurement, and are classified into the fair value level to which they belong. The input values for each level are as follows:

Level 1 ：The quoted price (unadjusted) of the same asset or liability available in the active market on the measurement date.

Level 2：The observable input value of an asset or liability directly or indirectly, except for those included in the quotation of the first level.

Level 3：The unobservable input value of an asset or liability.

For assets and liabilities recognized in Financial Statements on a repetitive basis, their classification is reassessed at the end of each reporting period to determine whether there will be a transfer between the levels of the fair value hierarchy.

(2) Hierarchical Information on Fair Value Measurement

The Group does not have non-repetitive assets measured at fair value. The fair value level information of repetitive assets and liabilities is listed below:

December 31, 2020:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss				
Fund	\$-	\$786,883	\$-	\$786,883
Wealth Management Products - Structured Time Deposit	\$-	\$-	\$660,927	\$660,927
Stock	\$11,920	\$-	\$-	\$11,920
Forward exchange contract	\$-	\$910	\$-	\$910
measured at fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income	\$924,476	\$247,471	\$-	\$1,171,947
Liabilities measured at fair value				
Financial liabilities measured at fair value through profit or loss				
Forward exchange contract	\$-	\$2,925	\$-	\$2,925

December 31, 2019:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at fair value through profit or loss				
Fund	$-	$674,585	$-	$674,585
Wealth Management Products - Structured Time Deposit	$-	$-	$734,433	$734,433
Stock	$1,956	$-	$-	$1,956
Forward exchange contract	$-	$15	$-	$15
measured at fair value through other comprehensive income				
Equity instruments at fair value through other comprehensive income	$519,819	$265,697	$-	$785,516
Liabilities measured at fair value				
Financial liabilities measured at fair value through profit or loss				
Forward exchange contract	$-	$102	$-	$102

<u>Transfer between the first level and the second level of the fair value hierarchy</u>

During FY2020 and FY2019, there is no transfer between the first and second levels of the fair value hierarchy of assets and liabilities measured by the Group's repetitive fair value.

<u>Significant unobservable input of the third levels of the fair value hierarchy</u>

For the assets and liabilities of the Group measured in terms of fair value on a reoccurring basis fall into level 3 of fair value hierarchy, their beginning and ending balances are adjusted as follows:

	Financial assets at fair value through profit or loss
	Structured deposits
2020/01/01	$734,433
Total recognized gains (loss) of the current period	
Included in gain or loss (included in Other gain or loss)	-
Acquisition for the period	36,767
Disposal in current period	(122,556)
Influence of exchange rate change	12,283
2020/12/31	$660,927

	Financial assets at fair value through profit or loss
	Structured deposits
2019/01/01	$31,304
Total recognized gains (loss) of the current period	
Included in gain or loss (included in Other gain or loss)	-
Acquisition for the period	723,240
Disposal in current period	(18,942)
Influence of exchange rate change	(1,169)
2019/12/31	$734,433

10. The information of foreign currency assets and liabilities with significant impacts

The information on foreign currency assets and liabilities of the Group with significant impact is as follows

Monetary unit: NT$ thousands

	2020/12/31		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$65,323	28.48	$1,860,390
EUR	$6,768	35.02	$237,026
HKD	$1,788	3.673	$6,569
RMB	$14,923	4.377	$65,316

	2020/12/31		
	Foreign currency	Exchange rate	NTD
Financial liabilities			
Monetary items:			
USD	$47,860	28.48	$1,363,060
EUR	$20,663	35.02	$723,602
RMB	$3,846	4.377	$16,832
JPY	$140,218	0.2763	$38,742

	2019/12/31		
	Foreign currency	Exchange rate	NTD
Financial assets			
Monetary items:			
USD	$65,323	29.98	$1,860,390
EUR	$17,303	33.59	$581,209
HKD	$3,579	3.849	$13,777
RMB	$455,378	4.305	$1,960,402
KRW	$934,276	0.02617	$24,450
Financial liabilities			
Monetary items:			
USD	$47,860	29.98	$1,363,060
EUR	$36,047	33.59	$1,210,830
RMB	$305,636	4.305	$1,315,762
KRW	$415,934	0.02617	$10,885

The above information is disclosed on the basis of the foreign currency carrying amount (which has been converted to functional currency.)

The Company’s foreign currency transactions and the Group's functional currencies are diverse, and cannot be disclosed in each major foreign currency. Therefore, the exchange gain or loss of each currency are consolidated and disclosed. The Group's currency financial assets and financial liabilities conversion (gain) and loss in FY2020 and 2019 were (46,498) thousand and (25,578) thousand, respectively.

11. Capital management

The most important goal of the Group’s capital management is to confirm the maintenance of sound credit ratings and good capital ratios to support corporate operations and maximize shareholders' equity. The Group manages and adjusts the capital structure according to economic conditions, and may maintain and alter the capital structure by adjusting dividend payments, returning capital or issuing new shares.

12. The Group’s subsidiary, Jiangsu Aide Solar Technology Co., Ltd. (referred to as “Jiangsu Aide”), signed an asset purchase contract with ET Solar Inc. (referred to as “ET Solar”) on July 2, 2019. ET Solar purchased the right-of-use assets, plant, and some equipment from Jiangsu Aide for NT$337,422 thousand (RMB 79,300 thousand), and at the same time received Jiangsu Aide’s debt of NT$262,691 thousand (RMB 61,737 thousand.) Jiangsu Aide and ET Solar have signed a debt transfer agreement with Jiangsu Aide’s creditors. ET Solar will be responsible to repay the aforementioned debts.

Due to disputes over the payment conditions and tax burden of the transaction, the final payment of the contract amounting to NT$74,731 thousand (RMB 17,563 thousand) has not yet been delivered. However, Jiangsu Aide has set aside appropriate losses. Both parties of the transaction have sought legal channels to resolve the aforementioned disputes. As of the reporting date of the financial statements, the court has made a hearing and come to the judgment. ET Solar shall pay Jiangsu Aide an amount of NT$74,731 thousand (RMB 17,563 thousand) within ten days after the judgment becomes effective; Jiangsu Aide shall pay the amount of NT$27,951 thousand (RMB 6,569 thousand) to ET Solar within ten days after the judgment for land value added tax. The relevant trial costs were borne by both parties. The judgment will not affect Jiangsu Aide’s profit or loss. Jiangsu Aide has doubts about this judgment. After evaluation, re-appeal was filed on August 11, 2020. On December 10, 2020, the appeal was rejected by the court and the original judgment was upheld. But the final judgment does not cause significant influence to Jiangsu Aide’s financial statements for the current period.

XIII. Other disclosures

1. Information about significant transactions:

(1) Capital loan to others: detailed in Table 1.
(2) Endorsement/guarantee for others: detailed in Table 2.
(3) The situation of holding marketable securities at the end of the period: detailed in Table 3.
(4) The amount of purchase and sales with related parties up to NT $100 million or more than 20% of the paid-up capital: detailed in Table 4.
(5) Related party receivables of NT $100 million or more than 20% of paid-in capital: detailed in Table 5.
(6) Engaging in derivatives transactions: detailed in Note XII(8).
(7) Business relationship and important transactions between parent and subsidiary companies and among subsidiaries and their amounts: detailed in Table 8.

2. Information of business re-invested:

Those who directly or indirectly have significant influence, control, or joint control over the investee company in a non-mainland area shall disclose its name, location, main business items, original investment amount, end-of-period shareholding, current profit or loss, and recognized investment gain or loss: detailed in Table 6.

3. Information on Investment in Mainland China:

(1) Information of Investment in Mainland China: detailed in Table 7.

(2) The following major transactions, including prices, payment terms, and unrealized gain or loss, which occur directly or indirectly with the investee company in mainland China through the third region:

A. Revenue Amount and Percentage and Balance and Percentage of Related Payables: detailed in Table 4.

B. Revenue Amount and Percentage and Balance and Percentage of Related Receivables: detailed in Table 4 and 5.

C. The amount of property transactions and the amount of profits and losses generated: None.

D. The ending balance of the note endorsement and guarantee or collateral provided and its purpose: detailed in Table 2.

E. The maximum financing balance, ending balance, interest rate range and total interest of the current period: detailed in Table 1.

F. Other transactions that have a significant impact on the current gain or loss or financial status: none.

4. Information on Major Shareholders: Table 9.

XIV. Segment Information

1. For management purposes, the Group divides operating units according to the products manufactured and sold by different business groups. The following three operating segments are to be reported:

(1) Diodes: engaged in the manufacturing and sales of wafers, power components and control modules.

(2) Solar : engaged in the manufacture and sale of solar modules and the electricity sale from solar power plants.

(3)Others: engaged in the design and manufacture of lithium battery management systems and the manufacture and sales of LEDs.

The operating segments have not been aggregated to form the aforementioned operating segments to be reported

The management individually monitors the operating results of its business units to make decisions on resource allocation and performance evaluation. The performance of the segments is evaluated based on the operating profit or loss, and is measured in a manner consistent with the operating profit or loss in the consolidated financial report. However, the financial cost, financial income and income tax of the consolidated financial report are managed on a group basis and have not been allocated to the operating segments.

Transfer pricing among operating segments is based on similar conventional transaction with an external third party.

	FY2020				
	Diodes	Solar	Others	Adjustment	Total
Revenues					
Revenue from external customers	$10,226,964	$187,980	$70,156	$-	$10,485,100
Inter-departmental income	282	-	2	(284)	-
Total revenues	$10,227,246	$187,980	$70,158	($284)	$10,485,100
Segment profit	$1,027,183	$10,210	($45,310)	$39,051	$1,031,134

(1) Inter-segmental revenues are eliminated upon consolidation.

(2) The profit or loss of each operating segment does not include non-operating income and expenditures of NT$39,051 thousand and income tax expense of NT$130,593 thousand. Segmental operating gain or loss includes inter-segmental sales of NT$0 thousand and non-operating income and expenditures of NT$39,051 thousand.

	FY2019				
	Diodes	Solar	Others	Adjustment	Total
Revenues					
Revenue from external customers	$8,932,686	$205,679	$4,285	$-	$9,142,650
Inter-departmental income	(36)	-	5,401	(5,365)	-
Total revenues	$8,932,650	$205,679	$9,686	($5,365)	$9,142,650
Segment profit	$677,678	$12,857	($62,125)	($27,838)	$600,572

(1) Inter-segmental revenues are eliminated upon consolidation.

(2) The profit or loss of each operating segment does not include non-operating income and expenditures of (NT$27,838) thousand and income tax expense of NT$97,560 thousand. Segmental operating gain or loss includes inter-segmental sales of NT$0 thousand and non-operating income and expenditures of (NT$27,838) thousand.

The following table lists the information related to the assets and liabilities of the Group's operating segments as of December 31, 2020 and 2019

Assets by Operating Segments

	Diodes	Solar	Others	Adjustment	Total
2020/12/31 Assets	$9,504,216	$1,316,850	$97,992	$6,838,960	$17,758,018
2019/12/31 Assets	$8,525,948	$1,407,937	$71,088	$5,417,123	$15,422,096

Liabilities by Operating Segments

	Diodes	Solar	Others	Adjustment	Total
2020/12/31 Liabilities	$8,617,451	$205,616	$13,205	$1,675,014	$10,511,286
2019/12/31 Liabilities	$7,348,299	$235,541	$4,489	$1,459,896	$9,048,225

2. Regional information

A. Revenue from external customers: Revenue is classified based on the country in which the customer is located.

Country	FY2020	FY2019
China (including Hong Kong)	$7,947,475	$6,757,506
Korea	457,764	385,626
United States	113,675	128,932
Japan	55,102	50,629
Germany	300,216	340,405
Italy	206,481	216,960
Other countries	1,404,387	1,262,592
Total	$10,485,100	$9,142,650

B. Non-current assets:

Region	2020/12/31	2019/12/31
Taiwan	$4,426,194	$2,860,028
China	1,312,502	1,431,676
Others	1,518,633	1,823,407
Total	$7,257,329	$6,115,111

3. Information of major clients

The Group's customers whose net sales revenue accounted for more than 10% of the net income in the income statement in FY2020 and FY2019: None.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)
(Unit: NT$ thousands, unless otherwise indicated)
Capital loan to others

TABLE 1

No. (Note1)	Lending company	Participants	Transactions (Note2)	Related party or not	Highest amount for current period	Closing balance (Note6)	Actual disbursement amount	Interest rate range	Nature of Financing (Note3)	Transaction Amount (Note4)	Reason for Short-term Financing (Note5)	Allowance for Loss	Collateral		Limit of capital loan to individual borrower	Total limit of capital loan	Remark
													Name	Value			
0	PANJIT International Inc.	EC SOLAR C1 SRL	Other receivables	Yes	583,110	577,830	0	0.00%	Short-term financing	-	Operating turnover	-	-	-	2,839,768	2,839,768	(Note7, 13)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE ENERGY EUROPE B.V.	Other receivables	Yes	605,296	551,215	551,215	2.40%~2.50%	Short-term financing	-	Operating turnover	-	-	-	2,815,490	6,194,078	(Note8, 13)
1	PAN-JIT ASIA INTERNATIONAL INC.	Jiangsu Aide Solar Technology Co., Ltd.	Other receivables	Yes	1,078,276	894,272	894,272	0.00%	Short-term financing	-	Operating turnover	-	-	-	2,815,490	6,194,078	(Note8, 13)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	Other receivables	Yes	382,891	317,552	317,552	0.00%	Short-term financing	-	Operating turnover	-	-	-	2,815,490	6,194,078	(Note8,13)
1	PAN-JIT ASIA INTERNATIONAL INC.	PANJIT International Inc.	Other receivables	Yes	892,200	854,400	854,400	0.00%	Short-term financing	-	Operating turnover	-	-	-	2,815,490	6,194,078	(Note8,13)
2	PAN-JIT AMERICAS INC.	PAN-JIT ASIA INTERNATIONAL INC.	Other receivables	Yes	60,880	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	55,365	55,365	(Note11,13)
3	AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Other receivables	Yes	608,880	577,830	577,830	2.80%~2.90%	Short-term financing	-	Operating turnover	-	-	-	1,427,346	1,427,346	(Note9,13)
4	Suzhou Grande Electronics Co. Ltd.	Sumnergy Co., Ltd.	Other receivables	Yes	176,903	151,969	130,084	4.50%	Short-term financing	-	Operating turnover	-	-	-	294,254	294,254	(Note 10, 13)
4	Suzhou Grande Electronics Co. Ltd.	Jiangsu Aide Solar Technology Co., Ltd.	Other receivables	Yes	452,582	450,831	447,034	0.00%	Short-term financing	-	Operating turnover	-	-	-	735,634	735,634	(Note 10, 13)
5	Pan-Jit Electronics (Wuxi) Co., Ltd.	Shandong Pan-Jit Electronic Technology Co. Ltd.	Other receivables	Yes	43,940	43,770	0	0.00%	Short-term financing	-	Operating turnover	-	-	-	1,269,892	1,269,892	(Note 12, 13)
Total						4,419,669	3,772,387										

(Note 1): The numbering rule is as follows:

1. 0 for issuer.

2. The investee company is numbered according to type from the Arabic number 1 in sequence.

(Note 2): Accounts receivable from associates, accounts receivable from related parties, shareholder transactions, advance payments, temporary payments... and other items, if they are in the nature of capital loans, must be filled in this form.

(Note 3): The nature of the fund loan should be listed as a business transaction or a short-run financing need.

(Note 4): If the nature of the fund loan is a business transaction, the business transaction amount should be filled in. The business transaction amount refers to the amount of business transactions between the Company that lent the fund and the counterparty in the most recent year.

(Note 5): If the nature of the fund loan is short-run financing, the counterparty's reasons and the purpose for the loan should be specified, such as repayment of borrowings, purchase of equipment, business turnover... etc.

(Note 6): Pursuant to Article 14 Item 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, if a public company submits a capital loan to the Board of Directors for resolutions one by one, although the funds have not yet been allocated, the amount of the board of directors' resolutions should be included in the balance declared to expose the risk; however, if the funds are subsequently repaid, the balance after repayment shall be disclosed to reflect the adjustment of risk. Pursuant to Article 14 Item 2 of the Regulations, if a public company, through the resolution by the board of directors, authorizes the chairman of the board to allocate loans in installments or revolve them within a certain amount and within a one-year period, the capital loan and quota approved by the board of directors should still be used as the balance declared. Although the funds will be repaid thereafter, it is still possible to allocate the loan again, so the capital loan and quota approved by the board of directors should still be used as the balance declared.

(Note 7): For companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others by the Company shall not exceed 40% of the Company's net worth.

(1) PANJIT International Inc.: The net worth is NT$7,099,421 thousand.

(Note 8): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending, it is not subject to the above restrictions. However, the individual loan amount and the total amount of funds loaned to others shall not exceed 50% and 110% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) PAN-JIT ASIA INTERNATIONAL INC.: The net worth is USD197,717 thousand, which is converted into NT$5,630,980 thousand.

(Note 9): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending,It is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 200% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) Aide Energy Europe BV: The net worth is EUR20,379 thousand, which is converted into NT$713,673 thousand.

(Note 10): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures"and "Capital Loan to Others Processing Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the directly and indirectly, hold 100% of the voting shares engage in fund lending,It is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 100% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) Suzhou Grande Electronics Co., Ltd.: The net worth is RMB168,068 thousand, which is converted into NT$735,634 thousand.

(Note 11): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by the subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) PAN-JIT AMERICAS INC.: The net worth is USD4,860 thousand, which is converted into NT$138,413 thousand.

(Note 12): In accordance with the following regulations on the Capital Loan to Others Operating Procedures stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending,It is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 200% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) PAN-JIT Electronics (Wuxi) Co., Ltd.: The net worth is RMB725,321 thousand, which is converted to NT$3,174,730 thousand.

(Note 13): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Endorsement/guarantee for others

TABLE 2

No. (Note 1)	Endorsements/guarantees Provider Company Name	Entities for which endorsement/guarantee provided: Company Name	Relation (Note 2)	Limit of Endorsements/ guarantees for a Single Entity (Note 3)	Highest amount of endorsement/guarantee in the current period (Note 4)	Outstanding endorsements/ guarantees at the end of current period	Actual amount used (Note 6)	Endorsements/ guarantees with collateral	Ratio of Cumulative Endorsements/guarantees to the Net Equity Stated in the Latest Financial Statements	Limit of Endorsement/ Guarantee (Note 3)	Endorsement/guarantee provided by parent company for subsidiary (Note 7)	Endorsement/guarantee provided by subsidiary for parent company (Note 7)	Endorsements/guarantees for entities in mainland China (Note 7)	Remark
0	PANJIT International Inc.	PAN-JIT ASIA INTERNATIONAL INC.	2	$7,099,421	$2,237,340	$1,879,680	$1,879,680	-	26.48%	$7,099,421	Y	N	N	(Note 8)
0	PANJIT International Inc.	Pan-Jit Electronics (Wuxi) Co., Ltd.	2	$7,099,421	$15,220	-	-	-	0.00%	$7,099,421	Y	N	Y	(Note 8)

(Note 1): The numbering rule is as follows:

(1) 0 for issuer.

(2) The investee company is numbered according to type from the Arabic number 1 in sequence.

(Note 2): The relation between endorsement guarantor and the subject of endorsement or guarantee is as follows:

(1) A company with which the Company has business relationship.

(2) A subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares.

(3) The investee company whose parent company and subsidiary hold more than 50% of the common stock.

(4) For the parent company that directly or indirectly holds more than 90% of its common stock equity through its subsidiaries.

(5) Mutually guaranteed companies among counterparts based on the need for undertaking projects.

(6) All capital contributing shareholders make endorsements/guarantees for their jointly invested Company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Note 3): Information to be filled out: According to the operating procedures of endorsement and guarantee for others, the Company's limit of endorsement/guarantee for individuals and the maximum amount of endorsement/guarantee. In the remarks column, explain the calculation method of the endorsement/guarantee for individuals and the total amount.

(Note 4): Highest amount of outstanding endorsement/guarantee for others in current period.

(Note 5): The amount approved by the Board of Directors should be filled. However, if according to Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,the Board of Directors has authorized the chairman, it refers to the amount decided by the chairman.

(Note 6): The actual amount spent by the endorsed company within the range of the endorsed guarantee balance.

(Note 7): Y is required only for those who are the listed parent company to endorse the subsidiary, those who are the subsidiary to endorse the listed parent company, and those who are located in the mainland area.

(Note 8): According to the Company's "Procedures for Endorsement and Guarantee", the limit of the endorsement and guarantee for a single enterprise shall not exceed 100% of the Company's net worth (ie, NT$7,099,421 thousand);
The total amount of endorsement and guarantees for enterprises outside the Group shall not exceed 100% of the Company's net worth.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Marketable securities held at the end of the period (excluding subsidiaries, associates, and joint ventures)

TABLE 3 Unit: USD, RMB, HKD thousand

Company holding shares	Type and name of the securities (Note 1)	Relationship with the issuer of the securities (Note 2)	Accounting item	Ending Balance					Remark (Note 4)
				Number of shares (thousand shares)	Currency	Carrying amount (Note 3)	Shareholding ratio	Fair value	
PANJIT International Inc.	Fund								
	Yuanta Taiwan High Dividend Quality Leading Fund	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	NTD	$6,295	-	$6,295	-
	Public shares								
	Jih Lin Technology Co., LTd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,222	NTD	92,620	1.46%	92,620	-
	OTC stock								
	Advanced Microelectronic Products,Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	11,552	NTD	92,419	3.63%	92,419	-
	Sentelic Corporation	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	226	NTD	11,060	0.87%	11,060	-
	Emerging Stock								
	KAISON GREEN ENERGY TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	454	NTD	9,096	0.08%	9,096	-
	Unlisted stock								
	WELLAN SYSTEM CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	445	NTD	-	1.53%	-	-
	TAIDEVELOP INFORMATION CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	334	NTD	-	3.71%	-	-
	ENERGY MOANA TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,200	NTD	22,543	3.75%	22,543	-
	Neolink Capital Corp.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	5,000	NTD	51,330	4.28%	51,330	-
Pan-Jit Electronics (Wuxi) Co., Ltd.	Unlisted stock (Note 5)								
	Siyang Grande Electronics Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	10,005	15.00%	10,005	-
	Wuxi Danchen Intelligent Technology Co., Ltd. (Formerly Wuxi One-Light-For-All Technology Development Co., Ltd.)	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	740	10.00%	740	-
	Wealth management products by financial institution								
	Structured deposit	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	RMB	140,000	-	140,000	-
LIFETECH ENERGY INC.	Unlisted stock								
	VAYON HOLDING LIMITED	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	NTD	-	2.30%	-	-
PAN-JIT ASIA INTERNATIONAL INC.	Unlisted stock								
	Analog EXPRESS INC	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,000	USD	-	5.20%	-	-
	Fund								
	HYPERION CAPITAL MANAGEMENT LTD.	-	Financial assets compulsorily measured at fair value through profit or loss - non-current	-	USD	-	-	-	-
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	USD	9,000	-	9,000	-

(continued in next page)

(Unit: NT$ thousands, unless otherwise indicated)

Marketable securities held at the end of the period (excluding subsidiaries, associates, and joint ventures)

(continued from previous page)

Company holding shares	Type and name of the securities (Note 1)	Relationship with the issuer of the securities (Note 2)	Accounting item	Ending Balance					Remark
				Number of shares (thousand shares)	Currency	Carrying amount (Note 3)	Shareholding ratio	Fair value	(Note 4)
PAN-JIT ASIA INTERNATIONAL INC.	Wealth management products by financial institution								
	COOPERATIEVE RABOBANK UA	-	Financial assets measured at amortized cost - Non-current	-	USD	$1,260	-	$1,260	-
	ERSTE GROUP BANK AG	-	Financial assets measured at amortized cost - Non-current	-	USD	1,000	-	1,000	-
	RAIFFEISEN BANK INTL	-	Financial assets measured at amortized cost - Non-current	-	USD	2,548	-	2,548	-
Pynmax Technology Co., Ltd.	Public shares								
	Jih Lin Technology Co., LTd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	770	NTD	58,366	0.82%	58,366	-
	MOSEL VITELIC Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	19,000	NTD	660,915	12.16%	660,915	-
	WAFER WORKS CORP.	-	Mandatory financial assets measured at fair value through profit or loss - current	80	NTD	3,424	0.02%	3,424	-
	Globalwafers. Co.,Ltd	-	Mandatory financial assets measured at fair value through profit or loss - current	12	NTD	8,496	-	8,496	-
	Unlisted stock								
	HI-VAWT TECHNOLOGY CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,000	NTD	-	10.00%	-	-
	Fund								
	Yuanta Taiwan High Dividend Quality Leading Fund	-	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	2,518	-	2,518	-
	Taichung Bank Taiwan Quantitative Fund	-	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	51,400	-	51,400	-
JOYSTAR INTERNATIONAL CO., LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	USD	8,900	-	8,900	-
	Siegfried Supply Chain Finance Fund S.C.A., SICAV-SIF-Series 1	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	USD	2,010	-	2,010	-
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	USD	4,800	-	4,800	-
Jiangsu Aide Solar Technology Co., Ltd.	Unlisted stock(Note 5)								
	MOTECH (Suzhou) New Energy Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	28,916	4.61%	28,916	Has been pledged to The Company's subsidiary
Shandong Pan-Jit Electronic Technology Co. Ltd.	Wealth management products by financial institution								
	Structured deposit	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	RMB	11,000	-	11,000	-
PAN-JIT INTERNATIONAL (H.K.) LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	HKD	6,240	-	6,240	-

(Note 1): The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 "Financial Instruments."

(Note 2): If the securities issuer is not a related party, this column should be left blank.

(Note 3): If measured by fair value, for carrying amount in column B, please fill in the carrying balance after fair value evaluation adjustment and deduction of accumulated impairment; If not measured by fair value, for carrying amount in column B, please fill in the carrying balance of the original acquisition cost or the amortized cost after deducting the accumulated impairment.

(Note 4): The listed securities have users who are restricted due to the provision of guarantees, pledged loans, or other agreed-upon. The remarks column should indicate the number of guarantees or pledged shares, the amount of guarantees or pledges, and status of restricted use.

(Note 5): It is a limited company, so the number of shares and net worth per share are not available.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Where the amount of goods purchased or sold with related parties reaches NT$100 million or more than 20% of the paid-in capital

TABLE 4

Companies of purchase (sales) transaction	Counterparty	Relation	Transaction situation				Situation and reason for difference between transaction condition and common transaction		Notes and accounts receivable (payable)		Remark
			Purchase (sales)	Amount (Notes 2)	Ratio to Total Purchase (sales)	Credit period	Unit price	Credit period	Balance (Note 2)	Ratio in total notes and accounts receivable (payable)	
PANJIT International Inc.	Pan-Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	($866,486)	13%	General	Not applicable	Not applicable	$268,799	13%	
	Pan-Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	Purchase	1,489,242	39%	General	Not applicable	Not applicable	(270,696)	35%	
	Pynmax Technology Co., Ltd.	Subsidiaries	Purchase	397,709	10%	General	Not applicable	Not applicable	(40,978)	5%	
Pynmax Technology Co., Ltd.	PANJIT International Inc.	The Company	(Sales)	(397,709)	35%	General	Not applicable	Not applicable	40,978	17%	
	Pan-Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	(Sales)	(459,853)	41%	General	Not applicable	Not applicable	122,647	51%	
Pan-Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	The Company	(Sales)	(1,489,242)	27%	General	Not applicable	Not applicable	270,696	13%	
	PANJIT International Inc.	The Company	Purchase	866,486	18%	General	Not applicable	Not applicable	(268,799)	15%	
	Pynmax Technology Co., Ltd.	Subsidiaries	Purchase	459,853	10%	General	Not applicable	Not applicable	(122,647)	7%	

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

The receivables from related party to reach NT$ 100 million or 20% of actually received capital amount:

TABLE 5

The companies that record such transactions as receivables	Counterparty	Relation	Balance Dues from Related Parties (Note 3)	Turnover ratio	Overdue receivables from related party		Recovery amount of receivables from related parties after the period	Allowance for Loss
					Amount	Disposal means		
PANJIT International Inc.	Pan-Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	$268,799	3.22	$66	Dunning as soon as possible	$130,056	(Note 2)
Pynmax Technology Co., Ltd.	Pan-Jit Electronics (Wuxi) Co., Ltd.	Subsidiaries	122,647	3.75	-	-	68,376	(Note 2)
Pan-Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	The Company	270,696	5.50	-	-	$148,974	(Note 2)

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): The consolidated financial report is prepared and the shareholding ratio is 100% and no allowance for loss is required.

