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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

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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.

Revenue Recognition

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)

	Equity attributable to owners of parent company											
	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 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	Percentage of ownership (%) 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%

			Percentage of ownership (%)	
Investor	Subsidiary	Main Business	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

Classification of liabilities or equities

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.

<u>Group as a lessee</u>

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.

<u>Current income tax</u>

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.

<u>Key assumptions used to calculate value in use</u>

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

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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.

Year	Tax losses for the period	Unused tax losses as at 2020/12/31	Unused tax losses as at 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)

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)

(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: At the end of the period	Initial investment amount: End of last year	Holding at the end of the period: Number of shares (thousand shares)	Holding at the end of the period: Ratio	Holding at the end of the period: Carrying amount	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
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)

(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.

(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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