

2481

PANJIT INTERNATIONAL INC.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT ACCOUNTANTS FOR THE

YEARS ENDED

31 December 2020 AND 2019

Address: No. 24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City
Tel: 886-7-621-3121

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

Independent Auditor's Report

To: PANJIT International Inc.

Opinion

We have audited the Parent Company Only Balance Sheets of PANJIT International Inc. as of December 31, 2020, and 2019, the Parent Company Only Statements of Comprehensive Income, Parent Company Only Statements of Changes in Equity, Parent Company Only Statements of Cash Flows, and Notes to Parent Company Only Financial Statements (including Summary of Significant Accounting Policies) for the annual period from January 1 to December 31, 2020, and 2019.

In our opinion, the aforementioned Parent Company Only Financial Statements present fairly, in all material respects, the financial position of PANJIT International Inc. as of December 31, 2020, and 2019, and its financial performance and cash flows for the annual periods ended December 31, 2020, and 2019.

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. The CPA's obligations under these standards will be further explained in the paragraph of responsibility for the CPA to audit the Parent Company Only Financial Statements. We are independent of PANJIT International Inc. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The CPA believes that sufficient and appropriate evidences for the audit have been obtained as the basis for expressing opinion.

Key Audit Matters

Key audit key matters refer to those most material key matters for the audit on the Parent Company Only Financial Statements of the FY2020 of PANJIT International Inc., based on the professional judgment of the CPA. Such matters have been taken into account in audit of the overall Parent Company Only Financial Statements and have been considered to the formation of audit opinions, therefore the CPA is not giving any personal opinions on such key matters.

Revenue Recognition

PANJIT International Inc. recognized an operating income of NT\$6,710,919 thousand in FY2020. The main source of income is the manufacture and sale of diode products. As its operating locations traverse the multi-national markets in the world and the combination of sales products and pricing methods are diversified, it requires judgment and determination of the performance obligations and the timing of their satisfaction, the CPA identified the recognition of client contract revenue as a key audit matter.

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

Valuation for Inventories

As of December 31, 2020, the net inventory of PANJIT International Inc. was NT\$881,552 thousand, accounting for 6% of total assets, which is significant to the financial statements. The Company's inventories are distributed in many countries and warehouses. Some warehouses are outsourced and have many inventory items, making it difficult to manage the status of inventory utilization. The aforementioned inventory is measured by the lower cost and net realizable value. The assessment involves the major accounting estimations and judgment of the management. Therefore, the CPA decides that inventory evaluation is a key audit item.

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

Responsibilities of Management and Those Charged with Governance for Parent Company only Financial Statements

It is the management's responsibility to fairly present the Parent Company Only Financial Statements in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," and to avoid material misstatements due to fraud or errors therein.

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

Those charged with governance (including the audit committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company only Financial Statements

The CPA's objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or errors, and to issue the CPA audit report and opinion thereon. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted will always detect a material misstatement when it exists. Misstatement may be caused by fraud or error. Misstatements are considered material if, individually or in the aggregate, they may reasonably be expected to influence the economic decisions taken on the basis of these parent company only financial statements by users hereof.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or errors, design and performing audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a solid basis for the CPA's professional opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the overriding of internal controls.
2. Obtain necessary understanding of internal controls relevant to the audit in order to design appropriate audit procedures in the circumstances, but the purpose is not to express an opinion on the effectiveness of internal controls of PANJIT International Inc.
3. Assess the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.
4. Make conclusions on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether any material uncertainty exists related to any events or conditions which might cast significant doubts on the Company's ability to continue as a going concern. If the CPA considers that there is material uncertainty in such events or circumstances, he shall, in the audit report, remind users of the Parent Company Only Financial Statements of the relevant disclosure of the Parent Company Only Financial Statements or amend the audit opinion where such disclosure is not appropriate. The CPA's conclusions are based on the audited evidence obtained as of the date of the audit report. However, future events or conditions may cause PANJIT International Inc. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including the disclosures made therein) and whether the parent company only financial statements represent all the underlying transactions and events in a manner that achieves an objectively fair presentation.

6. Sufficient and appropriate audit evidences shall be obtained for the financial information of the constituent entities within PANJIT International Inc. to express opinions on the Parent Company Only Financial Statements. The CPA is responsible for the guidance, supervision, and implementation of the Group's audit and responsible for forming audit opinions on the Group.

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

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

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

Ernst & Young Taiwan

March 26, 2021

Notice to Readers

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

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Assets		December 31, 2020		December 31, 2019	
Accounting Items	Notes	Amount	%	Amount	%
Current asset					
Cash and cash equivalents	(VI)1	\$600,879	4	\$235,093	2
Financial assets at fair value through profit or loss - current	(VI)2	6,347	0	91,911	1
Net notes receivable, net	(VI)4, 16	36,344	0	37,952	0
Net accounts receivable, net	(VI)5, 16	1,708,585	12	1,455,588	12
Net accounts receivable - related parties, net	(VI)5, 16 / (VII)	277,171	2	121,504	1
Other receivables	(VII)	52,505	0	29,490	0
Income tax assets in current period		-	-	111	0
Stock inventory	(VI)6	881,552	6	910,339	8
Other current assets	(VIII)	177,666	1	107,926	1
Total current assets		3,741,049	25	2,989,914	25
Non-current assets					
Financial assets at fair value through other comprehensive income - non-current	(VI)3	279,068	2	164,833	2
Investments accounted for using equity method	(VI)7	7,320,777	50	6,683,179	55
Property, Plant, and Equipment	(VI)8 / (VII) / (VIII)	2,524,877	17	1,892,469	16
Right-of-use assets	(VI)17	27,837	0	6,894	0
Intangible assets	(VI)9	77,792	1	51,975	0
Deferred income tax asset	(VI)21	267,315	2	290,905	2
Prepay for equipment		311,572	2	5,863	0
Other non-current assets, others		74,430	1	4,922	0
Total non-current assets		10,883,668	75	9,101,040	75
Total assets		\$14,624,717	100	\$12,090,954	100
Liabilities and Equities		December 31, 2020		December 31, 2019	
Accounting Items	Notes	Amount	%	Amount	%
Current Liabilities					
Short-term loan	(VI)10	\$1,385,443	10	\$1,989,732	16
Financial liabilities at fair value through profit or loss - current	(VI)11	2,822	0	102	0
Contractual liabilities - current	(VI)15	399	0	189	0
Accounts payable		457,354	3	412,274	3
Accounts payable - Related Parties	(VII)	313,750	2	240,292	2
Other payables	(VII)	1,547,413	11	434,965	4
Current tax liabilities	(VI)21	71,055	0	126,361	1
Lease liabilities - current	(VI)17	7,864	0	6,553	0
Other current liabilities - other		16,891	0	10,455	0
Total current liabilities		3,802,991	26	3,220,923	26
Non-current liabilities					
Long-term loan	(VI)12 / (VIII)	3,522,198	24	2,450,978	20
Deferred tax liabilities	(VI)21	71,920	0	72,360	1
Lease liabilities - non-current	(VI)17	20,033	0	401	0
Net defined benefit liability - non-current	(VI)13	102,713	1	97,103	1
Other non-current liabilities - others		5,441	0	494	0
Total non-current liabilities		3,722,305	25	2,621,336	22
Total liabilities		7,525,296	51	5,842,259	48
Equity					
Capital stock					
Common stock	(VI)14	3,328,149	23	3,328,149	28
Capital surplus	(VI)14	2,196,674	15	2,202,946	18
Retained earnings	(VI)14				
Legal surplus reserves		239,453	2	186,432	2
Special surplus reserves		717,237	5	525,032	4
Undistributed earnings		1,015,504	7	723,373	6
Total retained earnings		1,972,194	14	1,434,837	12
Other equities		(381,089)	(3)	(717,237)	(6)
Treasury stock	(VI)14	(16,507)	0	-	-
Total equity		7,099,421	49	6,248,695	52
Total liabilities and equity		\$14,624,717	100	\$12,090,954	100

(The accompanying notes are an integral part of the parent company only financial statements)

PANJIT International Inc.