(Note 3): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)
(Unit: NT$ thousands, unless otherwise indicated)
Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

TABLE 6

Investing companies	Investee Companies (Note 1, Note 2)	Location	Main business items	Currency	Initial investment amount		Holding at the end of the period			Profit or Loss of investee Company in the Current Period (Note 2(2))	Investment profit or loss recognized by the Company (Note 2(3))	Remark
					At the end of the period	End of last year	Number of shares (thousand shares)	Ratio	Carrying amount			
PANJIT International Inc.	PAN-JIT ASIA INTERNATIONAL INC.	Vistra Corporate Services Centre Wickhams Cay II Road Town,Tortola,Vg1110 Virgin Islands,British	Investing	NTD	$7,318,104	$7,303,424	228,086	100.00%	$5,548,456	$468,639	$421,959	Subsidiaries (Note 4, 5)
	Pynmax Technology Co., Ltd.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	Electronic parts and components manufacturing and international trade	NTD	1,069,063	1,067,930	84,462	94.60%	1,560,142	140,474	121,900	Subsidiaries (Note 4, 5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	259,523	259,523	21,470	21.01%	210,935	(113,769)	(23,906)	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	10,091	10,091	871	20.57%	1,244	(18)	(4)	Subsidiaries (Note 5)
PAN-JIT ASIA INTERNATIONAL INC.	PAN-JIT INTERNATIONAL (H.K.) LTD.	Unit 1-5 ,18/F., Wah Wai Centre, No.38-40 Au Pui Wan Street, Fotan,Shatin,New Territories	Electronics trade	USD	3,330	3,330	24,711	100.00%	4,725	657	657	Sub-subsidiary (Note 5)
	PAN JIT AMERICAS, INC.	2502 W. Huntington Drive Tempe, AZ 85282	Electronics trade	USD	16,626	16,626	2,431	95.86%	4,522	608	843	Sub-subsidiary (Note 4, 5)
	PAN JIT EUROPE GMBH	Otto-Hahn-Str. 285609 Aschheim Germany	Electronics trade	USD	770	770	- (Note 3)	100.00%	1,300	60	60	Sub-subsidiary (Note 5)
	CONTINENTAL LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	10,226	10,226	7,860	100.00%	51,519	3,739	3,739	Sub-subsidiary (Note 5)
	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	1,436	1,436	1,648	52.22%	741	372	194	Sub-subsidiary (Note 5)
	PAN JIT KOREA CO.,LTD.	Tower A dong 3601 Ho, Heung Deuk IT Valey, Heung Deuk 1ro 13 Gi Heung-Gu, Yong In City GyungGi-Do, Korea	Electronics trade	USD	288	288	54	60.00%	910	260	156	Sub-subsidiary (Note 5)
	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	Reinvestment business and solar energy Photoelectric products	USD	145,857	145,857	235,342	90.25%	(24,749)	1,375	1,241	Sub-subsidiary (Note 4, 5)
Pynmax Technology Co., Ltd.	JOYSTAR INTERNATIONAL CO., LTD.	4th Floor,Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	Investing	NTD	593,385	300,883	19,522	100.00%	442,085	15,082	15,082	Sub-subsidiary (Note 5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	288,852	295,686	8,454	8.27%	83,029	(113,769)	(9,387)	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	26,000	26,000	2,600	61.40%	3,713	(18)	(11)	Sub-subsidiary (Note 5)

(continued in next page)

Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

(continued from previous page)

Investing companies	Investee Companies (Note 1, Note 2)	Location	Main business items	Currency	Initial investment amount		Holding at the end of the period			Profit or Loss of investee Company in the Current Period (Note 2(2))	Investment profit or loss recognized by the Company (Note 2(3))	Remark
					At the end of the period	End of last year	Number of shares (thousand shares)	Ratio	Carrying amount			
JOYSTAR INTERNATIONAL CO., LTD.	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	$1,507	$1,507	1,508	47.78%	$678	$372	$178	b-subsidi (Note 5)
	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	Reinvestment business and solar energy Photoelectric products	USD	6,724	6,724	3,799	1.46%	(400)	1,375	20	b-subsidi (Note 5)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	15/F, BOC Group Life Assurance Tower, No. 136 Des Voeux Road Central, Central, Hong Kong.	Investing and trade	USD	24,707	24,707	43,101	100.00%	(34,393)	(3)	(3)	b-subsidi (Note 5)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Strevelsweg 700 - Unit 312, 3083 AS Rotterdam	Investing	USD	23,836	23,836	- (Note 3)	99.97%	25,054	1,111	1,110	b-subsidi (Note 5)
	AIDE SOLAR USA,INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	1,500	1,500	150	51.72%	-	-	-	b-subsidi (Note 5)
AIDE SOLAR ENERGY (HK) HOLDING LIMITED	AIDE SOLAR USA,INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	1,400	1,400	140	48.28%	-	-	-	b-subsidi (Note 5)
	AIDE ENERGY EUROPE COÖPERATIE U.A.	Strevelsweg 700 - Unit 312, 3083 AS Rotterdam	Investing	USD	7	7	- (Note 3)	0.03%	8	1,111	1	b-subsidi (Note 5)
AIDE ENERGY EUROPE COÖPERATIE U.A.	AIDE ENERGY EUROPE B.V.	Strevelsweg 700 - Unit 312, 3083 AS Rotterdam	Investing and trade	EUR	18,620	18,620	1.86	100.00%	20,379	971	971	b-subsidi (Note 5)
AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Viale Andrea Doria 7 Cap 20124 MILANO (MI), Italy.	Sales of solar power plants Electricity produced	EUR	17,000	17,000	- (Note 3)	100.00%	18,749	1,227	1,048	b-subsidi (Note 4, 5)

(Note 1): If a public offering company has a foreign holding company and uses a consolidated report as the main financial report in accordance with local laws and regulations, the disclosure of information about the foreign investee company may only disclose the relevant information to the holding company.

(Note 2): If it is not in the situation described in Note 1, fill in the information according to the following regulations:

(1) According to this (public offering) company's reinvestment and the reinvestment of each investee company directly or indirectly controlled, fill in the order of "Name of investee company", "location", "main business item", "original investment amount" and "end-of-term shareholding situation" and other fields. Indicate in the remarks column regarding the relationship between each investee company and the (public offering) company (if it is a subsidiary or a sub-subsidiary)

(2) In column B of "investee company's current gain or loss", the amount of current gain or loss of each investee company should be filled in.

(3) Column B of "Investment Profits and Losses Recognized in the Current Period" only needs to fill in the gain or loss amount of each subsidiary recognized by the (public offering) company for direct reinvestment and each investee company evaluated by equity method, and the others can be ignored. When filling in the "recognition of the current profit or loss amount of each subsidiary directly reinvested", It should be confirmed that the current profit or loss amount of each subsidiary has included the investment profit or loss of its reinvestment that should be recognized in accordance with the regulations.

(Note 3): It is a limited company or a merged company, so there is no number of shares.

(Note 4): The investment gain or loss recognized by the Company include the offset of unrealized gain or loss between associates and the amortization of net equity differences.

(Note 5): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Information on investment in mainland China

TABLE 7

Investing companies	Investee Companies in Mainland China	Main business items	Paid-in capital	Investment method (Note 1)	Cumulative Investment Amount Remitted from Taiwan at the beginning of the period	Remitted or recovered investment amount for the period		Cumulative Investment Amount Remitted from Taiwan at the end of the period	Profit or Loss of investee Company in the Current Period	Percentage of Ownership through the Company's Direct or Indirect Investment	Investment profit (loss) confirmed in current year (Note 2)	Carrying amount of investment at the end of the period	Investment Gains Repatriated by the End of the Current Period
						Remittance	Recovery						
PANJIT International Inc.	Pan-Jit Electronics (Wuxi) Limited company	Rectifier processing and manufacutring	$774,656	2 PAN-JIT ASIA INTERNATIONAL INC.	$502,145	$-	$-	$502,145	$407,927	100.00%	$407,927 (Note 5)	$3,174,732 (Note 5)	$-
	Wuxi Sumnergy Technology Limited company	Research & development of Battery management system Manufacturing and sales of technical services	$150,130	2 PAN-JIT ASIA INTERNATIONAL INC.	-	-	-	-	(49,569)	70.00%	(34,698) (Note 5)	(20,684) (Note 5)	-
	Suzhou Grande Electronics Limited company	Chip diodes, triodes and other new types of electronics Sales of semiconductor components and related products, as well as technology and after service	$334,340	2 CONTINENTAL LIMITED	344,900	-	-	344,900	24,457	100.00%	24,457 (Note 5)	785,974 (Note 5)	-
	Wuxi ENR Semiconductor Material Technology Co. Ltd. (Formerly Wuxi ENR Semiconductor Materials Technology Co. Ltd.)	Semiconductor pcaking materials Manufacturing and sales	$87,300	2 ENR APPLIED PACKING MATERIAL CORPORATION	9,037	-	-	9,037	-	-	-	-	-
	Shenzhen Max Diode Limited company	New types of electronic components, Semiconductor controlled rectifirer	$47,392	2 DYNAMIC TECH GROUP LIMITED	47,151	-	-	47,151	16,347	97.42%	15,925 (Note 5)	8,341 (Note 5)	-
	Max Device (Shenzhen) Limited company	New types of electronic components, Semiconductor controlled rectifirer	$12,750	2 DYNAMIC TECH GROUP LIMITED	-	-	-	-	(4,991)	97.42%	(4,862) (Note 5, 6)	- (Note 5, 6)	
	Pan-Jit Electronics (Beijing) Limited company	New types of electronic components, Semiconductor controlled rectifier sales	$13,131	3 Pan-Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	3,215	100.00%	3,215 (Note 5)	10,281 (Note 5)	-
	Shandong Pan-Jit Electronic Technology Limited company	Semiconductor wafer manufacturing for automobile And protection of discrete devices, integrated circuit chips And production of packaging products	$370,819	3 Pan-Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	26,783	70.28%	18,744 (Note 5)	301,812 (Note 5)	-
	Pan-Jit Electronics (Qufu) Limited company	New types of electronic components, Semiconductor controlled rectifier sales	$2,189	3 Pan-Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	(1,271)	100.00%	(1,271) (Note 5)	1,714 (Note 5)	-

(continued in next page)

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Information on investment in mainland China

(continued from previous page)

Investing companies	Investee Companies in Mainland China	Main business items	Paid-in capital	Investment method (Note 1)	Cumulative Investment Amount Remitted from Taiwan at the beginning of the period	Remitted or recovered investment amount for the period		Cumulative Investment Amount Remitted from Taiwan at the end of the period	Profit or Loss of investee Company in the Current Period	Percentage of Ownership through the Company's Direct or Indirect Investment	Investment profit (loss) confirmed in current year (Note 2)	Carrying amount of investment at the end of the period	Investment Gains Repatriated by the End of the Current Period
						Remittance	Recovery						
PANJIT International Inc.	Zibo Micro Commercial Components Limited company	Rectifier diode, rectifier bridge, Electronic devices	$370,046	3 Suzhou Grande Electronics Co. Ltd.	$-	$-	$-	$-	$24,436	31.38%	$7,668	$99,544	$-
	Jiangsu Aide Solar Technology Co. Ltd.	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	$228,206	2 AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	1,573,193	-	-	1,573,193	12,224	91.63%	11,201 (Note 5)	(1,634,423) (Note 5)	-
Pynmax Technology Co., Ltd.	Shenzhen Max Diode Limited company	New types of electronic components, Semiconductor controlled rectifirer	$47,392	2 DYNAMIC TECH GROUP LIMITED	34,806	-	-	34,806	16,347	47.78%	7,811 (Note 5)	4,091 (Note 5)	-
	Max Device (Shenzhen) Limited company	New types of electronic components, Semiconductor controlled rectifirer	$12,750	2 DYNAMIC TECH GROUP LIMITED	-	-	-	-	(4,991)	47.78%	(2,385) (Note 5, 6)	- (Note 5, 6)	-

Cumulative investment amount remitted from Taiwan to Mainland China at the end of the period		Investment amount approved by Investment Review Committee of Ministry of Economy	Investment ceiling in Mainland China according to provisions of Investment Review Committee of Ministry of Economy
PANJIT International Inc.	$2,476,426	$2,566,190	(Note 3)
Pynmax Technology Co., Ltd.	$34,806	$34,806	(Note 4) $1,073,679

Note 1: Investment modes can be divided into the following three types, please mark the type:

(1) Direct Mainland China investment.

(2) Reinvest in mainland China through a third-region company (please specify the investment company in the third region.)

(3) Others.

(Note 2) For the column of gain or loss on investments recognized in the current period:

(1) If it is in preparation and there is no investment gain or loss, it should be indicated.

(2) The recognition basis of investment gain or loss is divided into the following three types, which should be specified

A. The financial report verified by an international accounting firm in cooperation with the Accounting Firm within the Republic of China.

B. The financial report certified and audited by the Taiwanese parent company's CPA.

C. Others.

(Note 3): Due to the Company's establishment of the operating headquarters, in accordance with the provisions of the law, the amount of investment in mainland China is not limited.

(Note 4) Calculations of investment ceiling in Mainland China are as follows:

Pynmax Technology Co., Ltd.: NT$1,789,465 thousand × 60% = NT$1,073,679 thousand

(Note 5): It had been written off in preparing the consolidated financial report.

(Note 6): The entire equity was disposed of on November 19, 2020.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Parent-subsidiary business relation and important transactions

TABLE 8

No. (Note 1)	Name of transaction party	Transaction subject	Relationship with trader (Note 2)	Transaction Status (Note 4)			
				Subject	Amount (Notes 5)	Transaction condition	Ratio in total revenue or assets (Note 3)
0	PANJIT International Inc.	Pan-Jit Electronics (Wuxi) Co., Ltd.	1	Purchase	$1,489,242	The transaction price is based on the average cost and marked on a certain ratio.	14%
				Accounts payable	270,696		2%
				Sales	866,486		8%
				Accounts receivable	268,799		2%
0	PANJIT International Inc.	Pynmax Technology Co., Ltd.	1	Purchase	397,709	The transaction price is based on the average cost and marked on a certain ratio.	4%
				Accounts payable	40,978		0%
1	Pynmax Technology Co., Ltd.	Pan-Jit Electronics (Wuxi) Co., Ltd.	3	Sales	459,853	The transaction price is based on the average cost and marked on a certain ratio.	4%
				Accounts receivable	122,647		1%
1	Pynmax Technology Co., Ltd.	PANJIT International Inc.	2	Sales	397,709	The transaction price is based on the average cost and marked on a certain ratio.	4%
				Accounts receivable	40,978		0%
2	Pan-Jit Electronics (Wuxi) Co., Ltd.	PANJIT International Inc.	2	Sales	1,489,242	The transaction price is based on the average cost and marked on a certain ratio.	14%
				Accounts receivable	270,696		2%
				Purchase	866,486		8%
				Accounts payable	268,799		2%
2	Pan-Jit Electronics (Wuxi) Co., Ltd.	Pynmax Technology Co., Ltd.	3	Purchase	459,853	The transaction price is based on the average cost and marked on a certain ratio.	4%
				Accounts payable	122,647		1%
3	Suzhou Grande Electronics Co. Ltd.	Jiangsu Aide Solar Technology Co., Ltd.	3	Other receivables	447,034	Based on contract of loans	3%
3	Suzhou Grande Electronics Co. Ltd.	Wuxi Sumnergy Technology Co., Ltd.	3	Other receivables	130,084	Based on contract of loans	1%
4	PAN-JIT ASIA INTERNATIONAL INC.	AIDE ENERGY EUROPE B.V.	3	Other receivables	551,215	Based on contract of loans	3%
4	PAN-JIT ASIA INTERNATIONAL INC.	Jiangsu Aide Solar Technology Co., Ltd.	3	Other receivables	894,272	Based on contract of loans	5%
4	PAN-JIT ASIA INTERNATIONAL INC.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	3	Other receivables	317,552	Based on contract of loans	2%
4	PAN-JIT ASIA INTERNATIONAL INC.	PANJIT International Inc.	2	Other receivables	854,400	Based on contract of loans	5%
5	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Jiangsu Aide Solar Technology Co., Ltd.	3	Prepay for goods	465,430	-	3%
6	AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	3	Other receivables	577,830	Based on contract of loans	3%

(Note 1): The business transaction information between the parent company and the subsidiary should be indicated in the index number column respectively, and the index number should be filled in as follows:

(1) 0 for parent company.

(2) Subsidiaries are coded from "1" in the order presented in the table above.

(Note 2): The relationship with the trader includes the following three types. Simply mark the type (if it is the same transaction between parent and subsidiary companies or between subsidiaries, there is no need for repeated disclosure. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary, the subsidiary part does not need to be disclosed again;

For subsidiary-to-subsidiary transactions, if one of its subsidiaries has disclosed, the other subsidiary does not need to disclose again):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

(Note 3): For the calculation of the ratio of the transaction amount to the combined total revenue or total assets, if it is an asset-liability subject, it is calculated based on the ending balance of the consolidated total assets; if it is a profit or loss account, it is calculated by the cumulative amount at the end of the period as a percentage of the consolidated total revenue.

(Note 4): If the transaction amount between parent and subsidiary reaches 100 million or more, it shall be disclosed.

(Note 5): It had been written off in preparing the consolidated financial report.

Notes to the Consolidated Financial Statements of PANJIT International Inc. and Subsidiaries (continued)
(Unit: NT$ thousands, unless otherwise indicated)
Information on Major Shareholders

TABLE 9 Unit: shares

Shares / Name of Major Shareholders	Number of Shares Held	Shareholding Ratio
Jinmao Investment Co., Ltd.	49,176,710	14.77%

Note 1: The major shareholders in this table are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation However, the Capital stock recorded in the Company's financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

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Appendix III

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PANJIT INTERNATIONAL INC.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT ACCOUNTANTS FOR THE YEARS ENDED

31 December 2020 AND 2019

Address: No. 24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City
Tel: 886-7-621-3121

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese financial statements shall prevail.

Independent Auditor's Report

To: PANJIT International Inc.

Opinion

We have audited the Parent Company Only Balance Sheets of PANJIT International Inc. as of December 31, 2020, and 2019, the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2020, and 2019.

In our opinion, the aforementioned Parent Company Only Financial Statements present fairly, in all material respects, the financial position of PANJIT International Inc. as of December 31, 2020, and 2019, and its financial performance and cash flows for the annual periods ended December 31, 2020, and 2019.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. The CPA's obligations under these standards will be further explained in the paragraph of responsibility for the CPA to audit the Parent Company Only Financial Statements. We are independent of PANJIT International Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The CPA believes that sufficient and appropriate evidences for the audit have been obtained as the basis for expressing opinion.

Key Audit Matters

Key audit key matters refer to those most material key matters for the audit on the Parent Company Only Financial Statements of the FY2020 of PANJIT International Inc., based on the professional judgment of the CPA. Such matters have been taken into account in audit of the overall Parent Company Only Financial Statements and have been considered to the formation of audit opinions, therefore the CPA is not giving any personal opinions on such key matters.

<u>Revenue Recognition</u>

PANJIT International Inc. recognized an operating income of NT$6,710,919 thousand in FY2020. The main source of income is the manufacture and sale of diode products. As its operating locations traverse the multi-national markets in the world and the combination of sales products and pricing methods are diversified, it requires judgment and determination of the performance obligations and the timing of their satisfaction, the CPA identified the recognition of client contract revenue as a key audit matter.

The audit procedures of this accountant include (but not limited to) assessing the appropriateness of accounting policies for revenue recognition, testing the effectiveness of internal control established by management for income recognition, including the identification of the integrity of the performance obligations in the customer contract and accounting treatment at the time of income recognition; analyzing the gross profit margin of products and departments; selecting a sample to perform a detailed test of the transaction and reviewing the major terms and conditions in the contract, testing general journal entries; performing the cut-off test, reviewing the relevant certificates of income transactions in the period before and after the asset and liability date to confirm that the income is recognized in the correct period, and reviewing the rationality of major sales returns and discounts after the period. In addition, the CPA also considers the appropriateness of the disclosure of operating income in Note 4 and Note 6 of the financial statements.

Valuation for Inventories

As of December 31, 2020, the net inventory of PANJIT International Inc. was NT$881,552 thousand, accounting for 6% of total assets, which is significant to the financial statements. The Company’s inventories are distributed in many countries and warehouses. Some warehouses are outsourced and have many inventory items, making it difficult to manage the status of inventory utilization. The aforementioned inventory is measured by the lower cost and net realizable value. The assessment involves the major accounting estimations and judgment of the management. Therefore, the CPA decides that inventory evaluation is a key audit item.

The audit procedures of this CPA include (but are not limited to) assessing the appropriateness of inventory evaluation accounting policies, testing the effectiveness of the internal control system established by the management for inventory, including the carry-forward of inventory costs, selecting major inventory locations, and observing inventory on the spot to confirm the quantity and status of the inventory. It also evaluates the net realizable value estimated by the management for inventory evaluation. It samples to check relevant certificates for testing the correct range of the inventory age and whether sufficient obsolescence loss is included, and evaluate the appropriateness of the policy. The CPA also considers the appropriateness of inventory disclosures in Note 4, 5, and 6 of the financial statements.

Responsibilities of Management and Those Charged with Governance for Parent Company only Financial Statements

It is the management's responsibility to fairly present the Parent Company Only Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and to avoid material misstatements due to fraud or errors therein.

Obligations of management also include the assessment of the Company's ability on going concern, the disclosure of relevant matters, and the adoption of the accounting base for going concern, when prepare the Parent Company Only Financial Statements, unless the management intends to proceed liquidation to PANJIT International Inc. or quitting concern, or has no other practical alternative solutions except for liquidation or closure.

Those charged with governance (including the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company only Financial Statements

The CPA's objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or errors, and to issue the CPA audit report and opinion thereon. 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 will always detect a material misstatement when it exists. Misstatement may be caused by fraud or error. Misstatements are considered material if, individually or in the aggregate, they may reasonably be expected to influence the economic decisions taken on the basis of these parent company only financial statements by users hereof.

When the CPA is auditing in accordance with generally accepted auditing standards, the CPA uses professional judgment and maintains professional suspicion. The CPA will also perform the following duties:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or errors, design and performing audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a solid basis for the CPA's professional opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the overriding of internal controls.

2. Obtain necessary understanding of internal controls relevant to the audit in order to design appropriate audit procedures in the circumstances, but the purpose is not to express an opinion on the effectiveness of internal controls of PANJIT International Inc.

3. Assess the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.

4. Make conclusions on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether any material uncertainty exists related to any events or conditions which might cast significant doubts on the Company's ability to continue as a going concern. If the CPA considers that there is material uncertainty in such events or circumstances, he shall, in the audit report, remind users of the Parent Company Only Financial Statements of the relevant disclosure of the Parent Company Only Financial Statements or amend the audit opinion where such disclosure is not appropriate. The CPA's conclusions are based on the audited evidence obtained as of the date of the audit report. However, future events or conditions may cause PANJIT International Inc. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including the disclosures made therein) and whether the parent company only financial statements represent all the underlying transactions and events in a manner that achieves an objectively fair presentation.

6. Sufficient and appropriate audit evidences shall be obtained for the financial information of the constituent entities within PANJIT International Inc. to express opinions on the Parent Company Only Financial Statements. The CPA is responsible for the guidance, supervision, and implementation of the Group's audit and responsible for forming audit opinions on the Group.

Items that have been communicated by the CPA to the governance bodies, including the planned scope and timing of the audit, as well as major audit findings (including significant internal control deficiencies identified during the audit.)

The CPA also provided the governing body the declaration of independence of the personnel subject to the codes of independence of the accounting firm which the CPA is affiliated with, have complied with the code of professional ethics of CPA, and communicated with the governing body all the relations and other matters that may be considered to affect the independence of the CPA (including relevant protective measures.)

From the matters communicated with the governing body, the CPA decided on the key audit items of the parent company only financial statements of PANJIT International Inc. in FY2020. The CPA has stated those items in the audit report unless the law does not allow public disclosure of certain matters, or under extreme rare cases, the CPA decided not to communicate specific matters in the audit report because it can reasonably assume the negative impact of communication is greater than the promoted public interest.

Ernst & Young Taiwan

March 26, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.
Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English translation of Parent Company Only Financial Statements Originally issued in Chinese
PANJIT International Inc.
Parent Company Only Balance Sheet
December 31, 2020, and 2019
(Expressed in thousands of New Taiwan Dollars)

Assets		December 31, 2020		December 31, 2019	
Accounting Items	Notes	Amount	%	Amount	%
Current asset					
Cash and cash equivalents	(VI)1	$600,879	4	$235,093	2
Financial assets at fair value through profit or loss - current	(VI)2	6,347	0	91,911	1
Net notes receivable, net	(VI)4, 16	36,344	0	37,952	0
Net accounts receivable, net	(VI)5, 16	1,708,585	12	1,455,588	12
Net accounts receivable - related parties, net	(VI)5, 16 / (VII)	277,171	2	121,504	1
Other receivables	(VII)	52,505	0	29,490	0
Income tax assets in current period		-	-	111	0
Stock inventory	(VI)6	881,552	6	910,339	8
Other current assets	(VIII)	177,666	1	107,926	1
Total current assets		3,741,049	25	2,989,914	25
Non-current assets					
Financial assets at fair value through other comprehensive income - non-current	(VI)3	279,068	2	164,833	2
Investments accounted for using equity method	(VI)7	7,320,777	50	6,683,179	55
Property, Plant, and Equipment	(VI)8 / (VII) / (VIII)	2,524,877	17	1,892,469	16
Right-of-use assets	(VI)17	27,837	0	6,894	0
Intangible assets	(VI)9	77,792	1	51,975	0
Deferred income tax asset	(VI)21	267,315	2	290,905	2
Prepay for equipment		311,572	2	5,863	0
Other non-current assets, others		74,430	1	4,922	0
Total non-current assets		10,883,668	75	9,101,040	75
Total assets		$14,624,717	100	$12,090,954	100

Liabilities and Equities		December 31, 2020		December 31, 2019	
Accounting Items	Notes	Amount	%	Amount	%
Current Liabilities					
Short-term loan	(VI)10	$1,385,443	10	$1,989,732	16
Financial liabilities at fair value through profit or loss - current	(VI)11	2,822	0	102	0
Contractual liabilities - current	(VI)15	399	0	189	0
Accounts payable		457,354	3	412,274	3
Accounts payable - Related Parties	(VII)	313,750	2	240,292	2
Other payables	(VII)	1,547,413	11	434,965	4
Current tax liabilities	(VI)21	71,055	0	126,361	1
Lease liabilities - current	(VI)17	7,864	0	6,553	0
Other current liabilities - other		16,891	0	10,455	0
Total current liabilities		3,802,991	26	3,220,923	26
Non-current liabilities					
Long-term loan	(VI)12 / (VIII)	3,522,198	24	2,450,978	20
Deferred tax liabilities	(VI)21	71,920	0	72,360	1
Lease liabilities - non-current	(VI)17	20,033	0	401	0
Net defined benefit liability - non-current	(VI)13	102,713	1	97,103	1
Other non-current liabilities - others		5,441	0	494	0
Total non-current liabilities		3,722,305	25	2,621,336	22
Total liabilities		7,525,296	51	5,842,259	48
Equity					
Capital stock					
Common stock	(VI)14	3,328,149	23	3,328,149	28
Capital surplus	(VI)14	2,196,674	15	2,202,946	18
Retained earnings	(VI)14				
Legal surplus reserves		239,453	2	186,432	2
Special surplus reserves		717,237	5	525,032	4
Undistributed earnings		1,015,504	7	723,373	6
Total retained earnings		1,972,194	14	1,434,837	12
Other equities		(381,089)	(3)	(717,237)	(6)
Treasury stock	(VI)14	(16,507)	0	-	-
Total equity		7,099,421	49	6,248,695	52
Total liabilities and equity		$14,624,717	100	$12,090,954	100

(The accompanying notes are an integral part of the parent company only financial statements)

English translation of Parent Company Only Financial Statements Originally issued in Chinese

PANJIT International Inc.

Parent Company Only Income Statement

For the years ended December 31, 2020 and 2019

(The accompanying notes are an integral part of the parent company only financial statements)

Accounting items	Notes	2020 Amount	2020 %	2019 Amount	2019 %
Operating revenue	(VI)15 / (VII)	$6,710,919	100	$5,941,910	100
Operating cost	(VI)18 / (VII)	(5,375,874)	(80)	(4,731,153)	(79)
Gross profit		1,335,045	20	1,210,757	21
Less: Unrealized gain or loss of merchandise sales		(19,284)	(0)	(20,066)	(0)
Realized gain or loss on merchandise sales		20,066	0	18,422	0
Net gross profit		1,335,827	20	1,209,113	21
Operating expense	(VI)16, 18 / (VII)				
Selling expense		(395,712)	(6)	(327,144)	(6)
Administrative expense		(281,533)	(4)	(215,721)	(4)
Research and development costs		(164,151)	(2)	(123,402)	(2)
Expected credit impairment loss (gain)		(641)	0	2,092	0
Total Operating Expense		(842,037)	(12)	(664,175)	(12)
Operating profit		493,790	8	544,938	9
Non-operating income and expenditure	(VI)19				
Interest earned		6,232	0	7,387	0
Other revenues		22,978	0	11,460	0
Other gain or loss		(44,868)	(1)	(16,761)	(0)
Financial cost		(54,657)	(1)	(55,663)	(1)
Proportion of gain or loss from subsidiaries and associates recognized by equity method	(VI)7	519,949	8	119,450	2
Total non-operating income and expenditure		449,634	6	65,873	1
Profit before tax		943,424	14	610,811	10
Income tax (expense)	(VI)21	(45,989)	(1)	(80,602)	(1)
Net income of continuing operations		897,435	13	530,209	9
Net income		897,435	13	530,209	9
Other comprehensive income (net amount)	(VI)20				
Items that may not be reclassified subsequently to gain or loss					
Remeasurement of defined benefit plan		(6,480)	(0)	(6,274)	(0)
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income		377,126	5	(27,562)	(0)
Income tax relating to items that will not be reclassified		(12,825)	(0)	2,159	0
Items that may be reclassified subsequently to gain or loss					
Exchange differences on translation of foreign financial statements		(31,085)	(0)	(203,107)	(3)
Income tax expenses (gains) related to items that may be reclassified subsequently to gain or loss:		2,426	0	37,606	1
Other comprehensive income of the current period (net after tax)		329,162	5	(197,178)	(2)
Total comprehensive income		$1,226,597	18	$333,031	7
Earnings per share (NT$)					
Basic earnings per share	(VI)22	$2.70		$1.50	
Diluted earnings per share	(VI)22	$2.69		$1.50	

(The accompanying notes are an integral part of the parent company only financial statements)

English translation of Parent Company Only Financial Statements Originally issued in Chinese

PANJIT International Inc.