Parent Company Only Income Statement

For the years ended December 31, 2020 and 2019

(The accompanying notes are an integral part of the parent company only financial statements)

Accounting items	Notes	2020		2019	
		Amount	%	Amount	%
Operating revenue	(VI)15 / (VII)	\$6,710,919	100	\$5,941,910	100
Operating cost	(VI)18 / (VII)	(5,375,874)	(80)	(4,731,153)	(79)
Gross profit		1,335,045	20	1,210,757	21
Less: Unrealized gain or loss of merchandise sales		(19,284)	(0)	(20,066)	(0)
Realized gain or loss on merchandise sales		20,066	0	18,422	0
Net gross profit		1,335,827	20	1,209,113	21
Operating expense	(VI)16, 18 / (VII)				
Selling expense		(395,712)	(6)	(327,144)	(6)
Administrative expense		(281,533)	(4)	(215,721)	(4)
Research and development costs		(164,151)	(2)	(123,402)	(2)
Expected credit impairment loss (gain)		(641)	0	2,092	0
Total Operating Expense		(842,037)	(12)	(664,175)	(12)
Operating profit		493,790	8	544,938	9
Non-operating income and expenditure	(VI)19				
Interest earned		6,232	0	7,387	0
Other revenues		22,978	0	11,460	0
Other gain or loss		(44,868)	(1)	(16,761)	(0)
Financial cost		(54,657)	(1)	(55,663)	(1)
Proportion of gain or loss from subsidiaries and associates recognized by equity method	(VI)7	519,949	8	119,450	2
Total non-operating income and expenditure		449,634	6	65,873	1
Profit before tax		943,424	14	610,811	10
Income tax (expense)	(VI)21	(45,989)	(1)	(80,602)	(1)
Net income of continuing operations		897,435	13	530,209	9
Net income		897,435	13	530,209	9
Other comprehensive income (net amount)	(VI)20				
Items that may not be reclassified subsequently to gain or loss					
Remeasurement of defined benefit plan		(6,480)	(0)	(6,274)	(0)
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income		377,126	5	(27,562)	(0)
Income tax relating to items that will not be reclassified		(12,825)	(0)	2,159	0
Items that may be reclassified subsequently to gain or loss					
Exchange differences on translation of foreign financial statements		(31,085)	(0)	(203,107)	(3)
Income tax expenses (gains) related to items that may be reclassified subsequently to gain or loss:		2,426	0	37,606	1
Other comprehensive income of the current period (net after tax)		329,162	5	(197,178)	(2)
Total comprehensive income		\$1,226,597	18	\$333,031	7
Earnings per share (NT\$)					
Basic earnings per share	(VI)22	\$2.70		\$1.50	
Diluted earnings per share	(VI)22	\$2.69		\$1.50	

(The accompanying notes are an integral part of the parent company only financial statements)

English translation of Parent Company Only Financial Statements Originally issued in Chinese
PANJIT International Inc.

Parent Company Only Statement of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

Items	Capital		Retained earnings			Other equity interest			Treasury stock	Total Equities
	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		
Balance as of January 1, 2019	\$3,697,944	\$2,196,674	\$108,104	\$254,865	\$783,283	(\$475,123)	(\$49,075)	(\$834)	\$-	\$6,515,838
Earnings allocation and distribution										
Legal surplus reserves recognized			78,328		(78,328)					-
Special surplus reserves				270,167	(270,167)					-
Cash dividends on ordinary shares					(184,897)					(184,897)
Changes in associates recognized by equity method		489			(33,270)			153		(32,628)
Net profit in FY2019					530,209					530,209
Other comprehensive income in FY2019					(4,761)	(165,501)	(26,916)			(197,178)
Total comprehensive income	-	-	-	-	525,448	(165,501)	(26,916)	-	-	333,031
Cash capital reduction	(369,795)									(369,795)
Changes of ownership equities of subsidiaries		5,783			(17,404)			59		(11,562)
Disposal of equity instruments at fair value through other comprehensive income					(1,292)					(1,292)
Balance as of December 31, 2019	\$3,328,149	\$2,202,946	\$186,432	\$525,032	\$723,373	(\$640,624)	(\$75,991)	(\$622)	\$-	\$6,248,695
Balance as of January 1, 2020	\$3,328,149	\$2,202,946	\$186,432	\$525,032	\$723,373	(\$640,624)	(\$75,991)	(\$622)	\$-	\$6,248,695
Earnings allocation and distribution										
Legal surplus reserves recognized			53,021		(53,021)					-
Special surplus reserves				192,205	(192,205)					-
Cash dividends on ordinary shares					(349,456)					(349,456)
Changes in associates recognized by equity method		(489)			(154)			209		(434)
Net profit in FY2020					897,435					897,435
Other comprehensive income in FY2020					(5,087)	(28,659)	362,908			329,162
Total comprehensive income	-	-	-	-	892,348	(28,659)	362,908	-	-	1,226,597
Redemption of treasury stocks									(16,507)	(16,507)
Difference between the price received from acquisition or disposal of interest in subsidiaries and carrying amount		(8,489)								(8,489)
Changes of ownership equities of subsidiaries		2,706			(3,691)					(985)
Disposal of equity instruments at fair value through other comprehensive income					(1,690)		1,690			-
Others										-
Balance as of December 31, 2020	\$3,328,149	\$2,196,674	\$239,453	\$717,237	\$1,015,504	(\$669,283)	\$288,607	(\$413)	(\$16,507)	\$7,099,421

(The accompanying notes are an integral part of the parent company only financial statements)

Parent Company Only Cash Flow Statement

For the years ended December 31, 2020 and 2019

(Expressed in thousands of New Taiwan Dollars)