Parent Company Only Statement of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

	Capital		Retained earnings			Other equity interest				
Items	Common Stock	Capital surplus	Legal surplus reserves	Special surplus reserves	Undistributed earnings (losses to be offset)	Exchange differences on translation of foreign financial statements	Unrealized gain or loss of financial assets at fair value through other comprehensive income	Others	Treasury stock	Total Equities
Balance as of January 1, 2019	$3,697,944	$2,196,674	$108,104	$254,865	$783,283	($475,123)	($49,075)	($834)	$-	$6,515,838
Earnings allocation and distribution										
Legal surplus reserves recognized			78,328		(78,328)					-
Special surplus reserves				270,167	(270,167)					-
Cash dividends on ordinary shares					(184,897)					(184,897)
Changes in associates recognized by equity method		489			(33,270)			153		(32,628)
Net profit in FY2019					530,209					530,209
Other comprehensive income in FY2019					(4,761)	(165,501)	(26,916)			(197,178)
Total comprehensive income	-	-	-	-	525,448	(165,501)	(26,916)	-	-	333,031
Cash capital reduction	(369,795)									(369,795)
Changes of ownership equities of subsidiaries		5,783			(17,404)			59		(11,562)
Disposal of equity instruments at fair value through other comprehensive income					(1,292)					(1,292)
Balance as of December 31, 2019	$3,328,149	$2,202,946	$186,432	$525,032	$723,373	($640,624)	($75,991)	($622)	$-	$6,248,695
Balance as of January 1, 2020	$3,328,149	$2,202,946	$186,432	$525,032	$723,373	($640,624)	($75,991)	($622)	$-	$6,248,695
Earnings allocation and distribution										
Legal surplus reserves recognized			53,021		(53,021)					-
Special surplus reserves				192,205	(192,205)					-
Cash dividends on ordinary shares					(349,456)					(349,456)
Changes in associates recognized by equity method		(489)			(154)			209		(434)
Net profit in FY2020					897,435					897,435
Other comprehensive income in FY2020					(5,087)	(28,659)	362,908			329,162
Total comprehensive income	-	-	-	-	892,348	(28,659)	362,908	-	-	1,226,597
Redemption of treasury stocks									(16,507)	(16,507)
Difference between the price received from acquisition or disposal of interest in subsidiaries and carrying amount		(8,489)								(8,489)
Changes of ownership equities of subsidiaries		2,706			(3,691)					(985)
Disposal of equity instruments at fair value through other comprehensive income					(1,690)		1,690			-
Others										-
Balance as of December 31, 2020	$3,328,149	$2,196,674	$239,453	$717,237	$1,015,504	($669,283)	$288,607	($413)	($16,507)	$7,099,421

(The accompanying notes are an integral part of the parent company only financial statements)

English translation of Parent Company Only Financial Statements Originally issued in Chinese

PANJIT International Inc.

Parent Company Only Cash Flow Statement

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

Items	2020	2019
	Amount	Amount
Cash flow from operating activities		
Pre-tax net profit of continuing operations	$943,424	$610,811
Adjustment items:		
Revenue and expenses		
Depreciation expense	303,222	409,112
Amortization expense	36,204	23,068
Expected credit impairment loss (gain)	641	(2,092)
Net loss (gain) of financial assets and liabilities at fair value through profit or loss	777	(19,267)
Interest expense	54,657	55,663
Interest earned	(6,232)	(7,388)
Dividend income	(7,404)	(5,074)
Proportion of loss from subsidiaries and associates recognized by equity method	(519,949)	(119,450)
Loss (gain) from disposal and scrapping of property, plant, and equipment	1,516	(3,307)
Disposal of investments (gain)	-	(142)
Non-financial asset impairment loss	-	7,420
Reversal gain of impairment on financial assets	(1,964)	-
Unrealized sales profit	19,284	20,066
Realized merchandise sales (gain)	(20,066)	(18,422)
All Others	(12,211)	56,131
Total revenue and expenses	(151,525)	396,318
Changes in assets/liabilities related to operating activities:		
Net changes in assets of operating activities		
Decrease (increase) in acquisition of financial assets at fair value through profit or loss	87,505	(75,028)
Decrease in notes receivable	1,608	2,531
(Increase) decrease in accounts receivable	(253,638)	262,000
Decrease (increase) in accounts payable - related parties	(155,667)	75,680
Other receivables (increase)	(23,105)	(7,956)
Other receivables - decrease in related parties	90	68,451
Decrease in inventories	44,831	151,169
Other current assets (increase)	(69,740)	(17,750)
Net changes in liabilities related to operating activities		
Increase (decrease) in contract liability	210	(1,849)
Increase (decrease) in accounts payable	45,080	(166,140)
Increase (decrease) in accounts payable - related parties	73,458	(249,238)
Increase (decrease) in other payables	159,362	(140,100)
Increase (decrease) in other current liabilities	6,436	(423)
Net defined benefit liability (decrease)	(1,357)	(2,983)
Total net changes in assets and liabilities related to operating activities	(84,927)	(101,636)
Cash inflow from operations	706,972	905,493
Interest received	6,232	7,388
Income tax (paid)	(88,433)	(537)
Net cash generated by operating activities	624,771	912,344
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(25,000)	(25,000)
Disposal of financial assets at fair value through other comprehensive income	4,437	2,019
Investments acquired by equity method	(15,813)	(657,540)
Acquisition of property, plant, and equipment	(210,494)	(468,580)
Disposal of property, plant, and equipment	291	38,087
Increase in refundable deposit	(69,508)	(255)
Acquisition of intangible assets	(25,099)	(30,593)
Increase in prepay for equipment	(959,642)	(11,327)
Dividends received	149,300	5,074
Net cash (outflow) from investing activities	(1,151,528)	(1,148,115)
Cash flows from financing activities:		
Increase (decrease) in short loan	(604,289)	460,935
Increase in long-term loan	8,331,560	260,500
Repayment of long-term loan	(7,264,173)	-
Increase in other payables - related parties	854,400	-
Repayment of lease principal	(9,245)	(8,410)
Increase in other non-current liabilities	4,947	-
Cash dividends distributed	(349,456)	(184,897)
Cash capital reduction	-	(369,795)
Buyback cost of treasury stocks	(16,507)	-
Interest paid	(54,694)	(56,377)
Net cash inflow from investment activities	892,543	101,956
Net increase (decrease) in cash and cash equivalents	365,786	(133,815)
Opening cash and cash equivalents	235,093	368,908
Closing cash and cash equivalents	$600,879	$235,093

(The accompanying notes are an integral part of the parent company only financial statement.)

English Translation of Financial Statements Originally Issued in Chinese

PANJIT INTERNATIONAL INC.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 December 2020 AND 2019

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

I. History and organization

1. PANJIT International Inc. (hereinafter referred to as the Company) was established on May 20, 1986 in accordance with the provisions of the Company Act concerning limited liability companies. The Company is located at No. 24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City. The main business includes the manufacturing, processing, assembly, trading, and import and export of various semiconductor rectifiers, the assembling, trading, technology transfer of various mechanical parts, and trade and import and export of the resins and coatings for electronics related to the preceding electronic items.

2. The Company's stock was officially listed for trading on the OTC market on December 22, 1999, and then listed on the Taiwan Stock Exchange on September 17, 2001.

II. Date and procedures of authorization of financial statements for issue

The Company's parent company only financial statements for FY2020 and FY2019 were published upon approval by the Board of Directors on March 26, 2021.

III. Newly issued or revised standards and interpretations

1. Changes in accounting policies resulting from applying for the first time certain standards and amendments

   The Company has adopted the International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations or Interpretation Announcements that have been approved by the Financial Supervision Commission (hereinafter referred to as FSC) and applicable for fiscal years beginning on January 1, 2020. The first adoption of the new standards and amendments does not have a significant impact on the Company.

2. The Company has not yet adopted the following newly issued, revised, and amended standards or interpretations that have been issued by the International Accounting Standards Board and approved by the FSC:

No.	New Standards, Interpretations, and Amendments	Effective Date issued by IASB
1	Changes in Interest Rate Indicators - Phase II (amendments to IFRS 9, IAS 39, and IFRS 7, IFRS 4, and IFRS 16)	January 1, 2021

(1) Changes in Interest Rate Indicators - Phase II (amendments to IFRS 9, IAS 39, and IFRS 7, IFRS 4, and IFRS 16)

The final stage revisions mainly focus on the impact of changes in interest rate indicators on corporate financial statements, including:

A. For changes in the basis for determining the contractual cash flow of financial instruments, those required by the change in interest rate indicators will not de-recognize or adjust the carrying amount of financial instruments.

By updating the effective interest rate, it reflects changes in the alternative index interest rate;

B. When hedging still meets the requirements of hedging accounting, the adoption of hedging accounting will not stop simply because of the changes required by the reform; and

C. Disclosure information is required for new risks arising from the change and how to manage the transition to an alternative indicator interest rate.

The Company has assessed that the above amendments applicable to the fiscal year beginning after January 1, 2021 will not have a significant impact on the Company.

3. As of the date of publication of the financial report, the Company has not yet adopted the following newly issued, revised, and amended standards or interpretations that have been issued by the International Accounting Standards Board and approved by the FSC:

No.	New Standards, Interpretations, and Amendments	Effective Date issued by IASB
1	Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or investment of assets between investors and their associates or joint ventures	Subject to the decision of the International Accounting Standards Board

No.	New Standards, Interpretations, and Amendments	Effective Date issued by IASB
2	IFRS 17 "Insurance Contracts"	January 1, 2023
3	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
4	A limited range of amendments to the International Financial Reporting Standards, including amendments to IFSR 3, IAS 16, and IFRS 37, and annual improvement	January 1, 2022
5	Disclosure initiative - Accounting Policies (Amendments to IAS 1)	January 1, 2023
6	Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023

(1) Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or investment of assets between investors and their associates or joint ventures

This project deals with the inconsistency between IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investment in Associates and Joint Ventures" regarding the loss of control by investing in associates or joint ventures at the price of subsidiaries. IAS 28 requires that investment in non-monetary assets, when exchanging equity in associates or joint ventures, shall be treated as downstream transactions and eliminate the portion of gain or loss incurred; IFRS 10 requires full gain or loss to be recognized at losing control of the subsidiary. This amendment restricts the aforementioned provisions of IAS 28. When assets that constitute a business as defined by IFRS 3 are sold or invested, the profits or losses incurred shall be fully recognized.

This amendment also modifies IFRS 10 so that when investors and their associates or joint ventures sell or invest in a subsidiary that does not constitute a business defined in IFRS 3, the profits or losses incurred are only for recognition of the scope of shares enjoyed by non-investors.

(2) IFRS 17 "Insurance Contracts"

This standard provides a comprehensive model of insurance contracts, including all accounting-related parts (recognition, measurement, expression and disclosure principles.) The core of the standard is a general model. Under this model, the original recognition is based on fulfilment of cash flows and contract services. The sum of the two margins measures the group of insurance contracts, where the fulfilment cash flows include:

A. Estimate of future cash flow
B. Discount rate: reflect the adjustment on the time value of money and the financial risks associated with future cash flows (when financial risks are not included in the estimated value of future cash flows); and
C. Risk adjustment for non-financial risks

The carrying amount of the insurance contract group at the end of each reporting period is the sum of the remaining coverage liabilities and the incurred claims liabilities.

Besides common model, the followings are offered:

A. Specific applicable methods for contracts with direct participation characteristics (variable fee method)
B. Simplification of short-run contracts (premium sharing method)

This standard was released in May 2017, and an amendment was issued in June 2020. This amendment not only allows the extension of the effective date of the transitional clause for 2 years (that is, postponed from the original January 1, 2021 to January 1, 2023) and additional exemptions, but also reduce the cost of adopting this standard by simplifying some of the regulations, and amending some regulations to make some situations easier to explain. The effectiveness of this standard shall replace the transition standard (ie, IFRS 4 “Insurance Contracts”)

(3) Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

This is based on the amendments to IAS 1 “Classification of Liabilities as Current or Non-Current.” The classification of liabilities in paragraphs 69 to 76 as current or non-current shall be corrected.

(4) A limited range of amendments to the International Financial Reporting Standards, including amendments to IFSR 3, IAS 16, and IFRS 37, and annual improvement

A. Index update to the conceptual framework (Amendments to IFRS 3 “Reference to the Conceptual Framework”)
This amendment replaces the old version of the index on the conceptual framework of financial reporting and updates IFRS 3 with the latest version of the index published in March 2018. An exception to the recognition principle has been added to avoid possible "Day 2" gains or losses due to liabilities and contingent liabilities. In addition, it is to clarify existing guidelines for contingent assets that are not affected by the replaced structure index.

B. Property, plant, and equipment: income before intended use (Amendment to IAS 16)

This amendment is to prohibit corporations from deducting the sale amount from the cost of property, plant, and equipment for items generated when corporations prepare assets for its intended use; conversely, corporations recognize such sales revenue and related costs in gain or loss.

C. Onerous contract - cost of fulling a contract (Amendments to IAS 37)

This amendment clarifies the cost that should be included in corporations' assessment of whether the contract is generating loss.

D. Annual Improvements to IFRSs during 2018-2020 cycle

Amendments to IFRS 1

This amendment simplifies the measurement of cumulative conversion adjustments for applying IFRS 1 when the subsidiary takes the first-time application after the parent company.

Amendments to IFRS No. 9, *Financial instruments*

This amendment clarifies the expenses involved when corporations evaluate whether the new contract terms or the revised terms of the financial liabilities are significantly different from the original financial liabilities.

Amendments to IFRS 16*, "Leases"*

This is to revise the lease incentives related to the improvement of the lessee's rights in Example 13.

Amendments to IAS 41

This amendment removes the requirement that cash flow is not included in tax when measuring fair value, so that the fair value measurement requirements of IAS 41 are consistent with the relevant requirements of other international financial reporting standards.

(5) Disclosure initiative - Accounting Policies (Amendments to IAS 1)

This amendment is to improve the disclosure of accounting policies to provide investors and other major users of financial statements with more useful information.

(6) Definition of Accounting Estimates (Amendments to IAS 8)

This amendment directly defines accounting estimates and makes other amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to help companies distinguish between changes in accounting policies and changes in accounting estimates.

The above-mentioned standards or interpretations that have been issued by the International Accounting Standards Board but have not yet been approved by the FSC shall be subject to the actual application date of the FSC. The Company is currently assessing the potential impact of the newly announced or revised standards or interpretations in (3.) It is temporarily impossible to reasonably estimate the impact of the aforementioned standards or interpretations on the Group, and other newly announced or revised standards or interpretations have no significant impact on the Group.

IV. Summary of significant accounting policies

1. Statement of compliance

   The Company's FY2020 and FY2019 parent company only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

2. Basis of Preparation

   The Company has prepared these parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." As stipulated in Article 21 of "Preparation Standards of Financial Reports for Securities Issuers, the current gain or loss and other comprehensive income in the Parent Company Only Financial report shall be the same as the allocation of other comprehensive income attributable to the parent company owners in the combined financial report, and the owners' equity in the Parent Company Only Financial report shall be the same as the equity attributable to the parent company's owners in the combined financial report. Therefore, investee subsidiaries are expressed in Parent Company Only Financial reports as "investments by equity method", and necessary evaluation adjustments are made.

   The parent company only financial statements are prepared on the basis of historical cost, except for financial instruments measured by fair value. The unit for all amounts expressed in the parent company only financial statements are in thousands of NTD unless otherwise stated.

3. Foreign currency transactions

The Company's parent company only financial statements present the NT dollar as the functional currency. Foreign currency transaction is translated into functional currency according to the exchange rate of the transaction date. At the end of each reporting period, monetary items in foreign currencies are converted at the closing exchange rate of that day; Foreign currency items measured at fair value are translated according to the exchange rate on the date of fair value, and foreign currency non-currency items measured through historical cost will be translated according to the exchange rate on the original date of transaction.

Except for the following, the exchange difference arising from the delivery or conversion of monetary items is recognized as gain or loss in the current period:

(1) For the foreign currency borrowing in order to obtain the assets that meet the requirements, if the conversion difference incurred is regarded as an adjustment to the interest cost, it is a part of the borrowing cost and capitalized as the cost of the asset.
(2) Foreign currency items applicable to IFRS 9, "Financial Instruments" shall be handled in accordance with the accounting policies of financial instruments.
(3) For monetary items that form part of the reporting entity's net investment in foreign operating institutions, the resulting exchange difference was originally recognized as other comprehensive income, and when the net investment is disposed of, it is reclassified from equity to gain or loss.

When the profit or loss of a non-monetary item is recognized as other comprehensive income, any conversion component of the profit or loss is recognized as other comprehensive income. When the profit or loss of a non-monetary item is recognized as gain or loss, any conversion component of the profit or loss is recognized as gain or loss.

4. Translation of financial statements in foreign currency

Each foreign operation of the Company determines its own functional currency, and uses that functional currency to measure its financial reports. When preparing parent Company only financial reports, the assets and liabilities of foreign operation are converted into New Taiwan dollars at the closing exchange rate on the balance sheet date, and income and expenditure items are converted at the current average exchange rate. The conversion difference arising from the conversion is recognized as other comprehensive income, and the cumulative conversion difference that has been previously recognized in other comprehensive income and accumulated in the individual components under equity when the foreign operation is disposed of, when the disposition gain or loss are recognized, shall be reclassified from equity to gain or loss. When involving the partial disposal of the loss of control of a subsidiary that includes a foreign operation, and after a partial disposal of the equity of an associate or joint agreement including the foreign operation, if the retained equity is a financial asset that includes the foreign operation, it is also deemed to be disposal.

When disposing of a subsidiary that includes a foreign operation without losing control, the cumulative conversion difference recognized in other comprehensive income is adjusted by "investment by equity method" on a pro rata basis, and not recognized as gain or loss; Under influence or joint control, when part of the disposition includes an associate or joint agreement of a foreign operation, the accumulated exchange difference will be reclassified to gain or loss on a pro rata basis.

The Company's goodwill arising from the acquisition of a foreign operating organization and fair value adjustments to the carrying amount of its assets and liabilities are treated as the assets and liabilities of the foreign operating organization and presented in its functional currency.

5. Current and non-current distinction

In one of the following conditions, it is classified as current assets, and non-current assets are classified as non-current assets:

(1) The asset is expected to be realized within normal operation cycle, or it is intended to be sold or consumed;
(2) The asset held for the purpose of transaction.
(3) The asset is expected to be realized within twelve months after the reporting period.
(4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Any liability meeting one of the following conditions is current liability, and other liabilities not falling into current liability are non-current liability:

(1) Liabilities to be cleared off within the normal operation cycle.
(2) Liabilities held primarily for the purpose of trading.
(3) Liabilities that is due to be settled within twelve months after the reporting period.
(4) Liabilities whose settlement can be deterred unconditionally for at least twelve months after the reporting period. If the term of liability, at the discretion of transaction party, causes it to be cleared off by issuing equity instruments, the classification will not be influenced

6. Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposits, short-run and high liquidity time deposits or investments (including time deposits within 3 months of the contract period) that can be converted into fixed cash at any time and have little risk of value changes.

7. Financial instruments

Financial assets and financial liabilities shall be recognized when the Company became a party to the terms of the financial instrument contract.

Financial assets and financial liabilities that meet the scope of application of IFRS 9 "Financial Instruments" are measured at fair value at the time of initial recognition and are directly attributable to financial assets and financial liabilities (except for those classified as fair value through profit or loss.) The transaction cost of acquisition or issuance, other than financial assets and financial liabilities measured by value, is added to or subtracted from the fair value of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

The recognition and derecognition of all financial assets of the Company's customary transactions shall be accounted for on the transaction day.

The Company classifies financial assets as financial assets that are subsequently measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss based on the following two items:

A. Business model for managing financial assets
B. Contractual cash flow characteristics of finanical assets

<u>Financial asset measured at amortized cost</u>

Financial assets that meet the following two conditions at the same time are measured at amortized cost, and listed on the balance sheet in terms of notes receivable, accounts receivable, financial assets measured at amortized cost, and other receivables:

A. The business model of managing financial assets: holding financial assets to collect contractual cash flows
B. Contractual cash flow characteristics of financial assets: the cash flow is completely for paying the capital and the interest of capital circulating outside.

These financial assets (excluding those involved in a hedging relationship) are measured subsequently at the amortized cost [the amount measured at the time of original recognition, minus the principal paid, plus or minus the difference between the original amount and the maturity amount accumulated amortization (using the effective interest method), and adjust the allowance for loss]. When derecognizing, undergoing amortization procedures, or recognizing detrimental profits or losses, the profits or losses are recognized in gain or loss.

The interest calculated by the effective interest method (multiplying the effective interest rate by the total carrying amount of the financial asset) or the following conditions is recognized in the gain or loss:

A. For purchased or initial credit impaired financial assets, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial asset
B. If it is not the former, but subsequently becomes credit impaired, the effective interest rate is multiplied by the amortized cost of financial assets

Financial assets measured at fair value through other comprehensive income

Financial assets that meet the following two conditions at the same time are measured at fair value through other comprehensive income, and recognized on the balance sheet as financial assets measured at fair value through other comprehensive income:

A. The business model of managing financial assets: collecting contractual cash flow and selling financial assets
B. Contractual cash flow characteristics of financial assets: the cash flow is completely for paying the capital and the interest of capital circulating outside.

The explanation of the recognition of such financial assets-related gain or loss is as follows:

A. Before derecognition or reclassification, in addition to the derogation gain or loss and the foreign currency exchange gain or loss are recognized in the gain or loss, the gain or loss is recognized in the other comprehensive income
B. At derecognizing, the cumulative benefits or losses previously recognized in other comprehensive income are reclassified from equity to gain or loss as a reclassification adjustment
C. The interest calculated by the effective interest method (multiplying the effective interest rate by the total carrying amount of the financial asset) or the following conditions is recognized in the gain or loss:
   (a) For purchased or initial credit impaired financial assets, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial asset
   (b) If it is not the former, but subsequently becomes credit impaired, the effective interest rate is multiplied by the amortized cost of financial assets

In addition, for equity instruments that fall within the scope of IFRS 9 and the equity instruments are neither held for trading, nor recognized or recognized by the acquirer in a business merger under IFRS 3, if there is consideration at the time of initial recognition, corporations choose (irrevocably) to report its subsequent fair value changes in other comprehensive income. The amount reported in other comprehensive income shall not subsequently be transferred to gain or loss (when disposing of these equity instruments, it will be included in the cumulative amount of other equity items and directly transferred to retained earnings), and shall be measured as financial assets at fair value through other comprehensive income and recognized on the balance sheet. Investment dividends are recognized in profit or loss, unless the dividend clearly represents part of the recovery of investment costs.

Financial assets measured at fair value through profit or loss

Except for those, meeting the above-mentioned specific conditions, measured at amortized cost or through other comprehensive income measured at fair value, financial assets are measured at fair value through profit or loss. The financial assets measured at fair value through profit or loss are recognized on the balance sheet.

Such financial assets are measured at fair value, and the profits or losses resulting from re-measurement are recognized as gain or loss. The profits or losses recognized as gain or loss include any dividends or interest received by the financial asset.

(2) Impairments of financial assets

The Company's investment in debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost are recognized and measured by expected credit losses. The loss allowance of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income (without reducing the carrying amount of the investment.)

The Company measures expected credit losses by reflecting the following:

A. The unbiased and probability-weighted amount determined by evaluating each possible outcome
B. Time value of money
C. Reasonable and supportive information related to past events, current conditions and forecasts of future economic conditions (that can be obtained without excessive costs or investment on the balance sheet date)

The method of measuring the allowance loss is explained as follows:

A. Measured by the amount of 12-month expected credit losses: including financial assets that have not significantly increased in credit risk since initial recognition, or those that are judged to be low in credit risk on the balance sheet date. In addition, it also includes those who measured the allowance loss based on the amount of expected credit loss during the previous reporting period, but no longer met the conditions for a significant increase in credit risk since the initial recognition on the balance sheet date of the current period.

B. Measurement of the amount of expected credit loss within duration: including financial assets that have significantly increased credit risk since initial recognition, or are purchased or initial credit-impaired financial assets.

C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company uses the amount of expected credit losses within duration to measure the allowance loss.

D. For lease receivables arising from transactions within the scope of IFRS 16 (before January 1, 2019, IAS 17), the Company uses the amount of expected credit losses within duration to measure the allowance loss.

On each balance sheet date, the Company compares the changes in the default risk of financial instruments on the balance sheet date and the original recognition date to assess whether the credit risk of the financial instruments has increased significantly after the initial recognition. In addition, please refer to Note 12 for information related to credit risk.

(3) Derecognition of financial assets

Financial assets held by the Company are derecognized when one of the following conditions is met:

A. The contractual rights from the cash flows of financial assets terminate.
B. The financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to others.
C. Almost all risks and rewards of asset ownership have not been transferred or retained, but control of assets has been transferred.

When a financial asset is derecognized as a whole, the difference between its carrying amount and the received or receivable consideration plus any cumulative gains or losses recognized in other comprehensive income is recognized in gain or loss.

(4) Financial liabilities and equity instruments

<u>Classification of liabilities or equities</u>

The debt and equity instruments issued by the Company are classified as financial liabilities and equity in accordance with the substance of contractual arrangements and the definitions of financial liabilities and equity instruments.

<u>Equity Instruments</u>

An equity instrument refers to any contract that recognizes the Company’s remaining equity after deducting all liabilities from its assets. The equity instruments issued by the Company are recognized at the price obtained deduct the direct issue cost.

<u>Compound instrument[s]</u>

The Company recognizes the constituent elements of financial liabilities and equity in accordance with the contractual terms of the convertible corporate bonds issued. In addition, for the issued convertible corporate bonds, before distinguishing the equity elements, it is evaluated whether the economic characteristics and risks of the embedded buying and selling rights are closely related to the main debt product.

For the market interest rate assessment of the debt component that does not involve derivative instruments, the fair value of which is equivalent in nature and does not have conversion characteristics. Before conversion or redemption and settlement, this part of the amount is classified as financial liabilities measured at amortized cost; As for other parts of embedded derivatives that are not closely related to the risks of the economic characteristics of the main contract (for example, the execution price of the embedded buy-back and redemption rights cannot be almost equal to the amortized cost of the debt goods on each execution day), except for the components of equity, they are classified as components of liabilities. And in the subsequent period, it will be measured at fair value through profit or loss; The amount of the equity element is determined by deducting the component part of the liability from the fair value of the convertible corporate bond. The carrying amount will not be remeasured in subsequent accounting periods. If the convertible corporate bonds issued do not have equity elements, they shall be processed in accordance with the IFRS 9 Hybrid Instruments.

Transaction costs are allocated to the liabilities and equity components in accordance with the proportion of the originally recognized convertible corporate bonds allocated to the liabilities and equity components.

When the holder of the convertible corporate bond requests to exercise the right of conversion before the expiry of the convertible corporate bond, the carrying amount of the component elements of the liability is adjusted to the carrying amount that should be at the time of the conversion as the accounting basis for the issuance of ordinary shares.

Financial liabilities

Financial liabilities that meet the scope of application of IFRS 9 are classified as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost at the time of initial recognition.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated to be measured at fair value through profit or loss.

When one of the following conditions is met, it is classified as held for trading:

A. The main purpose of its acquisition is to sell in a short time;
B. At the time of initial recognition, it is part of the portfolio of identifiable financial instruments jointly managed, and there is evidence that the portfolio is a short-run profit-making operation in the near future; or
C. Derivatives (except for financial guarantee contracts or derivatives that are designated and effective hedging instruments.)

For contracts containing one or more embedded derivatives, the overall hybrid (combined) contract can be designated as a financial liability measured at fair value through profit or loss; when one of the following factors is met and more relevant information can be provided, at the time of initial recognition, it is designated as measured at fair value through profit or loss:

A. The designation can eliminate or significantly reduce measurement or recognition inconsistencies; or
B. A group of financial liabilities or a group of financial assets and financial liabilities shall be managed and evaluated on a fair value basis in accordance with written risk management or investment strategies, and the information on the investment portfolio provided to the management by the Group shall also be based on fair value.

The profits or losses arising from the re-measurement of such financial liabilities are recognized as gain or loss, and the profits or losses recognized as gain or loss include any interest paid by the financial liabilities.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost, including accounts payable and borrowings, etc., are measured using the effective interest method after initial recognition. When financial liabilities are derecognized and amortized through the effective interest method, the related gain or loss and amortization amount are recognized in gain or loss.

The calculation of the amortized cost considers the discount or premium at the time of acquisition and transaction costs.

Derecognition of financial liabilities

When the obligation of a financial liability is discharged, canceled or lapsed, the financial liability is derecognized.

When the Company and creditors exchange debt instruments with materially different terms or make major changes to all or part of the existing financial liabilities (regardless of whether it is due to financial difficulties), when dealing with derecognizing financial liabilities, by the method of derecognizing the original liabilities and recognizing new liabilities, the difference between its carrying amount and the total consideration paid or payable (including transferred non-cash assets or liabilities assumed) is recognized as gain or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities can be offset and recognized on the balance sheet as a net amount only when the recognized amount currently has mutually offsetting legal exercise rights and intends to settle on a net amount or realize assets and liquidate liabilities at the same time.

8. Derivative instruments

The derivative instruments held or issued by the Company are used to avoid exchange rate risk and interest rate risk. Among them, those that are designated and effectively hedged are recognized as hedged financial assets or liabilities on the balance sheet; the rest are not designated. For effective hedging, it is reported on the balance sheet as financial assets or financial liabilities measured at fair value through profit or loss.

The initial recognition of derivatives is measured by the fair value on the date when the derivative contract is signed, and is measured by the fair value after it is renewed. When the fair value of a derivative is a positive number, it is a financial asset; when the fair value is a negative number, it is a financial liability. Changes in the fair value of derivatives are directly recognized in gain or loss, but for those involving cash flow hedging and net investment hedging of foreign operation are an effective part, the Company recognized under gain or loss or equity.

Where the master contract is a non-financial asset or financial liability, when the economic characteristics and risks of the derivatives embedded in the master contract are not closely related to the master contract, and the master contract is not measured at fair value through profit or loss, the embedded derivatives should be treated as independent derivatives.

9. Fair value measurement

Fair value refers to the price that can be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement date. The fair value measurement assumes that the sale of assets or transfer of liabilities takes place in one of the following markets:

(1) The main market for the asset or liability, or
(2) If there is no major market, the most favorable market for the asset or liability

The main or most advantageous market must be accessible to the Company for trading.

The fair value of assets or liabilities is measured by using assumptions that market participants will use when setting asset or liability price, and it is assumed that these market participants are acting in their economic best interests.

The fair value measurement of non-financial assets takes into account market participants by using the asset for its highest and best use or by selling the asset to another market participant who will use the asset for its highest and best use, In order to generate economic benefits.

The Company adopts appropriate valuation techniques under relevant circumstances and sufficient information is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

10. Inventories

Inventories are evaluated based on the lower of cost and net realizable value.

Cost refers to the cost incurred to bring the inventory to the state and location available for sale or production:

Raw materials - based on the actual purchase cost, using the weighted average method.

Finished goods and work in progress - including direct raw materials, labor, and fixed manufacturing expenses shared by normal production capacity, but not the borrowing costs.

Net realizable value is the estimated selling price in the ordinary course, less the cost of completion and applicable variable selling expenses.

The provision of labor services is handled in accordance with the provisions of IFRS 15, and is not in the scope of inventory.

11. Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups to be sold refer to those that can be sold immediately in accordance with general conditions and business practices under the current circumstances, and are highly likely to complete the sale within one year. Non-current assets classified as pending sale and disposal groups are measured by the lower of carrying amount and fair value minus disposal costs.

The income and expenditures of the discontinued unit are reported separately in the consolidated income statement during the reporting period and the comparison period of the previous year, based on the after-tax basis and the income and expenditures of the continuing business unit. Even if, after the Company disposed the subsidiary, it still retains a non-controlling equity. The relevant after-tax profits and losses of discontinued units are presented separately in the consolidated income statement.

Once property, plant, and equipment and intangible assets are classified as pending sale, they will no longer be depreciated or amortized.

12. Investments accounted for using the equity method

The Company’s investments in associates are treated with the equity method, except for assets classified as assets for sale. Associates refer to companies that the Company has a significant influence on. A joint venture refers to the Company that has rights to the net assets of the joint agreement (with joint control.)

Under the equity method, investment in an associate or joint venture is recognized in the balance sheet, which is the amount recognized by the Company based on cost plus the amount of the change in the net assets of the associate or joint venture after acquisition in shareholding ratio. After the carrying amount of the associate or joint venture investment and other related long-term equity is reduced to zero using the equity method, additional losses and liabilities are recognized within the scope of legal obligations, constructive obligations, or payments made on behalf of the associate. Unrealized gains and losses arising from transactions between the Company and associates or joint ventures shall be eliminated according to the proportion of its equity in the associates or joint ventures.

When changes in the equity of an associate or joint venture do not occur due to gain or loss and other comprehensive income items and do not affect the Company's shareholding ratio, the Company recognizes the related ownership and equity changes based on the shareholding ratio. Therefore, the recognized capital reserve is transferred to gain or loss according to the proportion of the disposal in the subsequent disposal of associates or joint ventures.

When an associate or a joint venture issues new shares, the Company fails to subscribe in proportion to the shareholding ratio, resulting in a change in the investment ratio, thereby increasing or decreasing the Company's equity holdings in the associate or joint venture, "capital reserve" and "investment using the equity method" are used to adjust the increase or decrease. When the investment ratio change decreases, the related items that have been previously recognized in other comprehensive income are also reclassified to gain or loss or other appropriate accounts according to the reduction ratio. The recognized capital reserve above is transferred to gain or loss according to the proportion of the disposal in the subsequent disposal of associates or joint ventures.

The financial reports of associates or joint ventures are prepared for the same reporting period as the Company, and adjusted to make their accounting policies consistent with the Company's accounting policies.

At the end of each reporting period, the Company confirms whether there is objective evidence showing that the investment in associates or joint ventures has been impaired in accordance with the provisions of IAS 28 "Investment in associates and joint ventures." That is, in accordance with IAS 36 "Asset Impairment", the amount of impairment is calculated based on the difference between the recoverable amount of the associate or joint venture and the carrying amount, and the amount is recognized as gain or loss of the associate or joint venture. If the aforementioned recoverable amount adopts the use value of the investment, the Company will determine the relevant use value based on the following estimates:

(1) The Company's share of the present value of estimated future cash flows from associates or joint ventures, including associates or the cash flow generated by the operation of the joint venture and the final disposal price of the investment; or

(2) The Company expects the present value of estimated future cash flows from the investment to receive dividends and ultimately dispose of the investment.

Since the goodwill component items that constitute the carrying amount of investment in associates or joint ventures are not separately recognized, there is no need for goodwill impairment test per the provisions of IAS 36 "Asset Impairment."

When it loses significant influence on the associate or joint control of the joint venture, the Company measures and recognizes the retained investment portion at fair value. In the event of loss of significant influence or joint control, the difference between the carrying amount of the investment associate or joint venture and the fair value of the retained investment plus the proceeds from the disposal is recognized as gain or loss. In addition, when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without re-evaluating the retained equity.

13. Property, Plant, and Equipment

Property, plant, and equipment are recognized on the basis of acquisition cost, and are recognized after deducting accumulated depreciation and accumulated impairment. The aforementioned cost includes the cost of dismantling, removing and restoring the property, plant, and equipment at their location and the cost of unfinished construction. Necessary interest expenses incurred. If each item of property, plant, and equipment is significant, it should be itemized for depreciation individually. When the major components of property, plant, and equipment are to be replaced on a regular basis, the Company treats the items as individual assets and recognizes them separately with specific useful life and depreciation methods. The carrying amount of the replacement part shall be derecognized in accordance with the derecognizing requirements of IAS 16 "property, plant, and equipment". If the major maintenance cost meets the recognition conditions, it is regarded as replacement cost and recognized as part of the carrying amount of plant, and equipment, and other repair and maintenance expenses are recognized in gain or loss.

Depreciation is accrued based on the estimated useful life of the following assets by the straight-line method:

Assets	Useful life
Buildings	4 - 51 years
Machinery equipment	1 - 10 years
Utilities equipment	6 - 13 years
Office equipment	1 - 6 years
Right-of-use assets/lease assets (Note)	1 - 5 years
Other equipment	1 - 20 years

After initial recognition, items of property, plant, and equipment or any important component are derecognized and recognized as gain or loss if they are disposed of or are not expected to have an inflow of economic benefits due to use or disposal in the future.

The residual value, useful life, and depreciation method of property, plant, and equipment are assessed at the end of each financial year. If the expected value is different from the previous estimate, the change is regarded as a change in accounting estimates.

14. Leases

The Company assesses whether the contract is (or includes) a lease on the date of contract establishment. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is (or contains) a lease. In order to assess whether the contract transfers control over the use of the identified asset for a period of time, the Company assesses whether it has both of the following during the entire period of use:

(1) Obtain substantially all of the economic benefits from use of an identified asset; and
(2) Has the right to direct the use of an identified asset.

For contracts that are (or include) leases, the Company treats each lease component in the contract as a separate lease and treats it separately from the non-lease component in the contract. For contracts that include one lease component and one or more additional lease or non-lease components, the Company uses the relative individual price of each lease component and the aggregate individual price of the non-lease component as basis and allocates the consideration in the contract to the lease component. The relative stand-alone prices of lease and non-lease components are determined on the basis of the prices charged by the lessor (or similar suppliers) for the components (or similar components.) If the observable stand-alone price is not readily available, the Company maximizes the use of observable information to estimate the stand-alone price.

The Company is the lessee

In addition to meeting and selecting short-run leases or leases of low-value target assets, when the Company is the lessee of the leasing contract, the right-of-use assets and lease liabilities are recognized for all leases.

The Company measures the lease liability on the inception date based on the present value of the lease payments not yet paid on that date. If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, use the lessee’s incremental borrowing interest rate. On the starting date, the lease payments in the lease liability include the following payments related to the right-of-use of the underlying asset during the lease period and not yet paid on that date:

(1) Fixed payments (including in-substance fixed payments) less any lease incentives receivable;
(2) Variable lease payments depending on an index or a rate, initially measured (using the index or rate at the commencement date);
(3) Amounts expected to be payable by the lessee under residual value guarantees;
(4) The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
(5) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the starting date, the Company measures the lease liability on the basis of amortized cost, and increases the carrying amount of the lease liability using the effective interest rate method to reflect the interest on the lease liability; the lease payments reduces the carrying amount of the lease liability.

On the starting date, the Company measures the right-of-use asset based on cost. The cost of the right-of-use asset includes:

(1) The original measured amount of the lease liability;
(2) Any lease payments paid on or before the commencement date, less any lease incentives receivable;
(3) Any original direct costs incurred by the lessee; and
(4) The estimated cost of lessee's dismantling, removing an underlying asset and restoring its location, or restoring the underlying asset to the state required in the terms and conditions of the lease.

Subsequent measurement of the right-of-use asset is presented after the cost minus the accumulated depreciation and accumulated impairment loss, that is, the cost model is applied to measure the right-of-use asset.

If the ownership of the underlying asset is transferred to the Company when the lease period expires, or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the right-of-use asset will be depreciated from the start date to the end of the useful life of the underlying asset. The right-of-use asset is depreciated from the commencement date by the Company to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 "Asset Impairment" to determine whether the right-of-use asset has been impaired and to deal with any identified impairment losses.

In addition to meeting and selecting short-run leases or leases of low-value target assets, the Company presents right-of-use assets and lease liabilities in the balance sheet, and separately presents lease-related depreciation expenses and interest expenses in the consolidated income statement.

For short-run leases and leases of low-value target assets, the Company chooses to use a straight-line basis or another systematic basis to recognize the lease payments related to these leases as expenses during the lease period.

<u>The Company is the lessor</u>

The Company classifies each of its leases as operating leases or finance leases on the date of contract establishment. If a lease transfers almost all the risks and rewards attached to the ownership of the underlying asset, it is classified as a financial lease; if it has not been transferred, it is classified as an operating lease. On the starting date, the Company recognized the assets held under finance leases in the balance sheet and expressed them as finance lease receivables based on the net lease investment.

For contracts that include lease components and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments from operating leases as rental income on a straight-line basis or another systematic basis. For operating leases, lease payments that are not dependent on a certain index or rate change are recognized as rental income when they occur.

15. Intangible assets

Intangible assets acquired separately are measured by cost at the time of initial recognition. The cost of intangible assets acquired through a business merger is the fair value at the acquisition date. After the initial recognition of intangible assets, the carrying amount is the amount of its cost minus accumulated amortization and accumulated impairment losses. Internally generated intangible assets that do not meet the recognition conditions shall not be capitalized, but shall be recognized in gain or loss when they occur.

The useful life of intangible assets is divided into limited and non-determined useful life.

Intangible assets with a limited useful life are amortized over their useful life, and an impairment test is performed when there are signs of impairment. The amortization period and amortization method of intangible assets with limited useful life are reviewed at least at the end of each financial year. If the estimated useful life of the asset is different from the previous estimate or the expected pattern of future economic benefit consumption has changed, the amortization method or amortization period will be adjusted and considered as a change in accounting estimates.

Intangible assets with a non-determined useful life are not amortized, but impairment tests are conducted at the level of individual assets or cash-generating units in each fiscal year. Intangible assets with indefinite useful life are assessed in each period whether there are events and circumstances that continue to support that the asset's useful life is still indefinite. If the useful life is changed from non-determined to limited useful life, the application will be postponed.

The profit or loss arising from the derecognition of intangible assets is recognized as gain or loss.

The Company's accounting policies for intangible assets are summarized as follows:

	The cost of computer software	Other intangible assets
Useful life	Finiteness (1 to 5 years)	Finiteness (5 to 10 years)
Amortisation method used	Straight-line method	Straight-line method
Internally generated or externally acquired	Externally acquired	Externally acquired

16. Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there are any signs of impairment for all assets to which IAS 36 "Asset Impairment" is applicable. If there are signs of impairment or a periodic impairment test is required for an asset every year, the Company will conduct the test on the basis of the individual asset or the cash-generating unit to which the asset belongs. As a result of the impairment test, if the carrying amount of the asset or the cash-generating unit to which the asset belongs is greater than its recoverable amount, the impairment loss is recognized. The recoverable amount is the higher of its net fair value or its value in use.

At the end of each reporting period, the Company assesses whether there is any indication that the previously recognized impairment loss may no longer exist or decrease for assets other than goodwill. If there are such signs, the Company estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment will be reversed. However, after the reversal, if the carrying amount does not exceed the asset value before recognizing impairment losses, the carrying amount after depreciation or amortization should be deducted.

The impairment loss and the reversal of continuing business units are recognized in gain or loss.

17. Provisions

The recognition conditions of the liability reserve are the current obligations (legal obligations or constructive obligations) arising from past events. When paying off obligations, it is very likely that economically effective resources will need to be flowed out. And the amount of the obligation can be estimated reliably. When the Company expects that some or all of the liability reserves can be reimbursed, it is recognized as a separate asset only when the reimbursement is almost completely certain. If the time value of money has a significant impact, the liability reserve is discounted at the current pre-tax interest rate that can appropriately reflect the specific risks of the liability. When debt is discounted, the increase in the amount of debt over time is recognized as borrowing cost.

18. Treasury stock

When the Company and Subsidiaries obtains the stock of the Company (treasury stock), it is recognized at the cost of acquisition and used as a deduction of equity. The spread of treasury stock transactions is recognized under equity.

19. Revenue Recognition

The Company’s revenue from contracts with customers mainly includes sales of goods. The accounting treatments are explained as follows:

Sales of goods

The Company manufactures and sells products, and recognizes revenue when the promised product is delivered to the customer and the customer obtains its control (that is, the customer’s ability to control the use of the product and obtain almost all the remaining benefits of the product.) The main product is diode and rectifier and the revenue is recognized based on the price stated in the contract.

The credit period for the Company’s sales of commodities is 60 to 120 days from the month’s closing. Most contracts recognize accounts receivable when commodity transfer control and the right to unconditionally receive consideration are recognized. Such accounts receivable are usually within the short period and without significant financial components; a small part of the contract has the goods transferred to the customer but does not have the right to unconditionally receive the consideration, then the contract assets are recognized, and the contract assets must be maintained in accordance with IFRS 9. The amount of expected credit loss during the period measures the allowance loss. However, for some contracts, since part of the consideration is first collected from customers when signing the contract, the Company assumes the obligation to provide goods after the renewal, so they are recognized as contract liabilities.

The period for the Company's aforementioned contract liabilities to be transferred to income usually does not exceed one year, and does not result in the generation of significant financial components.

The contract between the Company and the customer does not exceed one year until the delivery of the promised goods to the customer and the payment from the customer. Therefore, the Company has not adjusted the transaction price for the time value of money.

20. Borrowing costs

The borrowing cost directly attributable to the acquisition, construction or production of qualified assets shall be capitalized as part of the cost of the asset. All other borrowing costs are recognized as expenses during the period in which they are incurred. Borrowing costs include interest and other costs incurred in connection with borrowed funds.

21. Government grants

The Company only recognizes government subsidy income when it can reasonably be sure that it will meet the conditions set by the government subsidy and can receive the inflow of economic benefits from the government subsidy. When the subsidy is related to an asset, the government subsidy is recognized as deferred income and recognized as income in installments over the expected useful life of the relevant asset; when the subsidy is related to an expense item, the government subsidy is recognized as income with a reasonable and systematic method to match the expected period of the related costs' occurrence.

When the Company obtains non-monetary government subsidies, the assets and subsidies received are recognized at the nominal amount, and the gain is recognized in the consolidated income statement in equal installments based on the expected useful life and benefit consumption pattern of the underlying assets. Obtaining loans or similar subsidy from the government or related institutions that are lower than the market interest rate is regarded as an additional government subsidy.

22.Post-employment benefits

The Company's employee retirement plan is applicable to all employees who are officially appointed. The employee pension is fully deposited in the management of the Labor Retirement Reserve Supervision Committee and deposited into a special account for pension. Because the above-mentioned pensions are deposited in the name of the retirement reserve supervision committee, it is completely separated from the Company, so it is not included in the Parent Company Only Financial Report above.

For post-retirement welfare program that are defined contribution plans, the Company's monthly employee pension allocation rate shall not be less than 6% of the employee's monthly salary, and the amount allocated is recognized as the current expense.

For post-employment welfare programs that are defined benefit plans, they are presented as actuarial reports on the end of the annual reporting period in accordance with the projected unit credit method. The remeasurement of net defined benefit liabilities (assets) includes any changes in the planned asset return and the impact of the asset ceiling, minus the amount of net interest included in the net defined benefit liabilities (assets), and actuarial gain or loss.
When the remeasured amount of net defined benefit liabilities (assets) occurs, it is included in other comprehensive income, and immediately recognized in retained surplus. The past service cost is the amount of change in the present value of a defined benefit obligation caused by the planned revision or reduction, and is recognized as an expense on the earlier date of the following two:

(1) When plan revisions or reductions occur; and
(2) When the Company recognizes related restructuring costs or resignation benefits.

The net interest of the net defined benefit liabilities (assets) is determined by multiplying the net defined benefit liabilities (assets) by the discount rate, both of which are determined at the beginning of the annual reporting period, and then the net defined benefit liabilities (assets) during the period take into account the any changes due to the appropriation of financial and welfare payments.

23. Income taxes

Income tax expense (gain) refers to the aggregate amount related to current income tax and deferred income tax included in the current profit or loss

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Current tax

The current income tax liabilities (assets) related to the current and previous periods are measured by the tax rates and tax laws that have been legislated or substantively legislated at the end of the reporting period. Current income taxes are related to items recognized in other comprehensive income or directly recognized in equity, which are respectively recognized in other comprehensive income or equity instead of gain or loss.

The Company’s undistributed earnings subjects to income tax shall be recognized as income tax expense on the day when the shareholders meeting decides to distribute the surplus.

Deferred tax

Deferred tax is calculated based on the temporary difference between the tax basis of assets and liabilities and their carrying amounts on the balance sheet at the end of the reporting period.

Except for the following two, all taxable temporary differences are recognized as deferred tax liabilities:

(1) The original recognition of goodwill; or the original recognition of assets or liabilities that were not generated by a business merger transaction and did not affect accounting profits or taxable income (loss) at the time of the transaction;

(2) Taxable temporary differences arising from investment in subsidiaries, associates, and joint agreement interests, the timing of which is controllable and may not be reversed in the foreseeable future.

In addition to the following two, deferred tax assets resulting from deductible temporary differences, unused tax losses and unused income tax deductions are recognized within the scope of possible future taxable income:

(1) Relevant to deductible temporary differences arising from the original recognition of assets or liabilities that are not a business merger transaction that does not affect accounting profits or taxable income (loss) at the time of the transaction;

(2) It is related to the deductible temporary differences arising from the equity investment in subsidiaries, associates, and joint agreements, which are only likely to be reversed in the foreseeable future and there is sufficient taxable income at that time to provide for such temporary differences recognized within the scope of use.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which corporations expect, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities. Deferred income tax and items that are not recognized in profit or loss are also not recognized in gain or loss, but are recognized in other comprehensive income or directly recognized in equity based on their related transactions. deferred tax assets are reviewed and recognized at the end of each reporting period.

Deferred tax assets and liabilities can only be granted when the current income tax assets and current income tax liabilities have the statutory enforcement power, and when the deferred tax belongs to the same taxpayer and is related to the income tax levied by the same tax authority, they can be offsetting.

V. Significant accounting judgements, estimates and assumptions

When the Company prepares Parent Company Only Financial reports, management must make judgments, estimates and assumptions at the end of the reporting period, which will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, the uncertainties in these major assumptions and estimates may result in significant adjustments to the carrying amount of assets or liabilities in future periods.

1. Judgement

In the process of adopting the Company's accounting policies, the management made the following judgments that have the most significant impact on the recognition of Parent Company Only Financial report amounts:

Some of the Company’s property holdings are partly for earning rent or capital appreciation, and the other part is for self-use. If each part can be sold separately, it will be treated as investment property and property, plant, and equipment. If each part cannot be sold separately, only when the part held for own use accounts for less than 5% of the individual property, the property will be classified as investment property.

2. Estimates and assumptions

At the end of the reporting period, the assumptions made about the future and the main sources of estimation uncertainty are information that has a significant risk of causing significant adjustments to the carrying amounts of assets and liabilities in the next financial year. These are described below:

(1) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recognized on the balance sheet cannot be obtained from the active market, the fair value will be determined using evaluation techniques, including income method (such as discounted cash flow model) or market method. Assuming changes will affect the fair value of the reported financial instruments. Please refer to Note XII for details.

(2) Impairments of non-financial assets

An impairment occurs when the carrying amount of an asset or cash-generating unit is greater than its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose or value in use. The fair value minus the cost of disposal is calculated based on the price of a binding sales agreement or the market price of the asset under a normal transaction, after deducting the increase cost directly attributable to the disposal of the asset. Value in use is calculated based on the discounted cash flow model. The cash flow estimation is based on the budget for the next five years, and does not include the Company's uncommitted reorganization or future major investments needed to strengthen the asset performance of the tested cash-generating unit. The recoverable amount is easily affected by the discount rate used in the discounted cash flow model, as well as the expected future cash inflow and growth rate used for extrapolation purposes. Please refer to Note VI for details.

(3) Pension benefits

The pension cost of the post-employment welfare program and the present value of a defined benefit obligation depend on the actuarial evaluation. Actuarial evaluation involves a variety of different assumptions, including: discount rate and expected salary changes.

(4) Revenue recognition - sales returns and allowance

The Company estimates sales returns and discounts based on historical experience and other known reasons, and uses them as a deduction of operating income when the products are sold. The aforementioned estimates of sales returns and discounts are the cumulative revenue recognized in the major turnaround. The amount is highly probable that it will not occur on the basis of the previous withdrawal. Please refer to Note VI for details.

(5) Income tax

The uncertainty of income tax lies in the interpretation of complicated tax laws and the amount of taxable income generated in the future. Due to the long-term and complex nature of extensive international business relations and contracts, the differences between actual results and assumptions made, or changes in these assumptions in the future, may force the income tax benefits and expenses recorded in the book to be adjusted in the future. The calculation of income tax is based on a reasonable estimate made by the tax authority where the Company operates. The stated amount is based on different factors, such as the previous tax review experience and the difference between the taxation body and the taxation authority’s interpretation of tax laws and regulations. The difference in this interpretation may result in various issues due to the location of the Company.

Post-transition of unused tax losses and income tax deductions and reducible temporary differences, which are likely to generate taxable income in the future or within the scope of contingent taxable temporary differences, shall be recognized as deferred income tax assets. The determination of the recognizable amount of deferred tax assets is based on the estimated time and level at which future taxable income and taxable temporary differences may occur, as well as future tax planning strategies.

(6) Accounts receivables–estimation of impairment loss

The estimation of the impairment loss of the Company’s accounts receivable is based on the estimated amount of credit loss within duration, and will be based on the difference between the contractual cash flow (carrying amount) that can be received by the contract and the expected cash flow (assessment forward-looking information.) The value is credit loss, but the discounting effect of short-run receivables is not significant, and credit loss is measured by the undiscounted difference. If the actual future cash flow is less than expected, significant impairment losses may occur. Please refer to Note VI for details.

(7) Stock inventory

The estimated value of the net realizable value of the inventory is based on the fact that the inventory is damaged, fully or partially obsolete, or the selling price has fallen. The most reliable evidence of the expected cash value of the inventory available at the time of the estimation is used. Please refer to Note VI for details.

VI. Contents of significant accounts

1. Cash and cash equivalents

	2020/12/31	2019/12/31
Cash in treasury	$210	$210
Check deposit, demand deposit, time deposit, etc.	600,669	234,883
Total	$600,879	$235,093

2. Financial assets at fair value through profit or loss - current

	2020/12/31	2019/12/31
Measured at fair value forcibly through profit or loss:		
Stock	$-	$1,956
Fund	6,295	89,940
Derivative instruments without specified hedging relationship		
forward exchange contract	52	15
Total	$6,347	$91,911
Flow	$6,347	$91,911
Non-current	-	-
Total	$6,347	$91,911

The Company does not provide guarantees with financial assets measured at fair value through profit or loss.

3. Financial assets at fair value through other comprehensive income - non-current

	2020/12/31	2019/12/31
Equity instrument investment measured by fair value through other comprehensive profits and losses - non-current:		
TAIEX/OTC listed company stocks	$205,195	$122,715
Unlisted company stocks	73,873	42,118
Total	$279,068	$164,833

The Company does not provide guarantees with financial assets measured at fair value through other comprehesive income.

4. Net notes receivables, net

	2020/12/31	2019/12/31
Notes receivable - incurred due to operating	$36,344	$37,952
(Less): allowance loss	(-)	(-)
Total	$36,344	$37,952

The Company’s notes receivable did not provide guarantees.

The Company assesses impairments in accordance with IFRS 9. For information on allowances for losses, please refer to Note VI (16), and for information related to credit risk, please refer to Note XII.

5. Accounts receivable and accounts receivable from related parties (net)

	2020/12/31	2019/12/31
Accounts receivable	$1,724,538	$1,471,321
(Less): allowance loss	(15,953)	(15,733)
Subtotals	1,708,585	1,455,588
Accounts receivable - related parties	277,171	121,504
(Less): allowance loss	(-)	(-)
Subtotals	227,171	121,504
Total	$1,985,756	$1,577,092

The Company’s accounts receivable did not provide guarantees.

The Company's credit period to customers is usually from 60 days to 120 days for monthly settlement. The total carrying amount as of December 31, 2020 and December 31, 2019 were 2,001,709 thousand and 1,592,825 thousand, respectively. The information related to the allowance for loss in FY2020 and FY2019 is detailed in Note VI (16). The information related to credit risk is detailed in Note XII.

6. Stock inventory

	2020/12/31	2019/12/31
Raw material	$365,514	$257,158
Work in process	52,194	44,278
Finished good	463,844	608,903
Total	$881,552	$910,339

The Company's inventory cost recognized as an expense in FY2020 was 5,375,874 thousand, of which, in addition to the inventory cost, it included NT$16,044 thousand in inventory recovery gain arising from the sale of part of the inventory in FY2020.

The Company's inventory cost recognized as an expense in FY2019 was NT$4,731,153 thousand, of which, in addition to the inventory cost, it included the loss of inventory depreciation (NT$52,238) thousand in FY2019.

7. Investment under equity method

Details of the Company's investment by equity method is as follows:

	2020/12/31		2019/12/31	
Investee companies	Amount	Shareholding ratio	Amount	Shareholding ratio
Investee subsidiaries:				
PAN-JIT ASIA INTERNATIONAL INC.	$5,548,456	100.00%	$5,160,446	100.00%
PYNMAX TECHNOLOGY CO., LTD.	1,560,142	94.60%	1,285,661	94.52%
LIFETECH ENERGY INC.	1,244	20.57%	1,248	20.57%
Investee associates:				
MILDEX OPTICAL INC.	210,935	21.01%	235,824	20.51%
Total	$7,320,777		$6,683,179	

Investee subsidiaries are expressed in Parent Company Only Financial reports as "investments by equity method", and necessary evaluation adjustments are made.

The aforementioned investee subsidiaries and associates have no contingent liabilities or capital commitments, nor have they provided guarantees.