Items	2020	2019
	Amount	Amount
Cash flow from operating activities		
Pre-tax net profit of continuing operations	\$943,424	\$610,811
Adjustment items:		
Revenue and expenses		
Depreciation expense	303,222	409,112
Amortization expense	36,204	23,068
Expected credit impairment loss (gain)	641	(2,092)
Net loss (gain) of financial assets and liabilities at fair value through profit or loss	777	(19,267)
Interest expense	54,657	55,663
Interest earned	(6,232)	(7,388)
Dividend income	(7,404)	(5,074)
Proportion of loss from subsidiaries and associates recognized by equity method	(519,949)	(119,450)
Loss (gain) from disposal and scrapping of property, plant, and equipment	1,516	(3,307)
Disposal of investments (gain)	-	(142)
Non-financial asset impairment loss	-	7,420
Reversal gain of impairment on financial assets	(1,964)	-
Unrealized sales profit	19,284	20,066
Realized merchandise sales (gain)	(20,066)	(18,422)
All Others	(12,211)	56,131
Total revenue and expenses	(151,525)	396,318
Changes in assets/liabilities related to operating activities:		
Net changes in assets of operating activities		
Decrease (increase) in acquisition of financial assets at fair value through profit or loss	87,505	(75,028)
Decrease in notes receivable	1,608	2,531
(Increase) decrease in accounts receivable	(253,638)	262,000
Decrease (increase) in accounts payable - related parties	(155,667)	75,680
Other receivables (increase)	(23,105)	(7,956)
Other receivables - decrease in related parties	90	68,451
Decrease in inventories	44,831	151,169
Other current assets (increase)	(69,740)	(17,750)
Net changes in liabilities related to operating activities		
Increase (decrease) in contract liability	210	(1,849)
Increase (decrease) in accounts payable	45,080	(166,140)
Increase (decrease) in accounts payable - related parties	73,458	(249,238)
Increase (decrease) in other payables	159,362	(140,100)
Increase (decrease) in other current liabilities	6,436	(423)
Net defined benefit liability (decrease)	(1,357)	(2,983)
Total net changes in assets and liabilities related to operating activities	(84,927)	(101,636)
Cash inflow from operations	706,972	905,493
Interest received	6,232	7,388
Income tax (paid)	(88,433)	(537)
Net cash generated by operating activities	624,771	912,344
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(25,000)	(25,000)
Disposal of financial assets at fair value through other comprehensive income	4,437	2,019
Investments acquired by equity method	(15,813)	(657,540)
Acquisition of property, plant, and equipment	(210,494)	(468,580)
Disposal of property, plant, and equipment	291	38,087
Increase in refundable deposit	(69,508)	(255)
Acquisition of intangible assets	(25,099)	(30,593)
Increase in prepay for equipment	(959,642)	(11,327)
Dividends received	149,300	5,074
Net cash (outflow) from investing activities	(1,151,528)	(1,148,115)
Cash flows from financing activities:		
Increase (decrease) in short loan	(604,289)	460,935
Increase in long-term loan	8,331,560	260,500
Repayment of long-term loan	(7,264,173)	-
Increase in other payables - related parties	854,400	-
Repayment of lease principal	(9,245)	(8,410)
Increase in other non-current liabilities	4,947	-
Cash dividends distributed	(349,456)	(184,897)
Cash capital reduction	-	(369,795)
Buyback cost of treasury stocks	(16,507)	-
Interest paid	(54,694)	(56,377)
Net cash inflow from investment activities	892,543	101,956
Net increase (decrease) in cash and cash equivalents	365,786	(133,815)
Opening cash and cash equivalents	235,093	368,908
Closing cash and cash equivalents	\$600,879	\$235,093

(The accompanying notes are an integral part of the parent company only financial statement.)

English Translation of Financial Statements Originally Issued in Chinese

PANJIT INTERNATIONAL INC.

NOTES TO PARENT-COMPANY-ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 December 2020 AND 2019

(Expressed in thousands of New Taiwan Dollars unless otherwise specified)

I. History and organization

1. PANJIT International Inc. (hereinafter referred to as the Company) was established on May 20, 1986 in accordance with the provisions of the Company Act concerning limited liability companies. The Company is located at No. 24, Gangshan N. Rd., Gangshan Dist., Kaohsiung City. The main business includes the manufacturing, processing, assembly, trading, and import and export of various semiconductor rectifiers, the assembling, trading, technology transfer of various mechanical parts, and trade and import and export of the resins and coatings for electronics related to the preceding electronic items.
2. The Company's stock was officially listed for trading on the OTC market on December 22, 1999, and then listed on the Taiwan Stock Exchange on September 17, 2001.

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

The Company's parent company only financial statements for FY2020 and FY2019 were published upon approval by the Board of Directors on March 26, 2021.

III. Newly issued or revised standards and interpretations

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

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

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

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

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

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

- A. For changes in the basis for determining the contractual cash flow of financial instruments, those required by the change in interest rate indicators will not de-recognize or adjust the carrying amount of financial instruments.

By updating the effective interest rate, it reflects changes in the alternative index interest rate;

- B. When hedging still meets the requirements of hedging accounting, the adoption of hedging accounting will not stop simply because of the changes required by the reform; and

- C. Disclosure information is required for new risks arising from the change and how to manage the transition to an alternative indicator interest rate.

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

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

No.	New Standards, Interpretations, and Amendments	Effective Date issued by IASB
1	Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” - Sale or investment of assets between investors and their associates or joint ventures	Subject to the decision of the International Accounting Standards Board

No.	New Standards, Interpretations, and Amendments	Effective Date issued by IASB
2	IFRS 17 "Insurance Contracts"	January 1, 2023
3	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
4	A limited range of amendments to the International Financial Reporting Standards, including amendments to IFRS 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 fulfilling a contract (Amendments to IAS 37)
This amendment clarifies the cost that should be included in corporations' assessment of whether the contract is generating loss.

D. Annual Improvements to IFRSs during 2018-2020 cycle

Amendments to IFRS 1

This amendment simplifies the measurement of cumulative conversion adjustments for applying IFRS 1 when the subsidiary takes the first-time application after the parent company.

Amendments to IFRS No. 9, Financial instruments

This amendment clarifies the expenses involved when corporations evaluate whether the new contract terms or the revised terms of the financial liabilities are significantly different from the original financial liabilities.

Amendments to IFRS 16, "Leases"

This is to revise the lease incentives related to the improvement of the lessee's rights in Example 13.

Amendments to IAS 41

This amendment removes the requirement that cash flow is not included in tax when measuring fair value, so that the fair value measurement requirements of IAS 41 are consistent with the relevant requirements of other international financial reporting standards.

(5) Disclosure initiative - Accounting Policies (Amendments to IAS 1)

This amendment is to improve the disclosure of accounting policies to provide investors and other major users of financial statements with more useful information.

(6) Definition of Accounting Estimates (Amendments to IAS 8)

This amendment directly defines accounting estimates and makes other amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" to help companies distinguish between changes in accounting policies and changes in accounting estimates.

The above-mentioned standards or interpretations that have been issued by the International Accounting Standards Board but have not yet been approved by the FSC shall be subject to the actual application date of the FSC. The Company is currently assessing the potential impact of the newly announced or revised standards or interpretations in (3.) It is temporarily impossible to reasonably estimate the impact of the aforementioned standards or interpretations on the Group, and other newly announced or revised standards or interpretations have no significant impact on the Group.

IV. Summary of significant accounting policies

1. Statement of compliance

The Company's FY2020 and FY2019 parent company only financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

2. Basis of Preparation

The Company has prepared these parent company only financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." As stipulated in Article 21 of "Preparation Standards of Financial Reports for Securities Issuers, the current gain or loss and other comprehensive income in the Parent Company Only Financial report shall be the same as the allocation of other comprehensive income attributable to the parent company owners in the combined financial report, and the owners' equity in the Parent Company Only Financial report shall be the same as the equity attributable to the parent company's owners in the combined financial report. Therefore, investee subsidiaries are expressed in Parent Company Only Financial reports as "investments by equity method", and necessary evaluation adjustments are made.

The parent company only financial statements are prepared on the basis of historical cost, except for financial instruments measured by fair value. The unit for all amounts expressed in the parent company only financial statements are in thousands of NTD unless otherwise stated.

3. Foreign currency transactions

The Company's parent company only financial statements present the NT dollar as the functional currency. Foreign currency transaction is translated into functional currency according to the exchange rate of the transaction date. At the end of each reporting period, monetary items in foreign currencies are converted at the closing exchange rate of that day; Foreign currency items measured at fair value are translated according to the exchange rate on the date of fair value, and foreign currency non-currency items measured through historical cost will be translated according to the exchange rate on the original date of transaction.

Except for the following, the exchange difference arising from the delivery or conversion of monetary items is recognized as gain or loss in the current period:

- (1) For the foreign currency borrowing in order to obtain the assets that meet the requirements, if the conversion difference incurred is regarded as an adjustment to the interest cost, it is a part of the borrowing cost and capitalized as the cost of the asset.
- (2) Foreign currency items applicable to IFRS 9, "Financial Instruments" shall be handled in accordance with the accounting policies of financial instruments.
- (3) For monetary items that form part of the reporting entity's net investment in foreign operating institutions, the resulting exchange difference was originally recognized as other comprehensive income, and when the net investment is disposed of, it is reclassified from equity to gain or loss.

When the profit or loss of a non-monetary item is recognized as other comprehensive income, any conversion component of the profit or loss is recognized as other comprehensive income. When the profit or loss of a non-monetary item is recognized as gain or loss, any conversion component of the profit or loss is recognized as gain or loss.

4. Translation of financial statements in foreign currency

Each foreign operation of the Company determines its own functional currency, and uses that functional currency to measure its financial reports. When preparing parent Company only financial reports, the assets and liabilities of foreign operation are converted into New Taiwan dollars at the closing exchange rate on the balance sheet date, and income and expenditure items are converted at the current average exchange rate. The conversion difference arising from the conversion is recognized as other comprehensive income, and the cumulative conversion difference that has been previously recognized in other comprehensive income and accumulated in the individual components under equity when the foreign operation is disposed of, when the disposition gain or loss are recognized, shall be reclassified from equity to gain or loss. When involving the partial disposal of the loss of control of a subsidiary that includes a foreign operation, and after a partial disposal of the equity of an associate or joint agreement including the foreign operation, if the retained equity is a financial asset that includes the foreign operation, it is also deemed to be disposal.

When disposing of a subsidiary that includes a foreign operation without losing control, the cumulative conversion difference recognized in other comprehensive income is adjusted by “investment by equity method” on a pro rata basis, and not recognized as gain or loss; Under influence or joint control, when part of the disposition includes an associate or joint agreement of a foreign operation, the accumulated exchange difference will be reclassified to gain or loss on a pro rata basis.

The Company’s goodwill arising from the acquisition of a foreign operating organization and fair value adjustments to the carrying amount of its assets and liabilities are treated as the assets and liabilities of the foreign operating organization and presented in its functional currency.

5. Current and non-current distinction

In one of the following conditions, it is classified as current assets, and non-current assets are classified as non-current assets:

- (1) The asset is expected to be realized within normal operation cycle, or it is intended to be sold or consumed;
- (2) The asset held for the purpose of transaction.
- (3) The asset is expected to be realized within twelve months after the reporting period.
- (4) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Any liability meeting one of the following conditions is current liability, and other liabilities not falling into current liability are non-current liability:

- (1) Liabilities to be cleared off within the normal operation cycle.
- (2) Liabilities held primarily for the purpose of trading.
- (3) Liabilities that is due to be settled within twelve months after the reporting period.
- (4) Liabilities whose settlement can be deterred unconditionally for at least twelve months after the reporting period. If the term of liability, at the discretion of transaction party, causes it to be cleared off by issuing equity instruments, the classification will not be influenced

6. Cash and cash equivalents

Cash and cash equivalents are cash on hand, demand deposits, short-run and high liquidity time deposits or investments (including time deposits within 3 months of the contract period) that can be converted into fixed cash at any time and have little risk of value changes.

7. Financial instruments

Financial assets and financial liabilities shall be recognized when the Company became a party to the terms of the financial instrument contract.

Financial assets and financial liabilities that meet the scope of application of IFRS 9 "Financial Instruments" are measured at fair value at the time of initial recognition and are directly attributable to financial assets and financial liabilities (except for those classified as fair value through profit or loss.) The transaction cost of acquisition or issuance, other than financial assets and financial liabilities measured by value, is added to or subtracted from the fair value of the financial assets and financial liabilities.

(1) Recognition and measurement of financial assets

The recognition and derecognition of all financial assets of the Company's customary transactions shall be accounted for on the transaction day.

The Company classifies financial assets as financial assets that are subsequently measured at amortized cost, measured at fair value through other comprehensive income, or measured at fair value through profit or loss based on the following two items:

- A. Business model for managing financial assets
- B. Contractual cash flow characteristics of financial 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

Financial assets measured at fair value through other comprehensive income

Financial assets that meet the following two conditions at the same time are measured at fair value through other comprehensive income, and recognized on the balance sheet as financial assets measured at fair value through other comprehensive income:

- A. The business model of managing financial assets: collecting contractual cash flow and selling financial assets
- B. Contractual cash flow characteristics of financial assets: the cash flow is completely for paying the capital and the interest of capital circulating outside.

The explanation of the recognition of such financial assets-related gain or loss is as follows:

- A. Before derecognition or reclassification, in addition to the derogation gain or loss and the foreign currency exchange gain or loss are recognized in the gain or loss, the gain or loss is recognized in the other comprehensive income
- B. At derecognizing, the cumulative benefits or losses previously recognized in other comprehensive income are reclassified from equity to gain or loss as a reclassification adjustment
- C. The interest calculated by the effective interest method (multiplying the effective interest rate by the total carrying amount of the financial asset) or the following conditions is recognized in the gain or loss:
 - (a) For purchased or initial credit impaired financial assets, the effective interest rate after credit adjustment is multiplied by the amortized cost of the financial asset
 - (b) If it is not the former, but subsequently becomes credit impaired, the effective interest rate is multiplied by the amortized cost of financial assets

In addition, for equity instruments that fall within the scope of IFRS 9 and the equity instruments are neither held for trading, nor recognized or recognized by the acquirer in a business merger under IFRS 3, if there is consideration at the time of initial recognition, corporations choose (irrevocably) to report its subsequent fair value changes in other comprehensive income. The amount reported in other comprehensive income shall not subsequently be transferred to gain or loss (when disposing of these equity instruments, it will be included in the cumulative amount of other equity items and directly transferred to retained earnings), and shall be measured as financial assets at fair value through other comprehensive income and recognized on the balance sheet. Investment dividends are recognized in profit or loss, unless the dividend clearly represents part of the recovery of investment costs.

Financial assets measured at fair value through profit or loss

Except for those, meeting the above-mentioned specific conditions, measured at amortized cost or through other comprehensive income measured at fair value, financial assets are measured at fair value through profit or loss. The financial assets measured at fair value through profit or loss are recognized on the balance sheet.

Such financial assets are measured at fair value, and the profits or losses resulting from re-measurement are recognized as gain or loss. The profits or losses recognized as gain or loss include any dividends or interest received by the financial asset.

(2) Impairments of financial assets

The Company's investment in debt instruments measured at fair value through other comprehensive income and financial assets measured at amortized cost are recognized and measured by expected credit losses. The loss allowance of debt instrument investment measured at fair value through other comprehensive income is recognized in other comprehensive income (without reducing the carrying amount of the investment.)

The Company measures expected credit losses by reflecting the following:

- A. The unbiased and probability-weighted amount determined by evaluating each possible outcome
- B. Time value of money
- C. Reasonable and supportive information related to past events, current conditions and forecasts of future economic conditions (that can be obtained without excessive costs or investment on the balance sheet date)

The method of measuring the allowance loss is explained as follows:

- A. Measured by the amount of 12-month expected credit losses: including financial assets that have not significantly increased in credit risk since initial recognition, or those that are judged to be low in credit risk on the balance sheet date. In addition, it also includes those who measured the allowance loss based on the amount of expected credit loss during the previous reporting period, but no longer met the conditions for a significant increase in credit risk since the initial recognition on the balance sheet date of the current period.
- B. Measurement of the amount of expected credit loss within duration: including financial assets that have significantly increased credit risk since initial recognition, or are purchased or initial credit-impaired financial assets.
- C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company uses the amount of expected credit losses within duration to measure the allowance loss.
- D. For lease receivables arising from transactions within the scope of IFRS 16 (before January 1, 2019, IAS 17), the Company uses the amount of expected credit losses within duration to measure the allowance loss.