The proportion of profits and losses of subsidiaries and associates recognized in FY2020 and FY2019 using the equity method is as follows:

Investee companies	FY2020	FY2019
PAN-JIT ASIA INTERNATIONAL INC.	$421,959	$108,437
PYNMAX TECHNOLOGY CO., LTD.	121,900	30,312
LIFETECH ENERGY INC.	(4)	179
MILDEX OPTICAL INC.	(23,906)	(19,478)
Total	$519,949	$119,450

8. Property, plant, and equipment

	2020/12/31	2019/12/31
Property, plant, and equipment for self-use	$2,524,877	$1,892,469

Property, plant, and equipment for self-use

	Land	Building	Machinery equipment	Utilities equipment	Office equipment	Other equipment	Unfinished project Equipment in acceptance	Total
Cost:								
2020/01/01	$449,280	$416,929	$4,975,095	$26,511	$51,859	$432,171	$28,765	$6,380,610
Addition	-	-	51,774	-	289	17,625	239,714	309,402
Disposal	-	-	(84,371)	-	-	-	-	(84,371)
Transfer	-	-	64,635	-	-	273	554,887	619,795
2020/12/31	$449,280	$416,929	$5,007,133	$26,511	$52,148	$450,069	$823,366	$7,225,436
Depreciation and impairment:								
2020/01/01	$-	$135,884	$3,967,827	$26,111	$42,528	$315,791	$-	$4,488,141
Depreciation expense	-	12,146	245,023	117	2,667	34,209	-	294,162
Disposal	-	-	(82,564)	-	-	-	-	(82,564)
Impairment Loss	-	-	(1,964)	-	-	-	-	(1,964)
Transfer	-	-	2,784	-	-	-	-	2,784
2020/12/31	$-	$148,030	$4,131,106	$26,228	$45,195	$350,000	$-	$4,700,559
Net Carrying Amount:								
2020/12/31	$449,280	$268,899	$876,027	$283	$6,953	$100,069	$823,366	$2,524,877

	Land	Building	Machinery equipment	Utilities equipment	Office equipment	Other equipment	Unfinished project Equipment in acceptance	Total
Cost:								
2019/01/01	$279,381	$254,197	$5,160,581	$26,511	$47,340	$408,123	$31,115	$6,207,248
Addition	169,899	135,708	45,535	-	5,209	22,046	64,171	442,568
Disposal	-	-	(357,211)	-	(690)	(800)	-	(358,701)
Transfer	-	27,024	126,190	-	-	2,802	(66,521)	89,495
2019/12/31	$449,280	$416,929	$4,975,095	$26,511	$51,859	$432,171	$28,765	$6,380,610
Depreciation and impairment:								
2019/01/01	$-	$128,710	$3,930,563	$25,994	$39,122	$277,003	$-	$4,401,392
Depreciation expense	-	7,174	350,608	117	3,841	39,104	-	400,844
Disposal	-	-	(323,170)	-	(435)	(316)	-	(323,921)
Impairment Loss	-	-	7,420	-	-	-	-	7,420
Transfer	-	-	2,406	-	-	-	-	2,406
2019/12/31	$-	$135,884	$3,967,827	$26,111	$42,528	$315,791	$-	$4,488,141
Net Carrying Amount:								
2019/12/31	$449,280	$281,045	$1,007,268	$400	$9,331	$116,380	$28,765	$1,892,469

The capitalized amount of the borrowing costs of property, plant, and equipment was both $0 in FY2020 and FY2019.

Please refer to Note VIII for the provision of guarantees through property, plant, and equipment.

9. Intangible assets

	Computer software	Other intangible assets	Total
Cost:			
2019/01/01	71,089	3,000	74,089
Additions - separate acquisition	30,593	-	30,593
Disposal	(19,526)	-	(19,526)
2019/12/31	$82,156	$3,000	$85,156
Additions - separate acquisition	14,183	10,916	25,099
Disposal	(19,531)	-	(19,531)
Reclassification	-	36,922	36,922
2020/12/31	$76,808	$50,838	$127,646
Amortisation:			
2019/01/01	28,189	1,450	29,639
amortisation	22,768	300	23,068
Disposal	(19,526)	-	(19,526)
2019/12/31	$31,431	$1,750	$33,181
amortisation	28,957	7,247	36,204
Disposal	(19,531)	-	(19,531)
2020/12/31	$40,857	$8,997	$49,854
Net Carrying Amount:			
2020/12/31	$35,951	$41,841	$77,792
2019/12/31	$50,725	$1,250	$51,975

Amortized amount recognized as intangible assets:

	FY2020	FY2019
Operating cost	$2,957	$2,325
Operating expense	$33,247	$20,743

10. Short-term loan

Details of the short loans are as follows:

Nature of borrowing	2020/12/31	2019/12/31
Unsecured bank loans	$1,385,443	$1,989,732

	2020/12/31	2019/12/31
Interest rate range	0.55% ~ 1.12%	0.93% ~ 2.81%

As of December 31, 2020, and 2019, the Company's total unused short-run borrowings were approximately NT$3,356,053 thousand and NT$2,929,968 thousand, respectively.

11. Financial liabilities at fair value through profit or loss - current

	2020/12/31	2019/12/31
Held for trading:		
Derivative instruments without specified hedging relationship		
Forward exchange contract and currency swaps contract	$2,822	$102

12. Long-term loan

Details of the long-term loans are as follows:

Nature of borrowing	2020/12/31	2019/12/31
Syndicated bank loan (A)	$2,487,500	$2,237,500
Project loan (B)	22,615	23,000
Project loan (C)	101,050	-
Project loan (D)	148,894	-
Credit loan	765,333	198,000
Subtotals	3,525,392	2,458,500
(Less): unamortized expense	(3,194)	(7,522)
Total	$3,522,198	$2,450,978

	2020/12/31	2019/12/31
Interest rate range	0.65%~1.7895%	0.90%~1.7895%

(A) The Company signed a syndicated loan of a total NT$5,000,000 thousand or equivalent U.S. dollars with 16 financial institutions such as the Land Bank on October 17, 2018. The period is from the date of first use to the date of expiry in 5 years. In addition, the first use should be within 3 months from the date of signing, otherwise, when calculating the credit period, the date of expiry of the three-month period shall be the first use date. Here is an excerpt of the important matters stipulated in the contract as follows:

a. The method of this credit case is agreed as follows:

i. Credit Line A: The mid-term loan amount is NT$1.5 billion.

ii. Credit Line B: The mid-term loan amount is NT$3.5 billion or equivalent in US dollars.

b. In terms of financial ratios: Before the debts are fully paid off during the contract period, the Company shall calculate the financial ratios specified in the following clauses on the basis of the information and data recorded in the Company's consolidated financial statements with a CPA audit each year, and shall meet the financial ratio values set by each section:

i. Current ratio (current assets ÷ current liabilities): should not be less than 100%.

ii. Debt ratio (total debt ÷ shareholders' equity): should not be higher than 200%.

iii. Times interest earned ratio [(profit before tax + interest expense + depreciation + amortization) ÷ (interest expense)]: should not be less than 2.5 times.

iv. Tangible net worth: The net worth deducting intangible assets should not be less than NT$5.3 billion or the equivalent in U.S. dollars.

(B) The Company and Taishin International Bank signed a medium- and long-term Taiwan investment project loan credit contract of a total NT$600,000 thousand on September 9, 2019. The relevant terms are as follows:

The method of this credit case is agreed as follows:

Line of credit	Credit period	Interest rate	Repayment method
$400,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.
$200,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.

(C) The Company and Chang Hwa Commercial Bank signed a medium- and long-term Taiwan investment project loan credit contract of a total NT$900,000 thousand on October 25, 2019. The relevant terms are as follows:

The method of this credit case is agreed as follows:

Line of credit	Credit period	Interest rate	Repayment method
$600,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.
$300,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.

(D) The Company and First Commercial Bank signed a medium- and long-term Taiwan investment project loan credit contract of a total NT$1,500,000 thousand on November 1, 2019. The relevant terms are as follows:
The method of this credit case is agreed as follows:

Line of credit	Credit period	Interest rate	Repayment method
$1,000,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.
$500,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.

The syndicated bank loan is guaranteed by part of the property, plant, and equipment and the main management staff. For the guarantee situation,
Please refer to Note VII and VIII for details.

13. Post-employment benefits

Defined contribution plan

The Company sets forth the employee pension rules under the “Labor Pension Act”, which is a state-managed defined contribution plan. According to the regulations, the Company's monthly labor pension contribution rate shall not be less than 6% of the employees' monthly salary. The Company has established the employee retirement rules accordingly, and 6% of the employee’s salary is allocated to the individual retirement account of the Labor Insurance Bureau every month.

The Company has recognized $33,922 thousand and $32,943 thousand, respectively, for the defined contribution plans in FY2020 and FY2019.

Defined benefits plan

The Company’s employee pension plan established by the “Labor Standards Act” is a defined benefit plan. The employee pension payment is calculated based on the base number of service years and the average salary of one month at the time of retirement. The service length within 15 years (including) shall be given two cardinalities for each full year, and the service length over 15 years shall be given one cardinality for each full year. However, the cumulative maximum shall be limited to 45 cardinalities. Per requirement of the Labor Standard Act, the Company shall transfer 2% of the total salary to the pension fund on a monthly basis, which shall be deposited in the special account of the Bank of Taiwan in the name of the Labor Retirement Reserve Fund Supervision Committee. In addition, the Company shall, before the end of each fiscal year, estimate the balance of the labor retirement reserve fund special account in the preceding paragraph. If the balance is insufficient to pay the retirement allowance amount calculated in accordance with the foregoing calculation for the labor eligible for retirement in the next one fiscal year, the Company shall once allocate the balance by the end of March of the next fiscal year.

The Ministry of Labor conducts asset allocation in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor pension. The investment of the fund is invested by self-management and entrusted management, and adopts both active and passive management with medium and long-term investment strategies. Considering market, credit, liquidity and other risks, the Ministry of Labor sets fund risk limits and control plans to make it flexible enough to achieve target returns without over-taking risks. For the utilization of the fund, the minimum annual income allocated in the final accounts shall not be less than the income calculated according to the two-year fixed deposit interest rate of the local bank. Any insufficiency, shall be made up by the national treasury after being approved by the competent authority. Since the Company does not have the right to participate in the operation and management of the fund, it cannot disclose the fair value of the project assets in accordance with paragraph 142 of the IAS 19. As of December 31, 2020, the Company's defined benefit plan is expected to allocate NT$1,792 thousand in the next fiscal year.

As of December 31, 2020, and 2019, the Company's defined benefit plans are expected to expire in 12 years.

The following table summarizes and determines the cost of the benefit plan recognized to profit or loss:

	FY2020	FY2019
Current service cost	$2,024	$2,267
Net interest of net defined benefit liabilities (assets)	728	934
Total	$2,752	$3,201

The current value of the defined benefit obligations and the fair value of the planned assets are adjusted as follows:

	2020/12/31	2019/12/31	2019/01/01
Present value of defined benefit obligations	$164,303	$158,664	$164,549
Fair value of plan assets	(61,590)	(61,561)	(72,025)
The amounts accounted of other non-current liabilities - net defined benefit liabilities (assets)	$102,713	$97,103	$92,524

Adjustment of net defined benefit liabilities (assets):

	Defined benefit Present value of obligation	Plan assets Fair value	Net defined benefit liability (asset)
2019/01/01	$164,549	($72,025)	$92,524
Current service cost	2,267	-	2,267
Interest expense (income)	1,662	(728)	934
Past service costs and liquidation gain or loss	-	-	-
Subtotals	168,478	(72,753)	95,725
Defined benefit liabilities / assets remeasurement:			
Actuarial gain or loss resulting from changes in demographic assumptions	(142)	-	(142)
Actuarial gain or loss resulting from changes in financial assumptions	5,013	-	5,013
Experience adjustments	4,939	-	4,939
Determine the amount of welfare assets rebalance quantity	-	(2,247)	(2,247)
Subtotals	9,810	(2,247)	7,563
Benefit payment	(19,624)	19,624	-
Employer contribution	-	(6,185)	(6,185)
2019/12/31	$158,664	($61,561)	$97,103
Current service cost	2,024	-	2,024
Interest expense (income)	1,190	(462)	728
Past service costs and liquidation gain or loss	-	-	-
Subtotals	161,878	(62,023)	99,855
Defined benefit liabilities / assets remeasurement:			
Actuarial gain or loss resulting from changes in demographic assumptions	-	-	-
Actuarial gain or loss resulting from changes in financial assumptions	7,157	-	7,157
Experience adjustments	2,302	-	2,302
Determine the amount of welfare assets rebalance quantity	-	(2,492)	(2,492)
Subtotals	9,459	(2,492)	6,967
Benefit payment	(7,034)	7,034	-
Employer contribution	-	(4,109)	(4,109)
2020/12/31	$164,303	($61,590)	$102,713

The following main assumptions are used to determine the Company's defined benefit plan:

	2020/12/31	2019/12/31
Discount rate	0.41%	0.75%
Expected salary increase rate	1.50%	1.50%

The sensitive analysis of each major actuarial assumption:

	FY2020		FY2019	
	Increased defined benefit obligation	Decreased defined benefit obligations	Increased defined benefit obligation	Decreased defined benefit obligations
Discount rate added by 0.5%	$-	$10,246	$-	$8,538
The discount rate was reduced by 0.5%	$11,390	$-	$11,279	$-
Remuneration expected to increase by 0.5%	$11,204	$-	$11,134	$-
Remuneration expected to decrease by 0.5%	$-	$10,191	$-	$8,521

The aforementioned sensitivity analysis is performed on the assumption that other assumptions remain unchanged, and when a single actuarial assumption (such as discount rate or expected salary) may change reasonably, analysis of the possible impact of determining welfare obligations is carried out. Since some actuarial assumptions are related to each other, in practice, only the case with a single actuarial assumption changes is rare, so this analysis has its limitations.

The method and assumptions used in preparing the sensitivity analysis for the period are the same as before.

14. Equity

(1) Ordinary Share

As of December 31, 2020, and 2019, the Company's rated share capital is NT$6,000,000 thousand, the issued share capital is NT$3,328,149 thousand, and the par value of each share is NT$10, which is 332,815 thousand shares. Each share has one voting right and the right to receive dividends.

The Company's shareholders meeting on June 13, 2019 resolved to implement a cash capital reduction of NT$369,795 thousand, and the number of shares to be canceled was 36,979 thousand shares. The base date of the capital reduction was July 18, 2019, and the registration alteration has been completed.

(2) Capital surplus

Items	2020/12/31	2019/12/31
Share premium	$1,000,884	$1,000,884
Conversion premium of convertible corporate bonds	1,083,418	1,083,418
Recognized value of changes in equity of ownership of subsidiaries	-	5,783
Executive stock option	24,527	24,527
Restrict employee rights share	694	694
Changes in the net worth of associates and joint ventures by equity method	-	489
Others	87,151	87,151
Total	$2,196,674	$2,202,946

According to laws and regulations, the capital reserve shall not be used except to cover the Company’s losses. When the Company has no losses, the premium from issuing shares in excess of the par value and the capital surplus generated by the donation is subject to a certain percentage of paid-in capital each year for capital replenishment. The aforementioned capital reserve may also be distributed in cash in proportion to the shareholders' original shares.

(3) Treasury stock

In order to transfer shares to employees, the Company’s Board of Directors resolved to implement the repurchase of treasury shares on March 23, 2020. The scheduled period of repurchase is from March 24, 2020 to May 23, 2020. The amount is scheduled to be repurchased. It is 10,000 thousand shares, and the repurchase price ranges from 10.54 to 34.50 per share.

As of September 30, 2020, and 2019, the Company held treasury stocks of NT$16,507 thousand and NT$0 thousand, and the numbers of shares were 700 thousand shares and 0 thousand shares, respectively.

(4) Earnings distribution and dividend policy

According to the articles of association of the Company, if there is a surplus in the annual final accounts, it shall be distributed in the following order:

A. Withholding taxes.
B. Offsetting accumulated losses.
C. Withdrawing 10% as statutory surplus reserve.
D. Allocating or reversing special surplus reserves in accordance with the regulations of the competent authority.

E. The balance shall be proposed by the Board of Directors for the surplus distribution proposal. When new shares are issued, it shall be submitted to the shareholders meeting for a resolution.

In accordance with Article 240, Paragraph 5 of the Company Act, the Company authorizes the Board of Directors, in the condition of having more than two-thirds of the directors present and more than half of the directors agree, to assign all or part of the dividends and bonuses payable. The resolutions shall be reported to the shareholders meeting.

The Company's dividend policy is determined by the Board of Directors based on operating plans, investment plans, capital budgets, and changes in internal and external environments. The Company's business is a capital-intensive industry and is currently in the stage of operational growth. Considering the Company's future capital needs and long-term financial planning, and meeting shareholders' demand for cash inflows, the principles of surplus distribution are as follows:

The balance to be distributed for the current year is given priority to cash dividends and can also be distributed to shareholders in the form of stock dividends, but the total amount of cash dividends shall not be less than 10% of the total amount of dividends paid to shareholders.

Per requirement of the Company Act, the legal surplus reserve shall be appropriated until the total reaches the amount of total paid-in capital stock of the Company. Legal surplus reserves may offset losses. When the Company bears no losses, the part of the statutory surplus reserve exceeding 25% of the paid-up capital can issue new shares or cash in proportion to the shareholders' original shares.

In accordance with Article 241 of the Company Act, the Company will issue all or part of the statutory surplus reserve and capital reserve as new shares or cash in proportion to the shareholders' original shares. When cash is assigned, the Company authorizes the Board of Directors, in the condition of having more than two-thirds of the directors present and more than half of the directors agree, to make a resolution and report to the shareholders meeting. When new shares are issued, they shall be distributed after a resolution of the shareholders meeting.

After adopting International Financial Reporting Standards, according to the Financial Regulatory Commission issued on April 06, 2012, the Ching-Kuan-Chen-Fa-Tze No. 1010012865 letter, when the International Financial Reporting Standards were first adopted, the Company's accounts have not realized the benefits of revaluation value-added and accumulated conversion adjustments on the conversion date, as a result of choosing to adopt an exemption from IFRS 1 "First Application of International Financial Reporting Standards," and transferred to retained earnings. The same amount is recognized as special surplus reserve. After adopting IFRS to prepare financial reports, when distributing the distributable surplus, the difference between the balance of the special surplus reserve provided for the first time when the IFRS is adopted and the net deduction of other equity is added to the special surplus reserve. Afterward, if other shareholders' equity deduction has been reversed, the reversal shall be applicable to earnings distribution.

As of January 1, 2020, and 2019, the Company's special surplus reserve after first application were both NT$200,400 thousand. In addition, the Company did not use, dispose of, or reclassify related assets from January 1 to December 31, 2020, and 2019, therefore did not convert the special surplus reserve to undistributed earnings. As of December 31, 2020, and 2019, the Company's special surplus reserve after first application were both NT$200,400 thousand.

The earnings appropriation and distribution scheme and dividends per share of FY2020 and FY2019 proposed by the Company's Board of Directors on March 26, 2021, and approved by the annual general meeting on June 12, 2020, are as follows:

	Earnings appropriation and distribution scheme		Dividend per share (NT$)	
	FY2020	FY2019	FY2020	FY2019
Legal surplus reserves	$88,681	$53,021	$-	$-
Special surplus reserves recognized	$-	$192,205	$-	$-
Cash dividends on ordinary shares (Note)	$498,172	$349,456	$1.50	$1.05

(Note) The Company's Board of Directors passed a special resolution to issue cash dividends on ordinary shares for FY2020 and FY2019, respectively, on March 26, 2021, and March 23, 2020.

Please refer to Note VI(18) for the relevant information about the assessment basis and recognized amount of the employee compensation and directors remuneration

15. Operating revenue

Client contractual income	FY2020	FY2019
Income from sales of goods	$6,710,919	$5,941,910

Information on the Company's client contractual revenues for FY2020 and FY2019 is as follows:

(1) Revenue breakdown

The Company is a single operating segment. The revenue generated from sales of goods in FY2020 and FY2019 were NT$6,710,919 thousand and NT$5,941,910 thousand, respectively, which were the income recognized at a certain point in time.

(2) Contract balance

Contractual liabilities - current

	2020/12/31	2019/12/31	2019/01/01
Sales of goods	$399	$189	$2,038

The reason for the changes in the balance of contract liabilities of the Company from January 1 to December 31, 2020, and 2019 was due to the fact that part of the performance obligations had been met and transferred into revenue or the increase in repay.

16. Expected credit impairment gain (loss)

	FY2020	FY2019
Operating expenses - expected credit impairment loss (gain)		
Accounts receivable	($641)	$2,092

For other credit risk information, please refer to Note XII.

The Company's receivables (including notes and accounts receivable) were subject to the allowance for loss measured at expected credit loss amount during the survival period, with the related explanations about the allowance for loss evaluated on December 31, 2020, and 2019, as follows:

Accounts receivable considers the counterparty's credit rating, regional and industrial factors, and uses the preparation matrix to measure the allowance loss. The relevant information is as follows:

2020/12/31

	1-90 days (Note 1)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Total carrying amount	$1,568,291	$152,142	$895	$2	$3,208	$1,724,538
Loss rate	-	8.26%	20.00%	50.00%	100.00%	
Anticipated credit diminished loss within the period of existence	-	(12,565)	(179)	(1)	(3,208)	(15,953)
Carrying amount	$1,568,291	$139,577	$716	$1	$-	$1,708,585

2019/12/31

	1-90 days (Note 1)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Total carrying amount	$1,375,149	$126,604	$2,267	$1,921	$3,332	$1,509,273
Loss rate	-	8.68%	20.00%	50.00%	100.00%	
Anticipated credit diminished loss within the period of existence	-	(10,987)	(453)	(961)	(3,332)	(15,733)
Carrying amount	$1,375,149	$115,617	$1,814	$960	$-	$1,493,540

(Note 1): Notes receivable included. All notes receivable of the Company are not overdue.
(Note 2): Accounts receivable - related parties not included. The Company's accounts receivable - related parties are not overdue.

Changes to the Company's allowance loss for accounts receivable from January 1 to December 31, 2020, and 2019, are as follows:

	Accounts receivable
2020/01/01	$15,733
Amounts increase (reversal) in the current period	641
Write-off of unrecoverable accounts	(421)
2020/12/31	$15,953
2019/01/01 (in accordance with IAS 39)	$17,825
2019/01/01 adjustment of retained earnings	-
2019/01/01 (in accordance with IFRS 9)	$17,825
Amounts increase (reversal) in the current period	(2,092)
Write-off of unrecoverable accounts	-
2019/12/31	$15,733

17. Leases

The Company is the lessee

The Company leases a number of different assets, including property (land, houses, and buildings) and transportation equipment. The lease period of each contract is between 3 to 5 years.

The impact of leasing on the Company's financial status, financial performance and cash flow is explained as follows:

A. The amounts recognized in the balance sheet are:

(a) Right-of-use assets

Carrying amount of right-of-use assets

	2020/12/31	2019/12/31
Land	$310	$1,055
Building	26,353	4,530
Transportation equipment	1,174	1,309
Total	$27,837	$6,894

The Company has added NT$30,003 thousand to the right-of-use assets from January 1 to December 31, 2020.

(b) Lease liabilities

	2020/12/31	2019/12/31
Current	$7,864	$6,553
Non-current	20,033	401
Total	$27,897	$6,954

Please refer to Note 6(19-3) Financial Costs for the Company's interest expense of lease liabilities in FY2019. Please refer to Note 12(5) Liquidity Risk Management for the maturity analysis of lease liabilities due on December 31, 2019.

B. Amount recognized in statement of comprehensive income

Depreciation of right-of-use assets

	FY2020	FY2019
Land	$745	$745
Building	7,071	6,265
Transportation equipment	1,243	1,258
Total	$9,059	$8,268

C. The lessee's income and expenditures related to leasing activities

	FY2020	FY2019
Expenses arising from short-run lease	$1,550	$1,843
Expenses arising from low-value asset lease (Excluding the expenses arising from short-run lease of low-value asset)	$137	$100

D. The lessee's cash outflows related to leasing activities

The total cash outflow of the Company’s lease was NT$9,245 thousand from January 1 to December 31, 2020.

E. Other information related to leasing activities

Option to extend lease and to terminate lease

Some of the Company's property leasing contracts include options for lease extension and lease termination. When deciding the lease term, the non-cancellable period with the right-of-use of the underlying asset, and the period covered by the Company’s option to extend the lease can be reasonably determined, and it can be reasonably determined that the Company will not exercise the option of lease termination for the period covered. The use of these options can maximize the operating flexibility of the management contract. Most of the options for lease extension and lease termination can only be exercised by the Company. After the start date, there are major events or major changes in circumstances

(Within the lessee's control and affecting whether the Company can reasonably determine to exercise options that were not previously included in the determination of the lease term, or not to exercise the options previously included in the determination of the lease term), the company shall reassess the lease period.

18. Summary statement of employee benefits, depreciation and amortization expenses by function:

Function / Nature	FY2020			FY2019		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense						
Salary expense	$637,499	$340,564	$978,063	$572,656	$226,306	$798,962
Labor and health insurance expenses	$63,223	$18,198	$81,421	$55,692	$25,457	$81,149
Pension expenses	$26,462	$10,212	$36,674	$27,171	$9,973	$37,144
Directors remuneration	$-	$21,029	$21,029	$-	$13,609	$13,609
Other employee benefit expenses	$48,677	$10,352	$59,029	$48,975	$10,306	$59,281
Depreciation expense	$271,355	$31,867	$303,222	$381,030	$28,082	$409,112
Amortization expense	$2,957	$33,247	$36,204	$2,325	$20,743	$23,068

Note: In the current and previous year, the numbers of employees were 1,360 and 1,347, respectively, of which the numbers of directors who were not concurrently employees were both 5.

Companies whose stocks have been listed on the stock exchange should also disclose the following information:

(1) The average employee benefit expense in the current year was NT$853 thousand. The average employee benefit expense in the previous year was NT$728 thousand.
The average employee salary expense in the current year was NT$722 thousand. The average employee salary expense in the previous year was NT$595 thousand.
(2) The average employee salary expense has increased by 21%.
(3) The Company has set up an audit committee to replace the supervisor, so the Company's supervisors remuneration for FY2020 and FY2019 were both 0.
(4) The Company's salary and compensation policy:
(a) Directors:
The Company's directors remuneration is in accordance with the Article of Association, Article 16: "The remuneration of all directors, regardless of profit or loss, may be agreed upon by the authorized board meeting according to the usual standards of the industry" and Article 19: "If the Company makes profits during the year, no more than 2% should be proposed for directors remuneration. The proposal shall be drafted and reviewed by the Renumeration Committee in consideration of the participation in the Company's operations, contribution value and overall company operating performance, and submitted to the Board of Directors for discussion.
(b) Managerial officers and employees:
The salary and compensation of the Company's managerial officers and employees refer to the common level of the industry's payment level and consider the time invested by the individual, the responsibilities, degrees of achieving personal goals, performance in other positions, the Company's salary and compensation to the same position in recent years, and the Company's overall operating conditions, etc. Also, the company's Articles of Association, Article 19: "If the Company makes a profit during the year, no less than 6% shall be allocated for employee compensation" shall be followed. The managerial officers compensation must be reviewed by the remuneration committee and submitted to the Board of Directors for discussion; the employees compensation shall be submitted to the responsible supervisor for approval in accordance with the Company's hierarchical authorization rules.

The Company's Articles of Association stipulates that, after annual earnings first offset against any deficit, a minimum of 6% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. But the Company shall reserve a portion of profit to offset accumulated losses, if any. The aforementioned employee compensation can be made in stock or cash. Its subjects may include employees of controlling or associates that meet certain conditions which are set by the Board of Directors.

According to one of Article 235 of the Company Act, if the employee's compensation in the preceding paragraph is based on stocks or cash, the Board of Directors shall come to the resolution with more than two-thirds of the directors present and more than half of the present directors approve, and report to the shareholders meeting. For information about employee compensation and director renumeration approved by the Board of Directors, please visit "Market Observation Post System" of Taiwan Stock Exchange.

According to the profit status of the Company in FY2020, the employee compensation and directors renumeration were estimated to be 6% and 2%, respectively, and the amount of employee compensation and directors renumeration were NT$61,528 thousand and NT$20,509 thousand, respectively; In FY2019, the amount of employee compensation and directors renumeration were NT$39,835 thousand and NT$13,279 thousand, respectively. The foregoing amounts were accounted for under salary expenses. If the Board of Directors decides to pay employee compensation in stocks, the closing price on the day before the Board of Directors resolution is used as the basis for calculating the number of allotted shares. If there is a difference between the estimated number and the actual allotted amount by the Board of Directors, it is recognized as gain or loss in the following year.

The Company's Board of Directors resolved on March 23, 2020 to provide cash for the employees compensation and directors renumeration in FY2020 and the amounts were NT$39,835 thousand and NT$13,279 thousand respectively. There is no significant difference to the amounts recognized as expenses in the financial report of FY2019.

19. Non-operating income and expenditures

(1) Interest earned

	FY2020	FY2019
Financial asset measured at amortized cost	$6,232	$7,388

(2) Other income

	FY2020	FY2019
Rental receipt	$8,188	$-
Dividend income	7,404	5,074
Other revenues	7,386	6,385
Total	$22,978	$11,459

(3) Other gains or losses

	FY2020	FY2019
Gains (losses) on disposal of property, plant, and equipment	($1,516)	$3,307
Profits on disposal of investments	—	142
Net foreign exchange (loss) gain	(44,390)	(31,539)
Valuation (loss) gain of Financial assets and liabilities measured at fair value through profit or loss (Note)	(777)	19,267
Reversal of impairment loss (gain) - Property, plant, and equipment	1,964	(7,420)
Other expenses	(149)	(518)
Total	($44,868)	($16,761)

(Note): Mandatory generated by financial assets and liabilities measured at fair value through profit or loss.