On each balance sheet date, the Company compares the changes in the default risk of financial instruments on the balance sheet date and the original recognition date to assess whether the credit risk of the financial instruments has increased significantly after the initial recognition. In addition, please refer to Note 12 for information related to credit risk.

(3) Derecognition of financial assets

Financial assets held by the Company are derecognized when one of the following conditions is met:

- A. The contractual rights from the cash flows of financial assets terminate.
- B. The financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to others.
- C. Almost all risks and rewards of asset ownership have not been transferred or retained, but control of assets has been transferred.

When a financial asset is derecognized as a whole, the difference between its carrying amount and the received or receivable consideration plus any cumulative gains or losses recognized in other comprehensive income is recognized in gain or loss.

(4) Financial liabilities and equity instruments

Classification of liabilities or equities

The debt and equity instruments issued by the Company are classified as financial liabilities and equity in accordance with the substance of contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity Instruments

An equity instrument refers to any contract that recognizes the Company's remaining equity after deducting all liabilities from its assets. The equity instruments issued by the Company are recognized at the price obtained deduct the direct issue cost.

Compound instrument[s]

The Company recognizes the constituent elements of financial liabilities and equity in accordance with the contractual terms of the convertible corporate bonds issued. In addition, for the issued convertible corporate bonds, before distinguishing the equity elements, it is evaluated whether the economic characteristics and risks of the embedded buying and selling rights are closely related to the main debt product.

For the market interest rate assessment of the debt component that does not involve derivative instruments, the fair value of which is equivalent in nature and does not have conversion characteristics. Before conversion or redemption and settlement, this part of the amount is classified as financial liabilities measured at amortized cost; As for other parts of embedded derivatives that are not closely related to the risks of the economic characteristics of the main contract (for example, the execution price of the embedded buy-back and redemption rights cannot be almost equal to the amortized cost of the debt goods on each execution day), except for the components of equity, they are classified as components of liabilities. And in the subsequent period, it will be measured at fair value through profit or loss; The amount of the equity element is determined by deducting the component part of the liability from the fair value of the convertible corporate bond. The carrying amount will not be remeasured in subsequent accounting periods. If the convertible corporate bonds issued do not have equity elements, they shall be processed in accordance with the IFRS 9 Hybrid Instruments.

Transaction costs are allocated to the liabilities and equity components in accordance with the proportion of the originally recognized convertible corporate bonds allocated to the liabilities and equity components.

When the holder of the convertible corporate bond requests to exercise the right of conversion before the expiry of the convertible corporate bond, the carrying amount of the component elements of the liability is adjusted to the carrying amount that should be at the time of the conversion as the accounting basis for the issuance of ordinary shares.

Financial liabilities

Financial liabilities that meet the scope of application of IFRS 9 are classified as financial liabilities measured at fair value through profit or loss or financial liabilities measured at amortized cost at the time of initial recognition.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated to be measured at fair value through profit or loss.

When one of the following conditions is met, it is classified as held for trading:

- A. The main purpose of its acquisition is to sell in a short time;
- B. At the time of initial recognition, it is part of the portfolio of identifiable financial instruments jointly managed, and there is evidence that the portfolio is a short-run profit-making operation in the near future; or
- C. Derivatives (except for financial guarantee contracts or derivatives that are designated and effective hedging instruments.)

For contracts containing one or more embedded derivatives, the overall hybrid (combined) contract can be designated as a financial liability measured at fair value through profit or loss; when one of the following factors is met and more relevant information can be provided, at the time of initial recognition, it is designated as measured at fair value through profit or loss:

- A. The designation can eliminate or significantly reduce measurement or recognition inconsistencies; or
- B. A group of financial liabilities or a group of financial assets and financial liabilities shall be managed and evaluated on a fair value basis in accordance with written risk management or investment strategies, and the information on the investment portfolio provided to the management by the Group shall also be based on fair value.

The profits or losses arising from the re-measurement of such financial liabilities are recognized as gain or loss, and the profits or losses recognized as gain or loss include any interest paid by the financial liabilities.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost, including accounts payable and borrowings, etc., are measured using the effective interest method after initial recognition. When financial liabilities are derecognized and amortized through the effective interest method, the related gain or loss and amortization amount are recognized in gain or loss.

The calculation of the amortized cost considers the discount or premium at the time of acquisition and transaction costs.

Derecognition of financial liabilities

When the obligation of a financial liability is discharged, canceled or lapsed, the financial liability is derecognized.

When the Company and creditors exchange debt instruments with materially different terms or make major changes to all or part of the existing financial liabilities (regardless of whether it is due to financial difficulties), when dealing with derecognizing financial liabilities, by the method of derecognizing the original liabilities and recognizing new liabilities, the difference between its carrying amount and the total consideration paid or payable (including transferred non-cash assets or liabilities assumed) is recognized as gain or loss.

(5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities can be offset and recognized on the balance sheet as a net amount only when the recognized amount currently has mutually offsetting legal exercise rights and intends to settle on a net amount or realize assets and liquidate liabilities at the same time.

8. Derivative instruments

The derivative instruments held or issued by the Company are used to avoid exchange rate risk and interest rate risk. Among them, those that are designated and effectively hedged are recognized as hedged financial assets or liabilities on the balance sheet; the rest are not designated. For effective hedging, it is reported on the balance sheet as financial assets or financial liabilities measured at fair value through profit or loss.

The initial recognition of derivatives is measured by the fair value on the date when the derivative contract is signed, and is measured by the fair value after it is renewed. When the fair value of a derivative is a positive number, it is a financial asset; when the fair value is a negative number, it is a financial liability. Changes in the fair value of derivatives are directly recognized in gain or loss, but for those involving cash flow hedging and net investment hedging of foreign operation are an effective part, the Company recognized under gain or loss or equity.

Where the master contract is a non-financial asset or financial liability, when the economic characteristics and risks of the derivatives embedded in the master contract are not closely related to the master contract, and the master contract is not measured at fair value through profit or loss, the embedded derivatives should be treated as independent derivatives.

9. Fair value measurement

Fair value refers to the price that can be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement date. The fair value measurement assumes that the sale of assets or transfer of liabilities takes place in one of the following markets:

- (1) The main market for the asset or liability, or
- (2) If there is no major market, the most favorable market for the asset or liability

The main or most advantageous market must be accessible to the Company for trading.

The fair value of assets or liabilities is measured by using assumptions that market participants will use when setting asset or liability price, and it is assumed that these market participants are acting in their economic best interests.

The fair value measurement of non-financial assets takes into account market participants by using the asset for its highest and best use or by selling the asset to another market participant who will use the asset for its highest and best use, In order to generate economic benefits.

The Company adopts appropriate valuation techniques under relevant circumstances and sufficient information is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

10. Inventories

Inventories are evaluated based on the lower of cost and net realizable value.

Cost refers to the cost incurred to bring the inventory to the state and location available for sale or production:

Raw materials - based on the actual purchase cost, using the weighted average method.

Finished goods and work in progress - including direct raw materials, labor, and fixed manufacturing expenses shared by normal production capacity, but not the borrowing costs.