(4) Financial costs

	FY2020	FY2019
Interest on bank borrowing	($54,472)	($55,461)
Interest on lease liabilities	(185)	(202)
Total	($54,657)	($55,663)

20. Other comprehensive income components

	FY2020				
	Current amount	Occurred reclassification adjustments	Others Comprehensive income	Tax benefit (Expense)	After-tax amount
Items that may not be reclassified subsequently to gain or loss:					
Remeasurement of defined benefit plan	($6,480)	$-	($6,480)	$1,393	($5,087)
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	377,126	-	377,126	(14,218)	362,908
Items that may be reclassified subsequently to gain or loss:					
Exchange differences on translation of foreign financial statements	(31,085)	-	(31,085)	2,426	(28,659)
Total	$339,561	$-	$339,561	($10,399)	$329,162

	FY2019				
	Current amount	Occurred reclassification adjustments	Others Comprehensive income	Tax benefit (Expense)	After-tax amount
Items that may not be reclassified subsequently to gain or loss:					
Remeasurement of defined benefit plan	($6,274)	$-	($6,274)	$1,513	($4,761)
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	(27,562)	-	(27,562)	646	(26,916)
Items that may be reclassified subsequently to gain or loss:					
Exchange differences on translation of foreign financial statements	(203,107)	-	(203,107)	37,606	(165,501)
Total	($236,943)	$-	($236,943)	$39,765	($197,178)

21. Income tax

In accordance with the revised provisions of the Income Tax Law promulgated in February 2018, the Company's applicable business income tax rate has been changed from 17% to 20%, and the undistributed earnings tax rate has been changed from 10% to 5%.

(1) Income tax recognized in profit or loss

	FY2020	FY2019
Current income tax expense:		
Current income tax payables	$77,768	$120,124
Adjustment of current deferred income tax of previous years in current year	(44,530)	4,507
Deferred income tax expense (gain):		
Deferred income tax expense (gain) related to the original creation of the temporary difference and its reversal	12,751	(62,829)
Deferred income tax related to the original generation of tax losses and income tax credits and their reversal	-	18,800
Deferred Income Tax Related to Tax Rate Changes or New Tax Items	-	-
Income tax expense	$45,989	$80,602

(2) Income tax recognized as other comprehensive income

	FY2020	FY2019
Deferred income tax expense (gain):		
Exchange differences on translation of foreign financial statements	$2,426	($37,606)
Remeasurement of defined benefit plan	1,393	(1,513)
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	(14,218)	(646)
Income tax related to other comprehensive income components	($10,399)	($39,765)

(3) The amount of income tax expenses multiplied by accounting profits by the applicable tax rate is adjusted as follows:

	FY2020	FY2019
Pre-tax Net Profit from Continuing Business Units	$943,424	$610,811
Income tax calculated at statutory tax rate	$188,684	$122,162
Tax effects of tax exemption income	(28,131)	(3,525)
Income tax impact on deferred income tax assets / liabilities	(70,000)	(55,037)
Tax on undistributed earnings	-	12,495
Adjustment of current deferred income tax of previous years in current year	(44,530)	4,507
Others	(34)	-
Total income tax expense recognized in profit or loss	$45,989	$80,602

(4) The deferred income tax assets (liabilities) balance related to the following items:

FY2020:

	Opening balance	Recognized in gain or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Allowance for price decline in inventories	$42,496	($3,209)	$-	$39,287
Unrealized exchange gain or loss	3,571	(2,902)	-	669
The proportion of gain or loss of subsidiaries recognized by equity method	58,748	(18,946)	-	39,802
Changes in the net worth of the subsidiary's equity recognized by equity method	(71,014)	-	-	(71,014)
The balance of translation of the financial reports of foreign operation institutions	109,121	-	2,426	111,547
Tax differentials in depreciation	(1,254)	348	-	(906)
Net defined benefit liability - non-current	19,421	(271)	1,393	20,543
Impairment Loss	1,484	(393)	-	1,091
Others	55,972	12,622	(14,218)	54,376
Tax loss un-used	-	-	-	-
Deferred income tax (expense) gain		($12,751)	($10,399)	
Net deferred income tax assets / liabilities	$218,545			$195,395
Below is the information contained in the balance sheet:				
Deferred income tax asset	$290,905			$267,315
Deferred tax liabilities	($72,360)			($71,920)

FY2019

	Opening balance	Recognized in gain or loss	Recognized in other comprehensive income	Closing balance
Temporary difference				
Allowance for price decline in inventories	$32,048	$10,448	$-	$42,496
Unrealized exchange gain or loss	(13,589)	17,160	-	3,571
The proportion of gain or loss of subsidiaries recognized by equity method	38,000	20,748	-	58,748
Changes in the net worth of the subsidiary's equity recognized by equity method	(71,014)	-	-	(71,014)
The balance of translation of the financial reports of foreign operation institutions	71,515	-	37,606	109,121
Tax differentials in depreciation	(1,534)	280	-	(1,254)
Net defined benefit liability - non-current	18,504	(596)	1,513	19,421
Impairment Loss	-	1,484	-	1,484
Others	42,021	13,305	646	55,972
Tax loss un-used	18,800	(18,800)	-	-
Deferred income tax (expense) gain		$44,029	$39,765	
Net deferred income tax assets / liabilities	$134,751			$218,545
Below is the information contained in the balance sheet:				
Deferred income tax asset	$221,236			$290,905
Deferred tax liabilities	($86,485)			($72,360)

(5) Unrecognized deferred tax assets

As of 31 December 2020, and 2019, the Company’s unrecognized deferred income tax assets were NT$160,000 thousand and NT$230,000 thousand, respectively.

(6) Situations of income tax declaration and verification

As of December 31, 2020, the Company’s income tax declaration was approved to FY2018.

22. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to holders of ordinary shares in the current year by the weighted average number of ordinary shares outstanding in the current year.

The amount of diluted earnings per share is calculated by dividing the net profit attributable to holders of ordinary shares for the year by the weighted average number of ordinary shares outstanding for the year plus the weighted average number of ordinary shares issued of all potential ordinary shares with dilution effect when they are converted into ordinary shares.

	FY2020	FY2019
(1) Basic earnings per share		
Net Income (NT$ thousands)	$897,435	$530,209
Weighted average number of shares of common stock per share of earnings (thousand shares)	332,349	352,875
Basic earnings per share (NT$)	$2.70	$1.50

	FY2020	FY2019
(2) Diluted earnings per share		
Net profit of the current period after adjusting the dilution effect (thousand)	$897,435	$530,209
Weighted average number of shares of common stock per share of earnings (thousand shares)	332,349	352,875
Dilution effect:		
Employee compensation - stocks (thousand shares)	1,855	1,438
Weighted average number of ordinary shares after adjusting the dilution effect (thousand shares)	334,204	354,313
Diluted earnings per share (NT$)	$2.69	$1.50

After the reporting period and before the financial statements were approved for release, there were no other transactions that materially changed the number of common shares outstanding or the number of potential common shares at the end of the period.

VII. Related Party Transaction

The related parties which have trading with the Company within the period of the financial report are as follows:

Names of related parties and relationship

Name of related parties	Relationship with the Company
PAN-JIT ASIA INTERNATIONAL INC.	The Company’s subsidiary
PAN JIT AMERICAS, INC.	The Company’s subsidiary
PAN-JIT INTERNATIONAL (H.K.) LTD.	The Company’s subsidiary
PAN JIT KOREA CO., LTD.	The Company’s subsidiary
PAN JIT EUROPE GMBH	The Company’s subsidiary
Suzhou Grande Electronics Co. Ltd.	The Company’s subsidiary
Shenzhen Max Diode Co., Ltd.	The Company’s subsidiary
Pan-Jit Electronics (Wuxi) Co., Ltd.	The Company’s subsidiary
Pynmax Technology Co., Ltd.	The Company’s subsidiary
MILDEX OPTICAL INC.	Other related party
Zibo Micro Commercial Components Corp.	Other related party
Mr. FANG, MIN-QING etc. of 14 individuals	Management levels above Vice President of the Company

1. Sales

	FY2020	FY2019
Pan-Jit Electronics (Wuxi) Co., Ltd.	$866,486	604,003
PAN JIT AMERICAS, INC.	83,961	109,240
PAN-JIT INTERNATIONAL (H.K.) LTD.	73,542	70,884
Others	11,837	95,086
Grand total	$1,035,826	$879,213

The selling price from the Company to related parties is negotiated by both parties with reference to market conditions; the current year's circulating funds are unsecured, interest-free and must be settled in cash. No guarantee has been received for accounts receivable from related parties.

2. Purchase

	FY2020	FY2019
Pan-Jit Electronics (Wuxi) Co., Ltd.	$1,489,242	$1,193,482
Pynmax Technology Co., Ltd.	397,709	346,428
Others	17,689	19,863
Grand total	$1,904,640	$1,559,773

The price of the Company’s purchase of goods from related parties is negotiated by both parties with reference to market conditions; the Company’s payment terms for purchases of goods from related parties are equivalent to those of ordinary manufacturers.

3. Accounts Receivables -related parties

	2020/12/31	2019/12/31
Pan-Jit Electronics (Wuxi) Co., Ltd.	$268,799	$105,975
Others	8,372	15,529
Grand total	$277,171	$121,504

4. Other accounts receivable - related parties (not loans)

	2020/12/31	2019/12/31
Pan-Jit Electronics (Wuxi) Co., Ltd.	$188	$267
Others	-	10
Grand total	$188	$277

5. Accounts payable - related parties

	2020/12/31	2019/12/31
Pan-Jit Electronics (Wuxi) Co., Ltd.	$270,696	$155,285
Pynmax Technology Co., Ltd.	40,978	79,912
Others	2,076	5,095
Grand total	$313,750	$240,292

6. Other payables - related parties

	2020/12/31	2019/12/31
PAN JIT EUROPE GMBH	$36,914	$31,907
Others	9,260	22,349
Grand total	$46,174	$54,256

7. Sale of property, plant, and equipment:

FY2020:

Name of related parties	Assets	Selling price	Carrying amount:	Sale (loss) gain
PAN JIT ELECTRONIC (WUXI) CO., LTD.	Machinery equipment	$194	$-	$194

FY2019:

Name of related parties	Assets	Selling price	Carrying amount:	Sale (loss) gain
PAN JIT ELECTRONIC (WUXI) CO., LTD.	Machinery equipment	$32,066	$23,728	$8,338

8. Purchase of property, plant, and equipment:

FY2020:

Name of related parties	Assets	Selling price
Pynmax Technology Co., Ltd.	Machinery equipment	$6,082
Pan-Jit Electronics (Wuxi) Co., Ltd.	Machinery equipment	20,111
		$26,193

FY2019:

Name of related parties	Assets	Selling price	Basis of transaction price
Pynmax Technology Co., Ltd.	Land and buildings	$300,725	Refer to the appraisal report of the property appraiser

9. Others

(1) Operating expense

	FY2020	FY2019
a. Commission expenditure		
PAN JIT KOREA CO., LTD.	$45,968	$37,851
PAN JIT EUROPE GMBH	31,852	33,055
Total	$77,820	$70,906
b. Manage shipping warehouse costs and collection and payment items		
PAN-JIT INTERNATIONAL (H.K.) LTD.	$34,253	$30,380
c. Miscellaneous expenditure, consumables, etc.		
PAN JIT AMERICAS, INC.	$23,012	$19,545

(2) Financing (recognized as other payables)

FY2020:

	Maximum Balance	Closing balance	Interest rate range	Interest expense	Accrued interest at the end of current period
PAN-JIT ASIA INTERNATIONAL INC.	$892,200	$854,400	0.00%	$-	$-

FY2019: None

(3) Endorsements/guarantees

Details of endorsement/guarantee provided by the Company to subsidiaries' borrowing are as follows:

	2020/12/31	2019/12/31
PAN-JIT ASIA INTERNATIONAL INC.	$1,879,680	$2,188,540

10. Rewards for key management of the Company

	FY2020	FY2019
Short-term employee benefits	$69,625	$47,536
After-retirement benefits	633	723
Total	$70,258	$48,259

As of December 31, 2020, and 2019, part of the main management is the joint guarantor of the Company's loans from financial institutions.

VIII. Assets pledged as security

The following assets of the Company have been provided as collateral:

	Carrying amount		secured debt
Items	2020/12/31	2019/12/31	Content
Property, Plant, and Equipment	$938,438	$1,105,098	Long-term loan
Other current assets	22,214	14,390	Financial commodity trading
Total	$960,652	$1,119,488	

IX. Commitments and contingencies

As of December 31, 2020, and 2019, the Company has provided customs bonded guarantees through bank guarantees both in the amount of NT$10,000 thousand.

X. Losses due to major disasters

None.

XI. Significant subsequent events

The Company's Board of Directors was held on January 22, 2021 to approve the public acquisition of the common shares of Alltop Technology Co., Ltd. and the settlement of the bonds was completed on March 05, 2021. The number of purchases was 14,583 thousand shares, and the total purchase price was NT$1,531,232 thousand and recognized as investment under the equity method.

XII. Others

1. Classification of financial tools

Financial assets

	2020/12/31	2019/12/31
Financial assets at FVTPL:		
Mandatory to measure at fair value through profit or loss	$6,347	$91,911
Financial assets measured at fair value through other comprehensive income	279,068	164,833
Financial assets measured at amortized cost	2,749,705	1,884,339
Total	$3,035,120	$2,141,083

Financial liabilities

	2020/12/31	2019/12/31
Financial liabilities measured at amortized cost:		
Short loan	$1,385,443	$1,989,732
Payables	2,318,517	1,213,892
Long-term borrowings (including maturity within one year)	3,552,198	2,450,978
Lease liabilities	27,897	6,954
Subtotals	7,284,055	5,661,556
financial liability at fair value through profit or loss:		
Held for trading	2,822	102
Total	$7,286,877	$5,661,658

2. Financial risk management objectives and policies

The Company's financial risk management objectives are mainly to manage market risks, credit risks and liquidity risks related to operating activities. The Company conducts the identification, measurement and management of the aforementioned risks in accordance with the Company's policies and risk preferences.

The Company has established appropriate policies, procedures and internal controls for the aforementioned financial risk management in accordance with relevant regulations. Important financial activities must be reviewed by the Board of Directors and similar audit committee units in accordance with relevant regulations and internal control systems. During the execution of financial management activities, the Company must actually comply with the stipulated financial risk management regulations.

3. Market risk

Market risk refers to the risk of fluctuations in fair value or cash flow of financial instruments due to changes in market prices. Market risks mainly include exchange rate risk, interest rate risk and other price risks (such as equity instruments.)

In practice, it is rare that a single risk variable changes independently, and the changes of each risk variable are usually related, but the sensitivity analysis of each risk below does not consider the interactive impact of related risk variables.

<u>Exchange rate risk</u>

The Company's exchange rate risk is mainly related to operating activities (when the currency used for revenue or expenses is different from the Company's functional currency) and the net investment of foreign operation.

The Company’s foreign currency receivables are in the same currencies as part of the foreign currency payables. At this time, a considerable part of the position will have a natural hedging effect. For some foreign currency payments, forward foreign exchange contracts are used to manage exchange rate risks, based on the aforementioned natural hedging. The use of forward foreign exchange contracts to manage exchange rate risks does not meet the requirements of hedging accounting, therefore it is not adopted. In addition, the net investment of foreign operation is a strategic investment, so the Company does not consider hedging.

The sensitivity analysis of the Company's exchange rate risk mainly focuses on the major foreign currency monetary items at the end of the financial reporting period, and the impact of related foreign currency appreciation/devaluation on the Company's gain or loss and equity. The Company's exchange rate risk is mainly affected by fluctuations in the exchange rate of the U.S. dollar.

<u>Interest Rate Risk</u>

Interest rate risk is the risk of fluctuations in the fair value or future cash flow of financial instruments due to changes in market interest rates. The Company's interest rate risk mainly comes from investment in floating-rate debt instruments, fixed-rate borrowings and floating-rate borrowings.

Sensitivity analysis of interest rate risk mainly focuses on interest rate risk insurance items at the end of the financial reporting period, including floating rate investments, floating rate borrowings and interest rate swap contracts.

Equity Price Risk

The Company holds domestic listed and unlisted equity securities, the fair value of which will be affected by the uncertainty of the future value of these investment targets. The listed and unlisted equity securities held by the Company belong to the category measured at fair value through other comprehensive income. The Company manages the price risk of equity securities by diversifying investment and setting limits for single and overall equity securities investment. The equity securities investment portfolio information needs to be regularly provided to the Company's senior management. The Board of Directors must review and approve all equity securities investment decisions.

The sensitivity analysis of the related risk changes is as follows:

FY2020

Key risks	Variation range		Sensitivity to gain or loss (NT$ thousands)	Sensitivity to equity (NT$ thousands)
Exchange rate risk	NTD/USD exchange rate +/- 1%	-/+	$3,622	$-
Interest Rate Risk	NTD market interest rate +/- 100 basis points	-/+	$42,934	$-
Equity Price Risk	Taiwan Capitalization Weighted Stock Index +/- 10%	+/-	$-	$27,907

FY2019

Key risks	Variation range		Sensitivity to gain or loss (NT$ thousands)	Sensitivity to equity (NT$ thousands)
Exchange rate risk	NTD/USD exchange rate +/- 1%	-/+	$10,092	$-
Interest Rate Risk	NTD market interest rate +/- 100 basis points	-/+	$41,990	$-
Equity Price Risk	Taiwan Capitalization Weighted Stock Index +/- 10%	+/-	$196	$16,483

4. Credit risk management

Credit risk refers to the risk that the counterparty cannot fulfill the obligations set out in the contract and will result in financial losses. The Company's credit risk is due to operating activities (mainly accounts and notes) and financial activities (mainly bank deposits and various financial instruments.)

All units of the Company follow credit risk policies, procedures and controls to manage credit risk. The credit risk assessment of all counterparties is a comprehensive consideration of such factors as the counterparty's financial status, ratings of credit rating agencies, past historical transaction experience, current economic environment, and the Company's internal rating standards. The Company also uses certain credit enhancement tools (such as advance payment and insurance, etc.) at appropriate times to reduce the credit risk of specific counterparties.

As of December 31, 2020, and 2019, the top ten customer accounts receivable accounted for 29% and 34% of the Company's balance of accounts receivable, respectively. The credit concentration risk of the remaining accounts receivable is relatively not significant.

The Company's finance department manages the credit risk of bank deposits, fixed income securities, and other financial instruments in accordance with company policies. Since the Company's trading partners are determined by internal control procedures, and are credit worthy banks and investment-grade financial institutions, corporate organizations, and government agencies, there is no significant credit risk.

5. Liquidity risk management

The Company maintains financial flexibility through contracts such as cash and cash equivalents, high-liquidity securities and bank loans. The following table summarizes the maturity of the payments contained in the remaining contracts for non-derivative financial liabilities during the agreed repayment period of the Company. It is compiled based on the earliest possible repayment date and based on its undiscounted cash flows. The amounts listed are also Including agreed interest. For interest cash flows paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	Later than 2 years but not later than 3 years	Later than 4 years but not later than 5 years	Later than 5 years	Total
2020/12/31					
Loan	$1,398,399	$3,274,838	$3,543	$274,397	$4,951,177
Payables	$2,389,721	$-	$-	$-	$2,389,721
Lease liabilities	$7,864	$20,033	$-	$-	$27,897
2019/12/31					
Loan	$2,970,037	$1,538,139	$48,495	$400	$4,557,071
Payables	$1,213,892	$-	$-	$-	$1,213,892
Lease liabilities	$6,613	$403	$-	$-	$7,016

Derivative financial liabilities

	Less than 1 year	Later than 2 years but not later than 3 years	Later than 4 years but not later than 5 years	Later than 5 years	Total
2020/12/31					
Forward exchange contracts - inflow	$381,710	$-	$-	$-	$381,710
Forward exchange contracts - outflow	($384,480)	$-	$-	$-	($384,480)
2019/12/31					
Forward exchange contracts - inflow	$95,935	$-	$-	$-	$95,935
Forward exchange contracts - outflow	($96,021)	$-	$-	$-	($96,021)

The disclosure of derivative liability instruments in the above table is expressed using undiscounted total cash flows.

6. Adjustment in liabilities generated from financing activities
   Adjustment information of liabilities in FY2020:

	Short loan	Long-term loan	Lease liabilities	Total liabilities from the financing activities
2020/01/01	$1,989,732	$2,450,978	$6,954	$4,447,664
Cash flows	(604,289)	1,067,387	(9,245)	453,853
Non-cash changes	-	3,833	30,188	34,021
2020/12/31	$1,385,443	$3,522,198	$27,897	$4,935,538

Adjustment information of liabilities in FY2019:

	Short loan	Long-term loan	Lease liabilities	Total liabilities from the financing activities
2019/01/01	$1,528,797	$2,187,079	$14,078	$3,729,954
Cash flows	460,935	260,500	(8,410)	713,025
Non-cash changes	-	3,399	1,286	4,685
2019/12/31	$1,989,732	$2,450,978	$6,954	$4,447,664

7. Fair value of financial instruments

(1) Valuation techniques and assumptions used to measure fair value

Fair value refers to the price that can be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement date. The methods and assumptions used by the Company to measure or disclose the fair value of financial assets and financial liabilities are as follows:

A. The carrying amounts of cash and cash equivalents, receivables, other current assets, payables and other current liabilities are a reasonable approximation of the fair value, which is mainly due to the short maturity period of such instruments.

B. The fair value of financial assets and financial liabilities that are traded in an active market with standard terms and conditions is determined by reference to market quotes (for example, listed stocks, beneficiary certificates, bonds and futures, etc.).

C. The fair value of equity instruments without active market transactions (for example, private equity stocks of listed companies, public company shares without active markets, and unpublished company shares) is estimated by the market method, and is estimated for the fair value with the price and other relevant information (such as lack of liquidity discount factors, similar company stock price-to-earning ratio, similar company stock price-to-net worth ratio and other input values) of the same or comparable company equity instruments generated by market transactions.

D. For investment in debt instruments, bank borrowings, corporate bonds payable and other non-current liabilities without active market quotations, the fair value is determined based on the counterparty's quotation or evaluation technology. The evaluation technology is determined on the basis of discounted cash flow analysis. The interest rate and assumptions such as discount rate are mainly based on information related to similar tools (for example, OTC's reference yield curve, the average quotation of the Reuters commercial paper rate, and credit risk information.)

E. Derivative financial instruments without active market quotations, among which are non-option derivative financial instruments, are calculated based on discounted cash flow analysis using the counterparty's quotation or the applicable yield curve within duration; for option derivative financial instruments, use Counterparty quotations, appropriate option pricing models (such as the Black-Scholes model) or other evaluation methods (such as Monte Carlo Simulation) to calculate the fair value.

(2) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and financial liabilities measured at amortized cost is a reasonable approximation of the fair value.

(3) Information about the fair value level of financial instruments

For information on the fair value levels of the Company's financial instruments, please refer to Note 12 and 9.

8. Derivative instruments

As of December 31, 2020, and 2019, information of the Company's holding on derivatives that do not comply with hedge accounting and have not yet expired is as follows:

forward exchange contract

The forward exchange contract is a risky position that manages part of the transaction, but it is not designated as a hedging tool

The trading conditions of forward foreign exchange contracts undertaken by the Company are as follows:

	Items	Contract amount	Maturity date
2020/12/31			
The Company	Forward exchange contract	Buy USD 13,500 thousand	2021/01/07~2021/03/19
2019/12/31			
The Company	Forward exchange contract	Buy USD 3,200 thousand	2020/01/09~2020/01/16

The aforementioned derivatives transaction counterparties are well-known banks at home and abroad, and their credit is good, so the credit risk is not high.

For forward exchange and currency swaps contract transactions, it is mainly to avoid the risk of exchange rate and interest rate changes on net assets or net liabilities. There will be relative cash inflows or outflows at maturity, and working capital is sufficient to support, so there will be no significant cash flow risk.

9. Fair value level

(1) Definition of fair value level

All assets and liabilities measured or disclosed by fair value are entered at the lowest level of importance to the overall fair value measurement, and are classified into the fair value level to which they belong. The input values for each level are as follows:

Level 1：The quoted price (unadjusted) of the same asset or liability available in the active market on the measurement date.
Level 2：The observable input value of an asset or liability directly or indirectly, except for those included in the quotation of the first level.
Level 3：The unobservable input value of an asset or liability.

For assets and liabilities recognized in Parent Company Only Financial Statements on a repetitive basis, their classification is reassessed at the end of each reporting period to determine whether there will be a transfer between the levels of the fair value hierarchy.

(2) Hierarchical Information on Fair Value Measurement

The Company does not have non-repetitive assets measured at fair value. The fair value level information of repetitive assets and liabilities is listed below:

December 31, 2020:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at fair value through profit or loss				
Forward exchange contract	$-	$52	$-	$52
Fund	$-	$6,295	$-	$6,295
Financial assets measured at fair value through other comprehensive income				
Stock	$205,195	$73,873	$-	$279,068
Liabilities measured at fair value				
Financial liabilities measured at fair value through profit or loss				
Forward exchange contract	$-	$2,822	$-	$2,822

December 31, 2019:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss				
Forward exchange contract	$-	$15	$-	$15
Stock	$1,956	$-	$-	$1,956
Fund	$-	$89,940	$-	$89,940
Financial assets measured at fair value through other comprehensive income				
Stock	$122,715	$42,118	$-	$164,833
Liabilities measured at fair value				
Financial liabilities measured at fair value through profit or loss				
Forward exchange contract	$-	$102	$-	$102

Transfer between the first level and the second level of the fair value hierarchy

As of December 31, 2020, and 2019, there is no transfer between the first and second levels of the fair value hierarchy of assets and liabilities measured by the Company's repetitive fair value.

Changes in recurring fair value at level 3

The Company does not have repetitive fair value-measured assets and liabilities that fall into the third level of the fair value hierarchy.

10. The information on foreign currency assets and liabilities with significant impact are as follows

The information on foreign currency assets and liabilities of the Company with significant influence is as follows

Monetary unit: NT$ thousands

	2020/12/31			2019/12/31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items:						
USD	$59,301	28.4800	$1,688,894	$47,740	29.9800	$1,431,247
EUR	$1,796	35.0200	$62,885	$2,213	33.5900	$74,333
Non-monetary items:						
USD	$194,819	28.4800	$5,548,456	$172,130	29.9800	$5,160,446
Financial liabilities						
Monetary items:						
USD	$37,560	28.4800	$1,069,718	$11,574	29.9800	$346,976

The above information is disclosed on the basis of the foreign currency carrying amount (which has been converted to functional currency.)

The Company's foreign currency transactions have a wide variety of functional currencies, which cannot be difficult to disclose each currency's significant influence. Therefore, the exchange gain or loss of each currency are consolidated and disclosed. The Company's currency financial assets and financial liabilities conversion (gain) loss in FY2020 and FY2019 were (44,390) thousand and (31,539) thousand, respectively.

11. Capital management

The most important goal of the Company's capital management is to confirm the maintenance of sound credit ratings and good capital ratios to support corporate operations and maximize shareholders' equity. The Company manages and adjusts the capital structure according to economic conditions, and may maintain and alter the capital structure by adjusting dividend payments, returning capital or issuing new shares.

XIII. Additional Disclosures

1. Information on Significant Transactions:

(1) Financing provided to others: detailed in Table 1.
(2) Endorsement/guarantee for others: detailed in Table 2.
(3) The situation of holding marketable securities at the end of the period: detailed in Table 3.
(4) Cumulative amount of buying or selling negotiable securities to reach NT$ 300 million or over 20% of actually received capital: none.
(5) The amount of acquiring property to reach NT$ 300 million or over 20% of actually received capital: none.
(6) The amount of disposing of property to reach NT$ 300 million or over 20% of actually received capital: none.
(7) The amount of purchase and sales with related parties up to NT $100 million or more than 20% of the paid-up capital: detailed in Table 4.
(8) Related party receivables of NT $100 million or more than 20% of paid-in capital: detailed in Table 5.
(9) Engaging in derivatives transactions: detailed in Note XII (8).

2. Information on Investees:

Those who directly or indirectly have significant influence, control, or joint control over the investee company in a non-mainland area shall disclose its name, location, main business items, original investment amount, end-of-period shareholding, current profit or loss, and recognized investment gain or loss: detailed in Table 6.

3. Information of Investment in Mainland China

(1) Information of Investment in Mainland China: detailed in Table 7.

(2) The following major transactions, including prices, payment terms, and unrealized gain or loss, which occur directly or indirectly with the investee company in mainland China through the third region:

A. Revenue Amount and Percentage and Balance and Percentage of Related Payables: detailed in Table 4.

B. Revenue Amount and Percentage and Balance and Percentage of Related Receivables: detailed in Table 4 and 5.

C. The amount of property transactions and the amount of profits and losses generated: None.

D. The ending balance of the note endorsement and guarantee or collateral provided and its purpose: detailed in Table 2.

E. The maximum financing balance, ending balance, interest rate range and total interest of the current period: detailed in Table 1.

F. Other transactions that have a significant impact on the current gain or loss or financial status: none.

4. Information on Major Shareholders: detailed in Table 8.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(Unit: NT$ thousands, unless otherwise indicated)

Financing provided to others

TABLE 1

No. (Note 1)	Lending company	Participants	Transactions (Note 2)	Related party or	Highest amount for current	Closing balance (Note 6)	Actual disbursement	Interest rate range	Nature of Financing (Note 3)	Transaction Amount	Reason for Short-term Financing (Note 5)	Allowance for Loss	Collateral		Limit of capital loan to individual	Total limit of capital loan	Remark
													Name	Value			
0	PANJIT INTERNATIONAL INC.	EC SOLAR C1 SRL	Other receivables	Yes	583,110	577,830	0	0.00%	Short-term financing	-	Operating turnover	-	-	-	2,839,768	2,839,768	(Note 7, 13)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE ENERGY EUROPE B.V.	Other receivables	Yes	605,296	551,215	551,215	2.40%~2.50%	Short-term financing	-	Operating turnover	-	-	-	2,815,490	6,194,078	(Note 8, 13)
1	PAN-JIT ASIA INTERNATIONAL INC.	JIANGSU AIDE SOLARENERGYTECHNOLOGY CO.,LTD.	Other receivables	Yes	1,078,276	894,272	894,272	0.00%	Short-term financing	-	Operating turnover	-	-	-	2,815,490	6,194,078	(Note 8, 13)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	Other receivables	Yes	382,891	317,552	317,552	0.00%	Short-term financing	-	Operating turnover	-	-	-	2,815,490	6,194,078	(Note 8, 13)
1	PAN-JIT ASIA INTERNATIONAL INC.	PANJIT INTERNATIONAL INC.	Other receivables	Yes	892,200	854,400	854,400	0.00%	Short-term financing	-	Operating turnover	-	-	-	2,815,490	6,194,078	(Note 8, 13)
2	PAN JIT AMERICAS INC.	PAN-JIT ASIA INTERNATIONAL INC.	Other receivables	Yes	60,880	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	55,365	55,365	(Note 11, 13)
3	AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Other receivables	Yes	608,880	577,830	577,830	2.80%~2.90%	Short-term financing	-	Operating turnover	-	-	-	1,427,346	1,427,346	(Note 9, 13)
4	SUZHOU GRANDE ELECTRONICSCO., LTD.	SUMMERGY CO., LTD	Other receivables	Yes	176,903	151,969	130,084	4.50%	Short-term financing	-	Operating turnover	-	-	-	294,254	294,254	(Note 10, 13)
4	SUZHOU GRANDE ELECTRONICS CO., LTD.	JIANGSU AIDE SOLARENERGYTECHNOLOGY CO.,LTD.	Other receivables	Yes	452,582	450,831	447,034	0.00%	Short-term financing	-	Operating turnover	-	-	-	735,634	735,634	(Note 10, 13)
5	PAN JIT ELECTRONIC (WUXI) CO., LTD	PAN-JIT ELECTRONICS(SHANDONG) CO.,LTD.	Other receivables	Yes	43,940	43,770	0	0.00%	Short-term financing	-	Operating turnover	-	-	-	1,269,892	1,269,892	(Note 12, 13)
Total						4,419,669	3,772,387										

(Note 1): The numbering rule is as follows:

1. 0 for issuer.

2. The investee company is numbered according to type from the Arabic number 1 in sequence.

(Note 2): Accounts receivable from associates, accounts receivable from related parties, shareholder transactions, advance payments, temporary payments... and other items, if they are in the nature of capital loans, must be filled in this form.

(Note 3): The nature of the fund loan should be listed as a business transaction or a short-run financing need.

(Note 4): If the nature of the fund loan is a business transaction, the business transaction amount should be filled in. The business transaction amount refers to the amount of business transactions between the Company that lent the fund and the counterparty in the most recent year.

(Note 5): If the nature of the fund loan is short-run financing, the counterparty's reasons and the purpose for the loan should be specified, such as repayment of borrowings, purchase of equipment, business turnover... etc.

(Note 6): Pursuant to Article 14 Item 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, if a public company submits a capital loan to the Board of Directors for resolutions one by one, although the funds have not yet been allocated, the amount of the board of directors' resolutions should be included in the balance declared to expose the risk; however, if the funds are subsequently repaid, the balance after repayment shall be disclosed to reflect the adjustment of risk. Pursuant to Article 14 Item 2 of the Regulations,if a public company, through the resolution by the board of directors, authorizes the chairman of the board to allocate loans in installments or revolve them within a certain amount and within a one-year period, the capital loan and quota approved by the board of directors should still be used as the balance declared. Although the funds will be repaid thereafter, it is still possible to allocate the loan again, so the capital loan and quota approved by the board of directors should still be used as the balance declared.

(Note 7): For companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others by the Company shall not exceed 40% of the Company's net worth.

(1) PANJIT INTERNATIONAL INC.: The net worth is NT$7,099,421 thousand.

(Note 8): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending,it is not subject to the above restrictions. However, the individual loan amount and the total amount of funds loaned to others shall not exceed 50% and 110% of that company's net worth. Calculate the net worth company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) PAN-JIT ASIA INTERNATIONAL INC.: The net worth is USD197,717 thousand, which is converted into NT$5,630,980 thousand.

(Note 9): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending,It is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 200% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) Aide Energy Europe BV: The net worth is EUR20,379 thousand, which is converted into NT$713,673 thousand.

(Note 10): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures"and "Capital Loan to Others Processing Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the directly and indirectly, hold 100% of the voting shares engage in fund lending,It is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 100% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) SUZHOU GRANDE ELECTRONICS: The net worth is RMB168,068 thousand, which is converted into NT$735,634 thousand.

(Note 11): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by the subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1)PAN JIT AMERICAS INC.: The net worth is USD4,860 thousand, which is converted into NT$138,413 thousand.

(Note 12): In accordance with the following regulations on the Capital Loan to Others Operating Procedures stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending, it is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 200% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1)PAN JIT ELECTRONIC (WUXI) CO., LTD: The net worth is RMB725,321 thousand, which is converted to NT$3,174,730 thousand.

(Note 13): It had been written off in preparing the consolidated financial report.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Endorsement/guarantee for others

TABLE 2

No. (Note 1)	Endorsements/guarantees Provider Company Name	Entities for which endorsement/guarantee provided:		Limit of Endorsements/guarantees for a Single Entity (Note 3)	Highest amount of endorsement/guarantee in the current period (Note 4)	Outstanding endorsements/guarantees at the end of current period	Actual amount used (Note 6)	Endorsements/guarantees with collateral	Ratio of Cumulative Endorsements/guarantees to the Net Equity Stated in the Latest Financial Statements	Limit of Endorsement/Guarantee (Note 3)	Endorsement/guarantee provided by parent company for subsidiary (Note 7)	Endorsement/guarantee provided by subsidiary for parent company (Note 7)	Endorsements/guarantees for entities in mainland China (Note 7)	Remark
		Company name	Relation (Note 2)											
0	PANJIT INTERNATIONAL INC.	PAN-JIT ASIA INTERNATIONAL INC.	2	$7,099,421	$2,237,340	$1,879,680	$1,879,680	-	26.48%	$7,099,421	Y	N	N	(Note 8)
0	PANJIT INTERNATIONAL INC.	PAN JIT ELECTRONIC (WUXI) CO., LTD	2	$7,099,421	$15,220	-	-	-	0.00%	$7,099,421	Y	N	Y	(Note 8)

(Note 1): The numbering rule is as follows:

(1) 0 for issuer.

(2) The investee company is numbered according to type from the Arabic number 1 in sequence.

(Note 2): The relation between endorsement guarantor and the subject of endorsement or guarantee is as follows:

(1) A company with which the Company has business relationship.

(2) A subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares.

(3) The investee company whose parent company and subsidiary hold more than 50% of the common stock.

(4) For the parent company that directly or indirectly holds more than 90% of its common stock equity through its subsidiaries.

(5) Mutually guaranteed companies among counterparts based on the need for undertaking projects.

(6) All capital contributing shareholders make endorsements/guarantees for their jointly invested Company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Note 3): Information to be filled out: According to the operating procedures of endorsement and guarantee for others, the Company's limit of endorsement/guarantee for individuals and the maximum amount of endorsement/guarantee. In the remarks column, explain the calculation method of the endorsement/guarantee for individuals and the total amount.

(Note 4): Highest amount of outstanding endorsement/guarantee for others in current period.

(Note 5): The amount approved by the Board of Directors should be filled. However, if according to Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,the Board of Directors has authorized the chairman, it refers to the amount decided by the chairman.

(Note 6): The actual amount spent by the endorsed company within the range of the endorsed guarantee balance.

(Note 7): Y is required only for those who are the listed parent company to endorse the subsidiary, those who are the subsidiary to endorse the listed parent company, and those who are located in the mainland area.

(Note 8): According to the Company’s “Procedures for Endorsement and Guarantee”, the limit of the endorsement and guarantee for a single enterprise shall not exceed 100% of the Company’s net worth (ie, NT$7,099,421 thousand);The total amount of endorsement and guarantees for enterprises outside the Group shall not exceed 100% of the Company’s net worth.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Marketable securities held at the end of the period (excluding subsidiaries, associates, and joint ventures)

TABLE 3

Unit: USD, RMB, HKD thousand

Company holding shares	Type and name of the securities (Note 1)	Relationship with the issuer of the securities (Note 2)	Accounting item	Ending Balance					Remark (Note 4)
				Number of shares (thousand shares)	Currency	Carrying amount (Note 3)	Shareholding ratio	Fair value	
PANJIT INTERNATIONAL INC.	Fund								
	Yuanta Taiwan High Dividend Quality Leading Fund	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	NTD	$6,295	-	$6,295	-
	Public shares								
	Jih Lin Technology Co., LTd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,222	NTD	92,620	1.46%	92,620	-
	OTC stock								
	Advanced Microelectronic Products,Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	11,552	NTD	92,419	3.63%	92,419	-
	Sentelic Corporation	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	226	NTD	11,060	0.87%	11,060	-
	Emerging Stock								
	KAISON GREEN ENERGY TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	454	NTD	9,096	0.08%	9,096	-
	Unlisted stock								
	WELLAN SYSTEM CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	445	NTD	-	1.53%	-	-
	TAIDEVELOP INFORMATION CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	334	NTD	-	3.71%	-	-
	ENERGY MOANA TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,200	NTD	22,543	3.75%	22,543	-
	Neolink Capital Corp.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	5,000	NTD	51,330	4.28%	51,330	-
PAN JIT ELECTRONIC (WUXI) CO., LTD	Unlisted stock(Note 5)								
	Siyang Grande Electronics Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	10,005	15.00%	10,005	-
	Wuxi Danchen Intelligent Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	740	10.00%	740	-
	(Formerly Wuxi One-Light-For-All Technology Development Co., Ltd.)								
	Wealth management products by financial institution								
	Structured deposit	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	RMB	140,000	-	140,000	-
LIFETECH ENERGY INC.	Unlisted stock								
	VAYON HOLDING LIMITED	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	NTD	-	2.30%	-	-
PAN-JIT ASIA INTERNATIONAL INC.	Unlisted stock								
	Analog EXPRESS INC	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,000	USD	-	5.20%	-	-
	Fund								
	HYPERION CAPITAL MANAGEMENT LTD.	-	Financial assets compulsorily measured at fair value through profit or loss - non-current	-	USD	-	-	-	-
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	USD	9,000	-	9,000	-

(continued in next page)

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Marketable securities held at the end of the period (excluding subsidiaries, associates, and joint ventures)

(continued from previous page)

Company holding shares	Type and name of the securities (Note 1)	Relationship with the issuer of the securities (Note 2)	Accounting item	Ending Balance					Remark
				Number of shares (thousand shares)	Currency	Carrying amount (Note 3)	Shareholding ratio	Fair value	(Note 4)
PAN-JIT ASIA INTERNATIONAL INC.	Wealth management products by financial institution								
	COOPERATIEVE RABOBANK UA	-	Financial assets measured at amortized cost - Non-current	-	EUR	$1,025	-	$1,025	-
	ERSTE GROUP BANK AG	-	Financial assets measured at amortized cost - Non-current	-	EUR	813	-	813	-
	RAIFFEISEN BANK INTL	-	Financial assets measured at amortized cost - Non-current	-	EUR	2,073	-	2,073	-
PYNMAX TECHNOLOGY CO..	Public shares								
	Jih Lin Technology Co., LTd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	770	NTD	58,366	0.82%	58,366	-
	MOSEL VITELIC Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	19,000	NTD	660,915	12.16%	660,915	-
	WAFER WORKS CORP.	-	Mandatory financial assets measured at fair value through profit or loss - current	80	NTD	3,424	0.02%	3,424	-
	Globalwafers. Co.,Ltd	-	Mandatory financial assets measured at fair value through profit or loss - current	12	NTD	8,496	-	8,496	-
	Unlisted stock								
	HI-VAWT TECHNOLOGY CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,000	NTD	-	10.00%	-	-
	Fund								
	Yuanta Taiwan High Dividend Quality Leading Fund	-	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	2,518	-	2,518	-
	Taichung Bank Taiwan Quantitative Fund	-	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	51,400	-	51,400	-
JOYSTAR INTERNATIONAL CO., LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	USD	8,900	-	8,900	-
	Siegfried Supply Chain Finance Fund S.C.A., SICAV-SIF-Series 1	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	USD	2,010	-	2,010	-
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	USD	4,800	-	4,800	-
JIANGSU AIDE SOLARENERGYTECHNOLOGY CO.,LTD.	Unlisted stock (Note 5)								
	MOTECH (Suzhou) New Energy Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	28,916	4.61%	28,916	Has been pledged to The Company's subsidiary
PAN-JIT ELECTRONICS(SHANDONG) CO.,LTD.	Wealth management products by financial institution								
	Structured deposit	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	RMB	11,000	-	11,000	-
PAN-JIT INTERNATIONAL (H.K.) LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	HKD	6,240	-	6,240	-

(Note 1): The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 "Financial Instruments."

(Note 2): If the securities issuer is not a related party, this column should be left blank.

(Note 3): If measured by fair value, for carrying amount in column B, please fill in the carrying balance after fair value evaluation adjustment and deduction of accumulated impairment; If not measured by fair value, for carrying amount in column B, please fill in the carrying balance of the original acquisition cost or the amortized cost after deducting the accumulated impairment.

(Note 4): The listed securities have users who are restricted due to the provision of guarantees, pledged loans, or other agreed-upon. The remarks column should indicate the number of guarantees or pledged shares, the amount of guarantees or pledges, and status of restricted use.

(Note 5): It is a limited company, so the number of shares and net worth per share are not available.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Where the amount of goods purchased or sold with related parties reaches NT$100 million or more than 20% of the paid-in capital

TABLE 4

Companies of purchase (sales) transaction	Counterparty	Relation	Transaction situation				Situation and reason for difference between transaction condition and common transaction		Notes and accounts receivable (payable)		Remark
			Purchase (sales)	Amount (Notes 2)	Ratio to Total Purchase (sales)	Credit period	Unit price	Credit period	Balance (Note 2)	Ratio in total notes and accounts receivable (payable)	
PANJIT INTERNATIONAL INC.	PAN JIT ELECTRONIC (WUXI) CO., LTD	Subsidiaries	(Sales)	($866,486)	13%	General	Not applicable	Not applicable	$268,799	13%	
	PAN JIT ELECTRONIC (WUXI) CO., LTD	Subsidiaries	Purchase	1,489,242	39%	General	Not applicable	Not applicable	(270,696)	35%	
	PYNMAX TECHNOLOGY CO.,LTD.	Subsidiaries	Purchase	397,709	10%	General	Not applicable	Not applicable	(40,978)	5%	
PYNMAX TECHNOLOGY CO.,LTD.	PANJIT INTERNATIONAL INC.	The Company	(Sales)	(397,709)	35%	General	Not applicable	Not applicable	40,978	17%	
	PAN JIT ELECTRONIC (WUXI) CO., LTD	Subsidiaries	(Sales)	(459,853)	41%	General	Not applicable	Not applicable	122,647	51%	
PAN JIT ELECTRONIC (WUXI) CO., LTD	PANJIT INTERNATIONAL INC.	The Company	(Sales)	(1,489,242)	27%	General	Not applicable	Not applicable	270,696	13%	
	PANJIT INTERNATIONAL INC.	The Company	Purchase	866,486	18%	General	Not applicable	Not applicable	(268,799)	15%	
	PYNMAX TECHNOLOGY CO.,LTD.	Subsidiaries	Purchase	459,853	10%	General	Not applicable	Not applicable	(122,647)	7%	

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer’s stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): It had been written off in preparing the consolidated financial report.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT$ thousands, unless otherwise indicated)

The receivables from related party to reach NT$ 100 million or 20% of actually received capital amount:

TABLE 5

The companies that record such transactions as receivables	Counterparty	Relation	Balance Dues from Related Parties (Note 3)	Turnover ratio	Overdue receivables from related party		Recovery amount of receivables from related parties after the period	Allowance for Loss
					Amount	Disposal means		
PANJIT INTERNATIONAL INC.	PAN JIT ELECTRONIC (WUXI) CO., LTD	Subsidiaries	$268,799	3.22	$66	Dunning as soon as possible	$130,056	(Note 2)
PYNMAXTECHNOLOGY CO.,LTD.	PAN JIT ELECTRONIC (WUXI) CO., LTD	Subsidiaries	122,647	3.75	-	-	68,376	(Note 2)
PAN JIT ELECTRONIC (WUXI) CO., LTD	PANJIT INTERNATIONAL INC.	The Company	270,696	5.50	-	-	$148,974	(Note 2)

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): The consolidated financial report is prepared and the shareholding ratio is 100% and no allowance for loss is required.

(Note 3): It had been written off in preparing the consolidated financial report.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(Unit: NT$ thousands, unless otherwise indicated)
Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

TABLE 6

Investing companies	Investee Companies (Note 1, Note 2)	Location	Main business items	Currency	Initial investment amount		Holding at the end of the period			Profit or Loss of investee Company in the Current Period (Note 2(2))	Investment profit or loss recognized by the Company (Note 2(3))	Remark
					At the end of the period	End of last year	Number of shares (thousand shares)	Ratio	Carrying amount			
PANJIT International Inc.	PAN-JIT ASIA INTERNATIONAL INC.	Vistra Corporate Services Centre Wickhams Cay II Road Town,Tortola,Vg1110 Virgin Islands,British	Investing	NTD	$7,318,104	$7,303,424	228,086	100.00%	$5,548,456	$468,639	$421,959	Subsidiaries (Note 4, 5)
	PYNMAXTECHNOLOGY CO.,LTD	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	Electronic parts and components manufacturing and international trade	NTD	1,069,063	1,067,930	84,462	94.60%	1,560,142	140,474	121,900	Subsidiaries (Note 4, 5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	259,523	259,523	21,470	21.01%	210,935	(113,769)	(23,906)	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	10,091	10,091	871	20.57%	1,244	(18)	(4)	Subsidiaries (Note 5)
PAN-JIT ASIA INTERNATIONAL INC.	PAN-JIT INTERNATIONAL (H.K.) LTD.	Unit 1-5 ,18/F., Wah Wai Centre, No.38-40 Au Pui Wan Street, Fotan,Shatin,New Territories	Electronics trade	USD	3,330	3,330	24,711	100.00%	4,725	657	657	Sub-subsidiary (Note 5)
	PAN JIT AMERICAS, INC.	2502 W. Huntington Drive Tempe, AZ 85282	Electronics trade	USD	16,626	16,626	2,431	95.86%	4,522	608	843	Sub-subsidiary (Note 4, 5)
	PAN JIT EUROPE GMBH	Otto-Hahn-Str. 285609 Aschheim Germany	Electronics trade	USD	770	770	- (Note 3)	100.00%	1,300	60	60	Sub-subsidiary (Note 5)
	CONTINENTAL LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	10,226	10,226	7,860	100.00%	51,519	3,739	3,739	Sub-subsidiary (Note 5)
	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	1,436	1,436	1,648	52.22%	741	372	194	Sub-subsidiary (Note 5)
	PAN JIT KOREA CO.,LTD.	Tower A dong 3601 Ho, Heung Deuk IT Valey, Heung Deuk 1ro 13 Gi Heung-Gu, Yong In City GyungGi-Do, Korea	Electronics trade	USD	288	288	54	60.00%	910	260	156	Sub-subsidiary (Note 5)
	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	Reinvestment business and solar energy Photoelectric products	USD	145,857	145,857	235,342	90.25%	(24,749)	1,375	1,241	Sub-subsidiary (Note 4, 5)
Pynmax Technology Co., Ltd.	JOYSTAR INTERNATIONAL CO., LTD.	4th Floor,Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	Investing	NTD	593,385	300,883	19,522	100.00%	442,085	15,082	15,082	Sub-subsidiary (Note 5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	288,852	295,686	8,454	8.27%	83,029	(113,769)	(9,387)	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	26,000	26,000	2,600	61.40%	3,713	(18)	(11)	Sub-subsidiary (Note 5)

(continued in next page)

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

(continued from previous page)

Investing companies	Investee Companies (Note 1, Note 2)	Location	Main business items	Currency	Initial investment amount		Holding at the end of the period			Profit or Loss of investee Company in the Current Period (Note 2(2))	Investment profit or loss recognized by the Company (Note 2(3))	Remark
					At the end of the period	End of last year	Number of shares (thousand shares)	Ratio	Carrying amount			
JOYSTAR INTERNATIONAL CO., LTD.	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding,BeachRoad, Apia ,Samoa	Investing	USD	$1,507	$1,507	1,508	47.78%	$678	$372	$178	Sub-subsidiary (Note 5)
	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	Reinvestment business and solar energy Photoelectric products	USD	6,724	6,724	3,799	1.46%	(400)	1,375	20	Sub-subsidiary (Note 5)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	15/F, BOC Group Life Assurance Tower, No. 136 Des Voeux Road Central, Central, Hong Kong.	Investing and trade	USD	24,707	24,707	43,101	100.00%	(34,393)	(3)	(3)	Sub-subsidiary (Note 5)
	AIDE ENERGY EUROPE COÖ PERATIE U.A.	Strevelsweg 700 - Unit 312, 3083 AS Rotterdam	Investing	USD	23,836	23,836	- (Note 3)	99.97%	25,054	1,111	1,110	Sub-subsidiary (Note 5)
	AIDE SOLAR USA,INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	1,500	1,500	150	51.72%	-	-	-	Sub-subsidiary (Note 5)
AIDE SOLAR ENERGY (HK) HOLDING LIMITED	AIDE SOLAR USA,INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	1,400	1,400	140	48.28%	-	-	-	Sub-subsidiary (Note 5)
	AIDE ENERGY EUROPE COÖ PERATIE U.A.	Strevelsweg 700 - Unit 312, 3083 AS Rotterdam	Investing	USD	7	7	- (Note 3)	0.03%	8	1,111	1	Sub-subsidiary (Note 5)
AIDE ENERGY EUROPE COÖ PERATIE U.A.	AIDE ENERGY EUROPE B.V.	Strevelsweg 700 - Unit 312, 3083 AS Rotterdam	Investing and trade	EUR	18,620	18,620	1.86	100.00%	20,379	971	971	Sub-subsidiary (Note 5)
AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Viale Andrea Doria 7 Cap 20124 MILANO (MI), Italy.	Sales of solar power plants Electricity produced	EUR	17,000	17,000	- (Note 3)	100.00%	18,749	1,227	1,048	Sub-subsidiary (Note 4, 5)

(Note 1): If a public offering company has a foreign holding company and uses a consolidated report as the main financial report in accordance with local laws and regulations, the disclosure of information about the foreign investee company may only disclose the relevant information to the holding company.

(Note 2): If it is not in the situation described in Note 1, fill in the information according to the following regulations:

(1) According to this (public offering) company's reinvestment and the reinvestment of each investee company directly or indirectly controlled, fill in the order of "Name of investee company", "location", "main business item", "original investment amount" and "end-of-term shareholding situation" and other fields. Indicate in the remarks column regarding the relationship between . each investee company and the (public offering) company (if it is a subsidiary or a sub-subsidiary).

(2) In column B of "investee company's current gain or loss", the amount of current gain or loss of each investee company should be filled in.

(3) Column B of "Investment Profits and Losses Recognized in the Current Period" only needs to fill in the gain or loss amount of each subsidiary recognized by the (public offering) company for direct reinvestment and each investee company evaluated by equity method, and the others can be ignored. When filling in the "recognition of the current profit or loss amount of each subsidiary directly reinvested",it should be confirmed that the current profit or loss amount of each subsidiary has included the investment profit or loss of its reinvestment that should be recognized in accordance with the regulations.

(Note 3): It is a limited company or a merged company, so there is no number of shares.

(Note 4): The investment gain or loss recognized by the Company include the offset of unrealized gain or loss between associates and the amortization of net equity differences.

(Note 5): It had been written off in preparing the consolidated financial report.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Information on investment in mainland China

TABLE 7

Investing companies	Investee Companies in Mainland China	Main business items	Paid-in capital	Investment method (Note 1)	Cumulative Investment Amount Remitted from Taiwan at the beginning of the period	Remitted or recovered investment amount for the period		Cumulative Investment Amount Remitted from Taiwan at the end of the period	Profit or Loss of investee Company in the Current Period	Percentage of Ownership through the Company's Direct or Indirect Investment	Investment profit (loss) confirmed in current year (Note 2)	Carrying amount of investment at the end of the period	Investment Gains Repatriated by the End of the Current Period
						Remittance	Recovery						
PANJIT International Inc.	PAN JIT ELECTRONIC (WUXI) CO., LTD.	Rectifier processing and manufacutring	$774,656	2 PAN-JIT ASIA INTERNATIONAL INC.	$502,145	$-	$-	$502,145	$407,927	100.00%	$407,927 (Note 5)	$3,174,732 (Note 5)	$-
	SUMMERGY CO., LTD	Research & development of Battery management system, manufacturing and sales of technical services	$150,130	2 PAN-JIT ASIA INTERNATIONAL INC.	-	-	-	-	(49,569)	70.00%	(34,698) (Note 5)	(20,684) (Note 5)	-
	SUZHOU GRANDE ELECTRONICS CO., LTD	Chip diodes, triodes and other new types of electronics.Sales of semiconductor components and related products,as well as technology and after service	$334,340	2 CONTINENTAL LIMITED	344,900	-	-	344,900	25,457	100.00%	25,457 (Note 5)	785,974 (Note 5)	-
	Wuxi ENR Semiconductor Material Technology Co. Ltd. (Formerly Wuxi ENR Semiconductor Materials Technology Co. Ltd.)	Semiconductor pcaking materials Manufacturing and sales	$87,300	2 ENR APPLIED PACKING MATERIAL CORPORATION	9,037	-	-	9,037	-	-	-	-	-
	MAX-DIODE ELECTRONIC., LTD.(SHENZHEN)	New types of electronic components, Semiconductor controlled rectifirer	$47,392	2 DYNAMIC TECH GROUP LIMITED	47,151	-	-	47,151	16,347	97.42%	15,925 (Note 5)	8,341 (Note 5)	-
	MAX-DIODE ELECTRONIC CO.,LTD.	New types of electronic components, Semiconductor controlled rectifirer	$12,750	2 DYNAMIC TECH GROUP LIMITED	-	-	-	-	(4,991)	97.42%	(4,862) (Note 5, 6)	- (Note 5, 6)	
	PAN JIT ELECTRONIC (BEIJING) CO., LTD	New types of electronic components, Semiconductor controlled rectifier sales	$13,131	3 Pan-Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	3,215	100.00%	3,215 (Note 5)	10,281 (Note 5)	-
	PAN-JIT ELECTRONICS (SHANDONG) CO., LTD.	Semiconductor wafer manufacturing for automobile, and protection of discrete devices, integrated circuit chips , and production of packaging products	$370,819	3 Pan-Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	26,783	70.28%	18,744 (Note 5)	301,812 (Note 5)	-
	PAN JIT ELECTRONIC (QUFU) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	$2,189	3 Pan-Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	(1,271)	100.00%	(1,271) (Note 5)	1,714 (Note 5)	-

(continued in next page)

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT$ thousands, unless otherwise indicated)

Information on investment in mainland China

(continued from previous page)

Investing companies	Investee Companies in Mainland China	Main business items	Paid-in capital	Investment method (Note 1)	Cumulative Investment Amount Remitted from Taiwan at the beginning of the period	Remitted or recovered investment amount for the period		Cumulative Investment Amount Remitted from Taiwan at the end of the period	Profit or Loss of investee Company in the Current Period	Percentage of Ownership through the Company's Direct or Indirect Investment	Investment profit (loss) confirmed in current year (Note 2)	Carrying amount of investment at the end of the period	Investment Gains Repatriated by the End of the Current Period
						Remittance	Recovery						
PANJIT International Inc.	Zibo Micro Commercial Components Limited company	Rectifier diode, rectifier bridge, Electronic devices	$370,046	3 SUZHOU GRANDEELECTRONICS CO.,LTD.	$-	$-	$-	$-	$24,436	31.38%	$7,668	$99,544	$-
	Jiangsu Aide Solar Technology Co. Ltd.	Solar engery product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	$228,206	2 AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	1,573,193	-	-	1,573,193	12,224	91.63%	11,201 (Note 5)	(1,634,423) (Note 5)	-
Pynmax Technology Co., Ltd.	Shenzhen Max Diode Limited company	New types of electronic components, Semiconductor controlled rectifirer	$47,392	2 DYNAMIC TECH GROUP LIMITED	34,806	-	-	34,806	16,347	47.78%	7,811 (Note 5)	4,091 (Note 5)	-
	Max Device (Shenzhen) Limited company	New types of electronic components, Semiconductor controlled rectifirer	$12,750	2 DYNAMIC TECH GROUP LIMITED	-	-	-	-	(4,991)	47.78%	(2,385) (Note 5, 6)	- (Note 5, 6)	-

Cumulative investment amount remitted from Taiwan to Mainland China at the end of the period		Investment amount approved by Investment Review Committee of Ministry of Economy	Investment ceiling in Mainland China according to provisions of Investment Review Committee of Ministry of Economy
PANJIT International Inc.	$2,476,426	$2,566,190	(Note 3)
PYNMAXTECHNOLOGY CO.,LTD.	$34,806	$34,806	(Note 4) $1,073,679

(Note 1): Investment modes can be divided into the following three types, please mark the type:

(1) Direct Mainland China investment.

(2) Reinvest in mainland China through a third-region company (please specify the investment company in the third region.)