Net realizable value is the estimated selling price in the ordinary course, less the cost of completion and applicable variable selling expenses.

The provision of labor services is handled in accordance with the provisions of IFRS 15, and is not in the scope of inventory.

11. Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups to be sold refer to those that can be sold immediately in accordance with general conditions and business practices under the current circumstances, and are highly likely to complete the sale within one year. Non-current assets classified as pending sale and disposal groups are measured by the lower of carrying amount and fair value minus disposal costs.

The income and expenditures of the discontinued unit are reported separately in the consolidated income statement during the reporting period and the comparison period of the previous year, based on the after-tax basis and the income and expenditures of the continuing business unit. Even if, after the Company disposed the subsidiary, it still retains a non-controlling equity. The relevant after-tax profits and losses of discontinued units are presented separately in the consolidated income statement.

Once property, plant, and equipment and intangible assets are classified as pending sale, they will no longer be depreciated or amortized.

12. Investments accounted for using the equity method

The Company's investments in associates are treated with the equity method, except for assets classified as assets for sale. Associates refer to companies that the Company has a significant influence on. A joint venture refers to the Company that has rights to the net assets of the joint agreement (with joint control.)

Under the equity method, investment in an associate or joint venture is recognized in the balance sheet, which is the amount recognized by the Company based on cost plus the amount of the change in the net assets of the associate or joint venture after acquisition in shareholding ratio. After the carrying amount of the associate or joint venture investment and other related long-term equity is reduced to zero using the equity method, additional losses and liabilities are recognized within the scope of legal obligations, constructive obligations, or payments made on behalf of the associate. Unrealized gains and losses arising from transactions between the Company and associates or joint ventures shall be eliminated according to the proportion of its equity in the associates or joint ventures.

When changes in the equity of an associate or joint venture do not occur due to gain or loss and other comprehensive income items and do not affect the Company's shareholding ratio, the Company recognizes the related ownership and equity changes based on the shareholding ratio. Therefore, the recognized capital reserve is transferred to gain or loss according to the proportion of the disposal in the subsequent disposal of associates or joint ventures.

When an associate or a joint venture issues new shares, the Company fails to subscribe in proportion to the shareholding ratio, resulting in a change in the investment ratio, thereby increasing or decreasing the Company's equity holdings in the associate or joint venture, "capital reserve" and "investment using the equity method" are used to adjust the increase or decrease. When the investment ratio change decreases, the related items that have been previously recognized in other comprehensive income are also reclassified to gain or loss or other appropriate accounts according to the reduction ratio. The recognized capital reserve above is transferred to gain or loss according to the proportion of the disposal in the subsequent disposal of associates or joint ventures.

The financial reports of associates or joint ventures are prepared for the same reporting period as the Company, and adjusted to make their accounting policies consistent with the Company's accounting policies.

At the end of each reporting period, the Company confirms whether there is objective evidence showing that the investment in associates or joint ventures has been impaired in accordance with the provisions of IAS 28 "Investment in associates and joint ventures." That is, in accordance with IAS 36 "Asset Impairment", the amount of impairment is calculated based on the difference between the recoverable amount of the associate or joint venture and the carrying amount, and the amount is recognized as gain or loss of the associate or joint venture. If the aforementioned recoverable amount adopts the use value of the investment, the Company will determine the relevant use value based on the following estimates:

- (1) The Company's share of the present value of estimated future cash flows from associates or joint ventures, including associates or the cash flow generated by the operation of the joint venture and the final disposal price of the investment; or
- (2) The Company expects the present value of estimated future cash flows from the investment to receive dividends and ultimately dispose of the investment.

Since the goodwill component items that constitute the carrying amount of investment in associates or joint ventures are not separately recognized, there is no need for goodwill impairment test per the provisions of IAS 36 "Asset Impairment."

When it loses significant influence on the associate or joint control of the joint venture, the Company measures and recognizes the retained investment portion at fair value. In the event of loss of significant influence or joint control, the difference between the carrying amount of the investment associate or joint venture and the fair value of the retained investment plus the proceeds from the disposal is recognized as gain or loss. In addition, when an investment in an associate becomes an investment in a joint venture, or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method without re-evaluating the retained equity.

13. Property, Plant, and Equipment

Property, plant, and equipment are recognized on the basis of acquisition cost, and are recognized after deducting accumulated depreciation and accumulated impairment. The aforementioned cost includes the cost of dismantling, removing and restoring the property, plant, and equipment at their location and the cost of unfinished construction. Necessary interest expenses incurred. If each item of property, plant, and equipment is significant, it should be itemized for depreciation individually. When the major components of property, plant, and equipment are to be replaced on a regular basis, the Company treats the items as individual assets and recognizes them separately with specific useful life and depreciation methods. The carrying amount of the replacement part shall be derecognized in accordance with the derecognizing requirements of IAS 16 "property, plant, and equipment". If the major maintenance cost meets the recognition conditions, it is regarded as replacement cost and recognized as part of the carrying amount of plant, and equipment, and other repair and maintenance expenses are recognized in gain or loss.

Depreciation is accrued based on the estimated useful life of the following assets by the straight-line method:

Assets	Useful life
Buildings	4 - 51 years
Machinery equipment	1 - 10 years
Utilities equipment	6 - 13 years
Office equipment	1 - 6 years
Right-of-use assets/lease assets (Note)	1 - 5 years
Other equipment	1 - 20 years

After initial recognition, items of property, plant, and equipment or any important component are derecognized and recognized as gain or loss if they are disposed of or are not expected to have an inflow of economic benefits due to use or disposal in the future.

The residual value, useful life, and depreciation method of property, plant, and equipment are assessed at the end of each financial year. If the expected value is different from the previous estimate, the change is regarded as a change in accounting estimates.

14. Leases

The Company assesses whether the contract is (or includes) a lease on the date of contract establishment. If the contract transfers control over the use of the identified assets for a period of time in exchange for consideration, the contract is (or contains) a lease. In order to assess whether the contract transfers control over the use of the identified asset for a period of time, the Company assesses whether it has both of the following during the entire period of use:

- (1) Obtain substantially all of the economic benefits from use of an identified asset; and
- (2) Has the right to direct the use of an identified asset.

For contracts that are (or include) leases, the Company treats each lease component in the contract as a separate lease and treats it separately from the non-lease component in the contract. For contracts that include one lease component and one or more additional lease or non-lease components, the Company uses the relative individual price of each lease component and the aggregate individual price of the non-lease component as basis and allocates the consideration in the contract to the lease component. The relative stand-alone prices of lease and non-lease components are determined on the basis of the prices charged by the lessor (or similar suppliers) for the components (or similar components.) If the observable stand-alone price is not readily available, the Company maximizes the use of observable information to estimate the stand-alone price.

The Company is the lessee

In addition to meeting and selecting short-run leases or leases of low-value target assets, when the Company is the lessee of the leasing contract, the right-of-use assets and lease liabilities are recognized for all leases.

The Company measures the lease liability on the inception date based on the present value of the lease payments not yet paid on that date. If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, use the lessee's incremental borrowing interest rate. On the starting date, the lease payments in the lease liability include the following payments related to the right-of-use of the underlying asset during the lease period and not yet paid on that date:

- (1) Fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- (2) Variable lease payments depending on an index or a rate, initially measured (using the index or rate at the commencement date);
- (3) Amounts expected to be payable by the lessee under residual value guarantees;
- (4) The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- (5) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the starting date, the Company measures the lease liability on the basis of amortized cost, and increases the carrying amount of the lease liability using the effective interest rate method to reflect the interest on the lease liability; the lease payments reduces the carrying amount of the lease liability.

On the starting date, the Company measures the right-of-use asset based on cost. The cost of the right-of-use asset includes:

- (1) The original measured amount of the lease liability;
- (2) Any lease payments paid on or before the commencement date, less any lease incentives receivable;
- (3) Any original direct costs incurred by the lessee; and
- (4) The estimated cost of lessee's dismantling, removing an underlying asset and restoring its location, or restoring the underlying asset to the state required in the terms and conditions of the lease.

Subsequent measurement of the right-of-use asset is presented after the cost minus the accumulated depreciation and accumulated impairment loss, that is, the cost model is applied to measure the right-of-use asset.

If the ownership of the underlying asset is transferred to the Company when the lease period expires, or if the cost of the right-of-use asset reflects that the Company will exercise the purchase option, the right-of-use asset will be depreciated from the start date to the end of the useful life of the underlying asset. The right-of-use asset is depreciated from the commencement date by the Company to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 "Asset Impairment" to determine whether the right-of-use asset has been impaired and to deal with any identified impairment losses.

In addition to meeting and selecting short-run leases or leases of low-value target assets, the Company presents right-of-use assets and lease liabilities in the balance sheet, and separately presents lease-related depreciation expenses and interest expenses in the consolidated income statement.

For short-run leases and leases of low-value target assets, the Company chooses to use a straight-line basis or another systematic basis to recognize the lease payments related to these leases as expenses during the lease period.

The Company is the lessor

The Company classifies each of its leases as operating leases or finance leases on the date of contract establishment. If a lease transfers almost all the risks and rewards attached to the ownership of the underlying asset, it is classified as a financial lease; if it has not been transferred, it is classified as an operating lease. On the starting date, the Company recognized the assets held under finance leases in the balance sheet and expressed them as finance lease receivables based on the net lease investment.

For contracts that include lease components and non-lease components, the Company applies IFRS 15 to allocate the consideration in the contract.

The Company recognizes lease payments from operating leases as rental income on a straight-line basis or another systematic basis. For operating leases, lease payments that are not dependent on a certain index or rate change are recognized as rental income when they occur.

15. Intangible assets

Intangible assets acquired separately are measured by cost at the time of initial recognition. The cost of intangible assets acquired through a business merger is the fair value at the acquisition date. After the initial recognition of intangible assets, the carrying amount is the amount of its cost minus accumulated amortization and accumulated impairment losses. Internally generated intangible assets that do not meet the recognition conditions shall not be capitalized, but shall be recognized in gain or loss when they occur.

The useful life of intangible assets is divided into limited and non-determined useful life.

Intangible assets with a limited useful life are amortized over their useful life, and an impairment test is performed when there are signs of impairment. The amortization period and amortization method of intangible assets with limited useful life are reviewed at least at the end of each financial year. If the estimated useful life of the asset is different from the previous estimate or the expected pattern of future economic benefit consumption has changed, the amortization method or amortization period will be adjusted and considered as a change in accounting estimates.

Intangible assets with a non-determined useful life are not amortized, but impairment tests are conducted at the level of individual assets or cash-generating units in each fiscal year. Intangible assets with indefinite useful life are assessed in each period whether there are events and circumstances that continue to support that the asset's useful life is still indefinite. If the useful life is changed from non-determined to limited useful life, the application will be postponed.

The profit or loss arising from the derecognition of intangible assets is recognized as gain or loss.

The Company's accounting policies for intangible assets are summarized as follows:

	<u>The cost of computer software</u>	<u>Other intangible assets</u>
Useful life	Finiteness (1 to 5 years)	Finiteness (5 to 10 years)
Amortisation method used	Straight-line method	Straight-line method
Internally generated or externally acquired	Externally acquired	Externally acquired

16. Impairment of non-financial assets

At the end of each reporting period, the Company assesses whether there are any signs of impairment for all assets to which IAS 36 "Asset Impairment" is applicable. If there are signs of impairment or a periodic impairment test is required for an asset every year, the Company will conduct the test on the basis of the individual asset or the cash-generating unit to which the asset belongs. As a result of the impairment test, if the carrying amount of the asset or the cash-generating unit to which the asset belongs is greater than its recoverable amount, the impairment loss is recognized. The recoverable amount is the higher of its net fair value or its value in use.

At the end of each reporting period, the Company assesses whether there is any indication that the previously recognized impairment loss may no longer exist or decrease for assets other than goodwill. If there are such signs, the Company estimates the recoverable amount of the asset or cash-generating unit. If the recoverable amount increases due to changes in the estimated service potential of the asset, the impairment will be reversed. However, after the reversal, if the carrying amount does not exceed the asset value before recognizing impairment losses, the carrying amount after depreciation or amortization should be deducted.

The impairment loss and the reversal of continuing business units are recognized in gain or loss.

17. Provisions

The recognition conditions of the liability reserve are the current obligations (legal obligations or constructive obligations) arising from past events. When paying off obligations, it is very likely that economically effective resources will need to be flowed out. And the amount of the obligation can be estimated reliably. When the Company expects that some or all of the liability reserves can be reimbursed, it is recognized as a separate asset only when the reimbursement is almost completely certain. If the time value of money has a significant impact, the liability reserve is discounted at the current pre-tax interest rate that can appropriately reflect the specific risks of the liability. When debt is discounted, the increase in the amount of debt over time is recognized as borrowing cost.

18. Treasury stock

When the Company and Subsidiaries obtains the stock of the Company (treasury stock), it is recognized at the cost of acquisition and used as a deduction of equity. The spread of treasury stock transactions is recognized under equity.

19. Revenue Recognition

The Company's revenue from contracts with customers mainly includes sales of goods. The accounting treatments are explained as follows:

Sales of goods

The Company manufactures and sells products, and recognizes revenue when the promised product is delivered to the customer and the customer obtains its control (that is, the customer's ability to control the use of the product and obtain almost all the remaining benefits of the product.) The main product is diode and rectifier and the revenue is recognized based on the price stated in the contract.

The credit period for the Company's sales of commodities is 60 to 120 days from the month's closing. Most contracts recognize accounts receivable when commodity transfer control and the right to unconditionally receive consideration are recognized. Such accounts receivable are usually within the short period and without significant financial components; a small part of the contract has the goods transferred to the customer but does not have the right to unconditionally receive the consideration, then the contract assets are recognized, and the contract assets must be maintained in accordance with IFRS 9. The amount of expected credit loss during the period measures the allowance loss. However, for some contracts, since part of the consideration is first collected from customers when signing the contract, the Company assumes the obligation to provide goods after the renewal, so they are recognized as contract liabilities.

The period for the Company's aforementioned contract liabilities to be transferred to income usually does not exceed one year, and does not result in the generation of significant financial components.

The contract between the Company and the customer does not exceed one year until the delivery of the promised goods to the customer and the payment from the customer. Therefore, the Company has not adjusted the transaction price for the time value of money.

20. Borrowing costs

The borrowing cost directly attributable to the acquisition, construction or production of qualified assets shall be capitalized as part of the cost of the asset. All other borrowing costs are recognized as expenses during the period in which they are incurred. Borrowing costs include interest and other costs incurred in connection with borrowed funds.

21. Government grants

The Company only recognizes government subsidy income when it can reasonably be sure that it will meet the conditions set by the government subsidy and can receive the inflow of economic benefits from the government subsidy. When the subsidy is related to an asset, the government subsidy is recognized as deferred income and recognized as income in installments over the expected useful life of the relevant asset; when the subsidy is related to an expense item, the government subsidy is recognized as income with a reasonable and systematic method to match the expected period of the related costs' occurrence.