(3) Others.

(Note 2) For the column of gain or loss on investments recognized in the current period:

(1) If it is in preparation and there is no investment gain or loss, it should be indicated.

(2) The recognition basis of investment gain or loss is divided into the following three types, which should be specified

A. The financial report verified by an international accounting firm in cooperation with the Accounting Firm within the Republic of China.

B. The financial report certified and audited by the Taiwanese parent company's CPA.

C. Others.

(Note 3): Due to the Company's establishment of the operating headquarters, in accordance with the provisions of the law, the amount of investment in mainland China is not limited.

(Note 4) Calculations of investment ceiling in Mainland China are as follows:

Pynmax Technology Co., Ltd.: NT$1,789,465 thousand × 60% = NT$1,073,679 thousand

(Note 5): It had been written off in preparing the consolidated financial report.

(Note 6): The entire equity was disposed of on November 19, 2020.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(Unit: NT$ thousands, unless otherwise indicated)
Information on Major Shareholders

TABLE 8 Unit: shares

Shares / Name of Major Shareholders	Number of Shares Held	Shareholding Ratio
Jinmao Investment Co., Ltd.	49,176,710	14.77%

(Note 1): The major shareholders in this table are shareholders holding more than 5% of the common and preference stocks that have completed delivery of non-physical registration (including treasury stocks) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation.However, the Capital stock recorded in the Company’s financial statements and the number of shares actually delivered by the Company without physical registration may differ due to calculation bases

(Note 2): If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders,who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings include their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

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PANJIT INTERNATIONAL INC.

1. Detail list for Cash and Cash equivalents

December 31, 2020

Units: NT$ thousands

Items	Summary		Amount	Remark
Petty cash			$210	The exchange rate of U.S. dollar to New Taiwan dollar is 1:28.48
Bank deposit:				The exchange rate for Japanese Yen to New Taiwan Dollar is 1:0.276
NTD deposit			564,997	The exchange rate for Euro to New Taiwan Dollar is 1:35.02
Foreign currency deposit	USD	1,192,885.77	33,973	The exchange rate of Hong Kong dollar to New Taiwan dollar is 1:3.673
	EUR	28,252.73	989	
	JPY	978,477.00	270	The exchange rate of RMB to New Taiwan dollar is 1:4.377
	HKD	88,151.85	324	
	CNY	26,439.89	116	
	(Unit: in each foreign currency)			
Bank deposit total			600,669	
Grand total			$600,879	

PANJIT INTERNATIONAL INC.

2. Statement of financial assets at fair value through profit or loss - current

December 31, 2020

Units: NT$ thousands

Name of financial instrument	Summary	Shares or units (Thousand shares)	Face value (NT$)	Total Sum	Interest rate	Acquistion cost	Fair value		Changes in fair value attributable to changes in credit risk	Remark
							Unit price (NT$)	Total Sum		
Forward exchange contract	A. Delivery period: 2021/01/07~2021/01/28 B. Delivery rate: USD: 28.492~28.509 C.Amount of foreign currency undelivered USD 2,600 thousand	-	$-	$-	-	-	$-	$52	-	
Fund	Yuanta Taiwan High Dividend Quality Leading Fund	500	10	5,000	-	-	12.59	6,295	-	
Total								$6,347		

PANJIT INTERNATIONAL INC.

3. Details of the net notes receivable

December 31, 2020

Units: NT$ thousands

Account Name	Summary	Amount	Remark
HANWEI ELECTRONICS CO., LTD.	Payment for goods	$16,418	
PIDEX INTERNATIONAL CO., LTD.	Payment for goods	7,091	
JUNSUN ENTERPRISE CO., LTD.	Payment for goods	5,449	
GREAT TREASURE INC.	Payment for goods	3,890	
KROM ELECTRONICS CO., LTD.	Payment for goods	2,835	
Others	(Notes)	661	
Total		36,344	
(Less): allowance loss		-	
Net amount		$36,344	

(Note): The balance of a single item does not exceed 5% of the notes receivable balanc

PANJIT INTERNATIONAL INC.

4. Schedule of Net Accounts Receivable

December 31, 2020

Units: NT$ thousands

Account Name	Summary	Amount	Remark
Da-Fung (Chongqing) Computer Co., Ltd.		$99,882	
Others	(Notes)	1,624,656	
(Less): allowance loss		(15,953)	
Net amount		$1,708,585	

(Note): The balance of a single item does not exceed 5% of the accounts receivable balance.

PANJIT INTERNATIONAL INC.

5. Schedule of Net Accounts Receivable - related parties

December 31, 2020

Units: NT$ thousands

Account Name	Summary	Amount	Remark
PAN JIT ELECTRONIC(WUXI) CO., LTD.	Payment for goods	268,799	Subsidiaries included in the consolidated financial statements may not make allowances for losses
Others	(Notes)	8,372	
Total		277,171	
(Less): allowance loss		-	
Net amount		$277,171	

(Note): The balance of a single item does not exceed 5% of the accounts receivable balance from related parties.

PANJIT International Inc.

6. Statement of Other Receivables

December 31, 2020

Units: NT$ thousands

Items	Summary	Amount	Remark
Non-related parties			
Tax refund receivables	Sales tax	$51,064	
Others	(Notes)	1,253	
Subtotals		52,317	
Related parties			
PAN JIT ELECTRONIC(WUXI) CO., LTD.	Equipment, miscellaneous revenues	188	
Others	(Notes)	-	
Subtotals		188	
(Less): allowance loss		-	
Total		$52,505	

(Note): The balance of a single item does not exceed 5% of the other accounts receivable balance.

PANJIT INTERNATIONAL INC.

7. Income tax assets for the current period

December 31, 2020

Units: NT$ thousands

Items	Summary	Amount	Remark
Income taxes prepaid	Tax withheld	$0	

PANJIT INTERNATIONAL INC.

8. Statement of inventories

December 31, 2020

Units: NT$ thousands

Items	Summary	Costs	Net realisable valu	Remark
Raw material		$469,855	$365,514	raw materials refers to the balance of finished products (including commodities) after subtracting the costs and sales.
Work in process		52,199	52,194	
have to be invested to completion		555,933	463,844	
Total		1,077,987		
Less: Allowance for price decline in inventories		(196,435)		The allowance for inventory depreciation is estimated based on the possibility of the of the inventory and the net slow-moving value.
Net amount		$881,552		

PANJIT International Inc.

9. Statement of Other current assets

December 31, 2020

Units: NT$ thousands

Items	Summary	Amount	Remark
Prepay	Advance payment, advance expenses, inventory supplies, input tax, etc.	$135,088	
Temporary payment	Labor and health insurance, pension, etc.	17,788	
Payments for others	Gifts	2,576	
Other financial assets	Restricted assets	22,214	
Total		$177,666	

PANJIT INTERNATIONAL INC.

10. Financial assets measured at fair value through other comprehensive profit or loss - non-current

From Jan 01 to Dec 31, 2020

Units: NT$ thousands

Name of financial instrument	Opening balance		Increase in the Period		Decrease in current period		Closing balance			Guarantee or Pledge status	Remark
	Number of shares (thousand shares)	Fair value	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding ratio	Fair value		
Advanced Microelectronic Products,Inc.	11,552	$22,296	-	$70,123	-	-	11,552	3.63%	$92,419	None	
				(Note 1)							
Jih Lin Technology Co., LTd.	1,222	79,301	-	13,319	-	-	1,222	1.46%	92,620	None	
				(Note 1)							
KAISON GREEN ENERGY TECHNOLOGY CO., LTD.	614	12,338	-	2,886	160	$6,128	454	0.08%	9,096	None	
				(Note 1)		(Note 3)					
Yofu Investment Co., Ltd.	107	-	-	1,072	107	1,072	-	-	-	None	
				(Note 1)		(Note 3)					
Sentelic Corporation	226	8,780	-	2,280	-	-	226	0.87%	11,060	None	
				(Note 1)							
WELLAN SYSTEM CO., LTD.	445	-	-	-	-	-	445	1.53%	-	None	
TAIDEVELOP INFORMATION CORP.	334	-	-	-	-	-	334	3.71%	-	None	
ENERGY MOANA TECHNOLOGY CO., LTD.	1,200	17,118	-	5,425	-	-	1,200	5.29%	22,543	None	
				(Note 1)							
Neolink Capital Corp.	2,500	25,000	2,500	25,000	-	-	5,000	4.28%	51,330	None	
				(Note 2)							
		-	-	1,330	-	-	-	-	-		
				(Note 1)							
Total		$164,833		$121,435		$7,200			$279,068		

(Note 1): Fair value valuation adjustment

(Note 2): Acquired in the period

(Note 3): Disposal in current period

PANJIT INTERNATIONAL INC.

11. Statement of Changes in Investments Accounted for Using Equity Method

From Jan 01 to Dec 31, 2020

Units: NT$ thousands

Name	Opening balance		Increase in the Period		Decrease in current period		Closing balance			Market Value or Net Equity		Guarantee or Pledge status	Remark
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding ratio	Amount	Unit price	Total price		
PAN-JIT ASIAINTERNATIONAL INC.	227,586	$5,160,446		$421,959		$12,129	228,086	100.00%	$5,548,456	$24.69	$5,630,967	None	
				(Note 1)		(Note 2)					(Note 4)		
			500	14,680		36,500							
				(Note 5)		(Note 3)							
PYNMAXTECHNOLOGY CO.,LTD.	84,386	1,285,661		121,900		12,557	84,462	94.60%	1,560,142	$20.04	1,692,834	None	
				(Note 1)		(Note 2)					(Note 4)		
			76	1,133									
				(Note 6)									
				164,005									
				(Note 3)									
MILDEX OPTICAL INC.	21,470	235,824		5,415		23,906	21,470	21.01%	210,935	$9.82	210,935	None	
				(Note 3)		(Note 1)					(Note 4)		
						6,398							
						(Note 2)							
LIFETECH ENERGY INC.	871	1,248				4	871	20.57%	1,244	$1.43	1,244	None	
						(Note 1)					(Note 4)		
Total		$6,683,179		$729,092		$91,494			$7,320,777		$7,535,980		

(Note 1): The share of the subsidiary’s profit or loss, the upstream unrealized sales benefits, counter-current realized sales benefits, and the profit or loss of side-stream transactions between subsidiaries recognized by the equity method.

(Note 2) The balance of translation of the financial statements of foreign operation institutions recognized by equity method

(Note 3): Obtaining or disposing of equity differences in subsidiaries, downstream unrealized profits and losses, insurance of cash dividends, actuarial profits and losses of defined benefit plan, unrealized (gains) and losses of financial assets measured at fair value through other comprehensive income, unearned compensation for employees, etc. recognized under the equity method.

(Note 4): It is recognized based on the shareholding ratio of the investee company.

(Note 5): Based on the seasoned equity offering of the investee company.

(Note 6): It is the acquisition of shares of the investee company.

PANJIT INTERNATIONAL INC.

12. Statement of Changes in Right-of-Use Assets

From Jan 01 to Dec 31, 2020

Units: NT$ thousands

Items	Opening balance	Changes in current period			Closing balance	Remark
		Increase	Decrease	Reclassification		
Land	$1,800	-	-	-	$1,800	
House and building	10,795	$28,894	-	-	39,689	
Transportation equipment	2,567	1,108	-	-	3,675	
Total	$15,162	$30,002	-	-	$45,164	

PANJIT INTERNATIONAL INC.

13. Statement of Accumulated depreciation - Changes in Right-of-Use Assets

From Jan 01 to Dec 31, 2020

Units: NT$ thousands

Items	Opening balance	Changes in current period			Closing balance	Remark
		Increase	Decrease	Reclassification		
Land	745	$745	-	-	$1,490	
House and building	6,265	7,071	-	-	13,336	
Transportation equipment	1,258	1,243	-	-	2,501	
Total	$8,268	$9,059	-	-	$17,327	

PANJIT INTERNATIONAL INC.

14. Statement of Other non-current assets

December 31, 2020

Units: NT$ thousands

Items	Summary	Amount	Remark
Prepay for equipment		$311,572	
Other non-current assets, others			
Refundable deposit	Golf membership warrant money	$2,400	
Refundable deposit	Guarantee deposit for rented premises	1,435	
Refundable deposit	Others	70,595	
Total		$74,430	

PANJIT INTERNATIONAL INC.

15. Statement of Short-term Loans

December 31, 2020

Units: NT$ thousands

Type of loans	Explanation	Term	Interest rate range	Closing balance	Financing credit	Pledge or Collateral	Note
Credit loan	The Export-Import Bank of the Republic of China- Kaohsiung Branch	2020/12/1~2021/12/1	0.5520%	$300,000	$300,000	None	
Credit loan	First Bank - Luzhu Branch	2020/11/5~2021//2/3	0.750%	47,900	250,000	None	
Credit loan	First Bank - Luzhu Branch	2020/11/5~2021//2/3	0.750%	200,000		None	
Import collection financing	Chinatrust Commercial Bank - Minzu Branch	2020/9/30~2021/3/29	0.670%	9,463	300,000	None	
Import collection financing	Chinatrust Commercial Bank - Minzu Branch	2020/11/2~2021/4/29	0.670%	16,716	300,000	None	
Import collection financing	Chinatrust Commercial Bank - Minzu Branch	2020/11/16~2021/5/14	0.670%	10,707		None	
Import collection financing	Chinatrust Commercial Bank - Minzu Branch	2020/11/16~2021/5/14	1.121%	67,001		None	
Letter of credit	Taishin International Bank - Linya branch	2020/12/30~2021/1/13	0.880%	128,160	800,000	None	
Letter of credit	Taishin International Bank - Linya branch	2020/12/30~2021/1/13	0.880%	90,566		None	
Import collection financing	Cathay United Bank - Gangshan Branch	2020/12/15~2021/1/15	0.750%	39,872	199,360	None	
Import collection financing	Land Bank - Gangshan Branch	2020/12/10~2021/3/10	0.770%	258,105	500,000	None	
Import collection financing	Land Bank - Gangshan Branch	2020/10/20~2021/1/18	0.750%	85,457		None	
Import collection financing	Land Bank - Gangshan Branch	2020/11/10~2021/2/8	0.750%	131,496		None	
Total				$1,385,443			

PANJIT INTERNATIONAL INC.

16. Statement of financial liabilities at fair value through profit or loss - current

December 31, 2020

Units: NT$ thousands

Name of financial instrument	Summary	Shares or units (Thousand shares)	Face value (NT$)	Total Sum	Interest rate	Fair value		Changes in fair value attributable to changes in credit risk	Remark
						Unit price (NT$)	Total Sum		
Forward exchange contract	A. Delivery period: 2021/01/07~2021/03/19 B. Delivery rate: USD:28.095~28.431 C.Amount of foreign currency undelivered USD 10,900 thousand	-	$-	$-	-	-	$2,822	-	

PANJIT INTERNATIONAL INC.

17. Contractual liabilities - current

December 31, 2020

Units: NT$ thousands

Account Name	Summary	Amount	Remark
GINEE CORPORATION	Sales payment	$157	
MITAC DIGITAL TECHNOLOGY CORP.	Sales payment	122	
Others	Sales payment	120	
Total		$399	

PANJIT INTERNATIONAL INC.

18. Statement of Accounts Payable

December 31, 2020

Units: NT$ thousands

Account Name	Summary	Amount	Remark
Lefram Technology Corporation	Purchase payment	$112,784	
Jih Lin Technology Co., LTd.	Purchase payment	90,316	
E'DALE TECHNOLOGY CO., LTD.	Purchase payment	38,084	
Inergy Technology Inc.	Purchase payment	32,719	
Others	(Note)	183,451	
Total		$457,354	

(Note): The balance of a single item does not exceed 5% of the accounts payable balance.

PANJIT INTERNATIONAL INC.

19. Statement of Accounts Payable - Related Party

December 31, 2020

Units: NT$ thousands

Account Name	Summary	Amount	Remark
Pan-Jit Electronics (Wuxi) Co., Ltd.	Purchase payment	$270,696	
Pynmax Technology Co., Ltd.	Purchase payment	40,978	
Others	(Note)	2,076	
Total		$313,750	

(Note): The balance of a single item does not exceed 5% of the accounts payable balance from related parties.

PANJIT INTERNATIONAL INC.

20. Statement of Other Payables

December 31, 2020

Units: NT$ thousands

Item	Description	Amount	Remarks
Awards and salaries payable	December salary, year-end bonus and estimated cashed-out leaves	$299,546	
Commissions payable	Including NT$36,914 thousand of commissions payable to related parties - Pan-Jit Europe	55,758	
Processing fee payable	Including entrusted processing cost NT$176 thousand to the related party - Pynmax	40,317	
Equipment expense payable	Including NT$2,759 thousand of equipment payment payable to related parties - Pan-Jit Wuxi	123,461	
Other payables - related parties	Borrowed US$30 million from the related party - PAN-JIT ASIA	854,400	
Other expenses payable	Utility expenses, import and export expenses, insurance expenses, labor expenses, pensions, interest and rent, etc.	173,931	
Total		$1,547,413	

PANJIT INTERNATIONAL INC.

21. Statement of Other current liabilities - others

December 31, 2020

Units: NT$ thousands

Item	Description	Amount	Remarks
Agency fund	Collection for labor and health insurance, food, etc.	$9,337	
Temporary receipts	To be written-off	1,541	
Others		6,013	
Total		$16,891	

PANJIT INTERNATIONAL INC.

22. Other non-current liabilities - Others

December 31, 2020

Units: NT$ thousands

Item	Description	Amount	Remarks
Deferred gain from government grants	Government low-interest loan	$5,441	

PANJIT INTERNATIONAL INC.

23. Lease liabilities

December 31, 2020

Units: NT$ thousands

Items	leasing term	Discount rate	Closing balance	Remarks
Land	2020/04/01-2025/08/04	1.7895%	$316	
House and building	2018/05/20-2021/05/19	1.3400%	26,410	
Transportation equipment	2020/12/04-2023/12/03	1.3400%	1,086	
Transportation equipment	2019/03/08-2021/05/19	1.7895%	85	
Total			27,897	
Lease liabilities due within one year			(7,864)	
Lease Liabilities - non-current			$20,033	

PANJIT INTERNATIONAL INC.
24. Statement of Long-term Loans
December 31, 2020

Units: NT$ thousands

Creditor	Summary	Amount borrowed	Term	Interest rate	Pledge or guarantee	Remark
Land Bank Gangshan Branch	Syndicate credit loan	$87,750	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	Repayment method: Due to the different ways of granting credit, there are two repayment methods. The details are as follows: 1. Credit Line A: The borrower shall treat the two years from the date of first use of the credit as the first period, and thereafter shall be a period of three months, with a total of thirteen installments. The principal shall be repaid on the date of the expiry of each period . The first to twelfth periods shall amortize 7.5% of the actual principal balance in each of each period . The first to twelfth periods shall and the thirteenth period shall amortize all the outstanding principal balance and interest 2. Credit Line B: After the borrower applies for the use of the credit line B in accordance with the provisions of this contract one by one, it shall repay all the principal of each quota used on the day when the agreed loan period for each loan principal expires. If the borrower intends to renew the loan upon the expiration of any loan period, it shall notify the credit management bank with the application form seven business days before the expiry date of each loan period or a shorter period agreed by the credit management bank. According to the credit conditions of this contract, the loan will be renewed in whole or in part. The bank for credit line B is able to directly repay the borrower's unpaid part due to the newly allocated quota, and the part of the same amount does not need to be remitted or allocated separately,and the borrower is deemed to have received the money. The principal used for renewal shall still be repaid in accordance with the method agreed in this paragraph.
Taiwan Cooperative Bank Gangshan Branch	Syndicate credit loan	40,950	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Chang Hwa Commercial Bank Gangshan Branch	Syndicate credit loan	25,350	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
First Commercial Bank Luzhu Branch	Syndicate credit loan	57,525	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Mega International Commercial Bank East Kaohsiung Branch	Syndicate credit loan	31,200	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Taiwan Business Bank Sanmin Branch	Syndicate credit loan	25,350	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Bank of Taiwan Linya branch	Syndicate credit loan	39,000	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Yuanta Bank Linya branch	Syndicate credit loan	31,200	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Bank SinoPac North Tainan Branch	Syndicate credit loan	9,750	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
EnTie Bank Kaohsiung Branch	Syndicate credit loan	9,750	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Cathay United Bank	Syndicate credit loan	39,000	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
KGI Bank Kaohsiung Branch	Syndicate credit loan	11,700	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Hua Nan Bank Wujia Branch	Syndicate credit loan	12,675	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Shin Kong Bank North Kaohsiung Branch	Syndicate credit loan	19,500	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Mega International Commercial Bank Zhongzheng Branch	Syndicate credit loan	15,600	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Bangkok Bank Kaohsiung Branch	Syndicate credit loan	31,200	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Land Bank Gangshan Branch	Syndicate credit loan	360,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Taiwan Cooperative Bank Gangshan Branch	Syndicate credit loan	168,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Chang Hwa Commercial Bank Gangshan Branch	Syndicate credit loan	104,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
First Commercial Bank Luzhu Branch	Syndicate credit loan	236,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Mega International Commercial Bank East Kaohsiung Branch	Syndicate credit loan	128,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Taiwan Business Bank Sanmin Branch	Syndicate credit loan	104,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Bank of Taiwan Linya branch	Syndicate credit loan	160,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	

PANJIT INTERNATIONAL INC.

24. Statement of Long-term Loans

December 31, 2020

Units: NT$ thousands

Creditor	Summary	Amount borrowed	Term	Interest rate	Pledge or guarantee	Remark
Yuanta Bank Linya branch	Syndicate credit loan	128,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Bank SinoPac North Tainan Branch	Syndicate credit loan	40,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
EnTie Bank Kaohsiung Branch	Syndicate credit loan	40,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Cathay United Bank	Syndicate credit loan	160,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
KGI Bank Kaohsiung Branch	Syndicate credit loan	48,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Hua Nan Bank Wujia Branch	Syndicate credit loan	52,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Shin Kong Bank North Kaohsiung Branch	Syndicate credit loan	80,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Mega International Commercial Bank Zhongzheng Branch	Syndicate credit loan	64,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Bangkok Bank Kaohsiung Branch	Syndicate credit loan	128,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
The Export-Import Bank of the Republic of China Kaohsiung Branch	Medium-term and long-term loans	65,333	2018/11/19~2023/11/18	1.0754%	None	
Chang Hwa Commercial Bank Gangshan Branch	Medium-term and long-term loans	59,000	2020/08/11~2027/01/15	0.6500%	None	
Taishin International Bank Linya branch	Medium-term and long-term loans	23,000	2019/12/06~2026/12/05	0.6500%	None	
First Commercial Bank Luzhu Branch	Medium-term and long-term loans	9,000	2020/01/16~2027/01/15	0.6500%	None	
First Commercial Bank Luzhu Branch	Medium-term and long-term loans	143,000	2020/10/15~2027/01/15	0.6500%	None	
Chang Hwa Commercial Bank Gangshan Branch	Medium-term and long-term loans	44,000	2020/01/16~2027/01/15	0.6500%	None	
KGI Bank Kaohsiung Branch	Medium-term and long-term loans	200,000	2020/12/16~2021/03/16	1.0564%	None	
KGI Bank Kaohsiung Branch	Medium-term and long-term loans	200,000	2020/12/21~2021/03/19	1.0566%	None	
EnTie Bank Kaohsiung Branch	Medium-term and long-term loans	300,000	2020/12/25~2021/03/25	1.1420%	None	
Total		3,530,833				
(Less): Maturity within one year		-				
Unamortized syndication expense		(3,194)				
Deferred gain from government grants		(5,441)				
Net amount		$3,522,198				

PANJIT INTERNATIONAL INC.

25. Statement of Operating Revenue

From Jan 01 to Dec 31, 2020

Units: NT$ thousands

Items	QTY (thousand units)	Amount	Remark
Diode rectifier	21,555	$6,406,818	
Surge suppressor	248	289,265	
IC	0	0	
Others	557	78,602	Raw materials
Total		6,774,685	
(Less): Sales return or discount	(41)	(63,766)	
Net amount		$6,710,919	

PANJIT INTERNATIONAL INC.
26. Statement of Operating Costs
From Jan 01 to Dec 31, 2020

Units: NT$ thousands

Items		Amount
Direct raw material:		
Inbound for the current period		$2,174,684
Plus:	Beginning stock	381,987
	Amount of other transfers	282,012
(Less):	Raw Materials at the end of the period	(469,855)
	Raw materials sold	(71,264)
	Inventory (gain) loss	108
	Transfer to other accounts	(147,709)
Consumed for the current period		2,149,963
Direct labor		490,114
Manufacturing expense		950,077
Manufacturing cost		3,590,154
Plus:	Initial goods in process	44,282
	Amount of other transfers	1,000
(Less):	Work in process at the ending of the period	(52,199)
	Inventory (gain) loss	(1)
	Transfer to finished products	(353,228)
	Transfer to other accounts	(29,567)
Finished good cost		3,200,441
Plus:	Initial finished goods	696,549
	Acquired in the period	1,636,034
	Work in process inbound	353,228
	Amount of other transfers	5,005
(Less):	Finished goods at the end of the period	(555,933)
	Inventory (gain) loss	(2,124)
	Transfer to other accounts	(5,423)
Cost of Goods Sold		5,327,777
Other operating cost		21,300
Raw materials sold		71,264
Inventory reversal gain		(16,044)
Others (revenue from scrap sales and inventory gain or loss)		(28,423)
Total Operating Cost		$5,375,874

PANJIT INTERNATIONAL INC.

27. Statement of Operating Expenses

From Jan 01 to Dec 31, 2020

Units: NT$ thousands

Items	Summary	Selling expense	Remark
Payrolls		$108,945	
Commission expenditure		100,467	
Expense for import and export		90,193	
Miscellaneous expenses		39,748	
Freight		21,916	
Others	The account of which the balance does not exceed 5% of the balance of this account	34,443	
Total		$395,712	

Items	Summary	Administrative expense	Remark
Payrolls		$163,190	
Miscellaneous expenses		36,259	
Amortization		20,233	
Others	The account of which the balance does not exceed 5% of the balance of this account	61,851	
Total		$281,533	

Items	Summary	Research and development expenses	Remark
Payrolls		$79,372	
Materials		25,372	
Miscellaneous expenses		19,788	
Amortization		15,594	
Depreciation expense		13,452	
Others	The account of which the balance does not exceed 5% of the balance of this account	10,573	
Total		$164,151	

PANJIT INTERNATIONAL INC.

28. Statement of Non-operating income and expenditures

From Jan 01 to Dec 31, 2020

Units: NT$ thousands

Item	Description	Amount	Note
Interest earned	Interest on bank deposits	$6,232	
Rental receipt		8,188	
Dividend income		7,405	
Other revenues	Revenue of payment repossession and sample income, etc.	7,385	
Total other revenues		$29,210	
Disposition of plant, property and equipment		($1,516)	
Net loss (gain) on foreign currency exchange		(44,390)	
Financial assets measured at fair value through profit or loss and liability valuation gain or loss	Stock and forward foreign exchange valuation gain or loss	(777)	
Profits on disposal of investments		0	
Miscellaneous expenses		(149)	
Loss on property, plant, and equipment		1,964	
Other interests and losses total		($44,868)	
Financial cost	Bank loan and lease liabilities	($54,657)	
Proportion of gain or loss from subsidiaries and associates recognized by equity method		$519,949	
Total non-operating income and expenditure		$449,634	

Appendix IV

PANJIT International Inc.

Statement of Internal Control System

Date: March 26, 2021

The Statement of Internal Control System is issued based on the Company's FY2020 self-assessment:

I. The Company acknowledges that the establishment, implementation, and maintenance of the internal control system are the responsibilities of the Company's Board of Directors and managerial officers, and have established such a system. The objectives of this system are to meet various goals including achieving operational benefits and efficiency (including profitability, performance, as well as asset and safety protection), and ensuring the reliability, timeliness, transparency and regulatory compliance of reporting, thereby providing reasonable assurance.

II. An internal control system has inherent constraints. No matter how comprehensive its design may be, an effective internal control system can only provide adequate assurance for achieving the objectives mentioned above. In addition, the effectiveness of an internal control system may change with the environment and under different situations. However, the Company's internal control system is setup with self-monitoring mechanisms, thereby allowing the Company to take immediate remedial actions in response to any identified deficiency.

III. The Company determines whether or not the design and implementation of its internal control system is effective according to the items for determining the effectiveness of internal control system as stated in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The internal control system is divided into 5 key components according to the process of management control to generate internal control system assessment items adopted by the Regulations, including: 1. control environment; 2. risk assessment; 3. control operations; 4. information and communications; and 5. monitoring operations. Each key component also includes a number of items. Refer to the Regulations for more information on the items above.

IV. The Company has adopted the aforementioned internal control system assessment items to evaluate its ICS design and implementation effectiveness.

V. Based on the findings of such assessment, the Company believes that, on December 31, 2020, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws, and regulations.

VI. This statement will become the main content of the Company's annual report and public brochure, and will be made public. Should the content above contain illegalities such as fraudulent and hidden information, the Corporation shall be subject to legal responsibilities provided in Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.

VII. This statement has been approved by the Board of Directors on March 26, 2021, amongst the 7 directors that attended the meeting. With zero objection, and the remaining have all agreed with the contents of this statement.

PANJIT International Inc.

Chairman: FANG, MIN-CHING

President: FANG, MIN-CHING

PANJIT International Inc.

Chairman:

FANG, MIN-CHING