When the Company obtains non-monetary government subsidies, the assets and subsidies received are recognized at the nominal amount, and the gain is recognized in the consolidated income statement in equal installments based on the expected useful life and benefit consumption pattern of the underlying assets. Obtaining loans or similar subsidy from the government or related institutions that are lower than the market interest rate is regarded as an additional government subsidy.

22. Post-employment benefits

The Company's employee retirement plan is applicable to all employees who are officially appointed. The employee pension is fully deposited in the management of the Labor Retirement Reserve Supervision Committee and deposited into a special account for pension. Because the above-mentioned pensions are deposited in the name of the retirement reserve supervision committee, it is completely separated from the Company, so it is not included in the Parent Company Only Financial Report above.

For post-retirement welfare program that are defined contribution plans, the Company's monthly employee pension allocation rate shall not be less than 6% of the employee's monthly salary, and the amount allocated is recognized as the current expense.

For post-employment welfare programs that are defined benefit plans, they are presented as actuarial reports on the end of the annual reporting period in accordance with the projected unit credit method. The remeasurement of net defined benefit liabilities (assets) includes any changes in the planned asset return and the impact of the asset ceiling, minus the amount of net interest included in the net defined benefit liabilities (assets), and actuarial gain or loss. When the remeasured amount of net defined benefit liabilities (assets) occurs, it is included in other comprehensive income, and immediately recognized in retained surplus. The past service cost is the amount of change in the present value of a defined benefit obligation caused by the planned revision or reduction, and is recognized as an expense on the earlier date of the following two:

- (1) When plan revisions or reductions occur; and
- (2) When the Company recognizes related restructuring costs or resignation benefits.

The net interest of the net defined benefit liabilities (assets) is determined by multiplying the net defined benefit liabilities (assets) by the discount rate, both of which are determined at the beginning of the annual reporting period, and then the net defined benefit liabilities (assets) during the period take into account the any changes due to the appropriation of financial and welfare payments.

23. Income taxes

Income tax expense (gain) refers to the aggregate amount related to current income tax and deferred income tax included in the current profit or loss

Current tax

The current income tax liabilities (assets) related to the current and previous periods are measured by the tax rates and tax laws that have been legislated or substantively legislated at the end of the reporting period. Current income taxes are related to items recognized in other comprehensive income or directly recognized in equity, which are respectively recognized in other comprehensive income or equity instead of gain or loss.

The Company's undistributed earnings subjects to income tax shall be recognized as income tax expense on the day when the shareholders meeting decides to distribute the surplus.

Deferred tax

Deferred tax is calculated based on the temporary difference between the tax basis of assets and liabilities and their carrying amounts on the balance sheet at the end of the reporting period.

Except for the following two, all taxable temporary differences are recognized as deferred tax liabilities:

- (1) The original recognition of goodwill; or the original recognition of assets or liabilities that were not generated by a business merger transaction and did not affect accounting profits or taxable income (loss) at the time of the transaction;
- (2) Taxable temporary differences arising from investment in subsidiaries, associates, and joint agreement interests, the timing of which is controllable and may not be reversed in the foreseeable future.

In addition to the following two, deferred tax assets resulting from deductible temporary differences, unused tax losses and unused income tax deductions are recognized within the scope of possible future taxable income:

- (1) Relevant to deductible temporary differences arising from the original recognition of assets or liabilities that are not a business merger transaction that does not affect accounting profits or taxable income (loss) at the time of the transaction;

- (2) It is related to the deductible temporary differences arising from the equity investment in subsidiaries, associates, and joint agreements, which are only likely to be reversed in the foreseeable future and there is sufficient taxable income at that time to provide for such temporary differences recognized within the scope of use.

Deferred income tax assets and liabilities are measured at the tax rate of the period of expected repayment of liabilities or realization of assets. The rate is based on the tax rate and tax laws that have been enacted prior to the balance sheet date or have been substantially legislated. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which corporations expect, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities. Deferred income tax and items that are not recognized in profit or loss are also not recognized in gain or loss, but are recognized in other comprehensive income or directly recognized in equity based on their related transactions. deferred tax assets are reviewed and recognized at the end of each reporting period.

Deferred tax assets and liabilities can only be granted when the current income tax assets and current income tax liabilities have the statutory enforcement power, and when the deferred tax belongs to the same taxpayer and is related to the income tax levied by the same tax authority, they can be offsetting.

V. Significant accounting judgements, estimates and assumptions

When the Company prepares Parent Company Only Financial reports, management must make judgments, estimates and assumptions at the end of the reporting period, which will affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, the uncertainties in these major assumptions and estimates may result in significant adjustments to the carrying amount of assets or liabilities in future periods.

1. Judgement

In the process of adopting the Company's accounting policies, the management made the following judgments that have the most significant impact on the recognition of Parent Company Only Financial report amounts:

Some of the Company's property holdings are partly for earning rent or capital appreciation, and the other part is for self-use. If each part can be sold separately, it will be treated as investment property and property, plant, and equipment. If each part cannot be sold separately, only when the part held for own use accounts for less than 5% of the individual property, the property will be classified as investment property.

2. Estimates and assumptions

At the end of the reporting period, the assumptions made about the future and the main sources of estimation uncertainty are information that has a significant risk of causing significant adjustments to the carrying amounts of assets and liabilities in the next financial year. These are described below:

(1) Fair value of financial instruments

When the fair value of financial assets and financial liabilities recognized on the balance sheet cannot be obtained from the active market, the fair value will be determined using evaluation techniques, including income method (such as discounted cash flow model) or market method. Assuming changes will affect the fair value of the reported financial instruments. Please refer to Note XII for details.

(2) Impairments of non-financial assets

An impairment occurs when the carrying amount of an asset or cash-generating unit is greater than its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to dispose or value in use. The fair value minus the cost of disposal is calculated based on the price of a binding sales agreement or the market price of the asset under a normal transaction, after deducting the increase cost directly attributable to the disposal of the asset. Value in use is calculated based on the discounted cash flow model. The cash flow estimation is based on the budget for the next five years, and does not include the Company's uncommitted reorganization or future major investments needed to strengthen the asset performance of the tested cash-generating unit. The recoverable amount is easily affected by the discount rate used in the discounted cash flow model, as well as the expected future cash inflow and growth rate used for extrapolation purposes. Please refer to Note VI for details.

(3) Pension benefits

The pension cost of the post-employment welfare program and the present value of a defined benefit obligation depend on the actuarial evaluation. Actuarial evaluation involves a variety of different assumptions, including: discount rate and expected salary changes.

(4) Revenue recognition - sales returns and allowance

The Company estimates sales returns and discounts based on historical experience and other known reasons, and uses them as a deduction of operating income when the products are sold. The aforementioned estimates of sales returns and discounts are the cumulative revenue recognized in the major turnaround. The amount is highly probable that it will not occur on the basis of the previous withdrawal. Please refer to Note VI for details.

(5) Income tax

The uncertainty of income tax lies in the interpretation of complicated tax laws and the amount of taxable income generated in the future. Due to the long-term and complex nature of extensive international business relations and contracts, the differences between actual results and assumptions made, or changes in these assumptions in the future, may force the income tax benefits and expenses recorded in the book to be adjusted in the future. The calculation of income tax is based on a reasonable estimate made by the tax authority where the Company operates. The stated amount is based on different factors, such as the previous tax review experience and the difference between the taxation body and the taxation authority's interpretation of tax laws and regulations. The difference in this interpretation may result in various issues due to the location of the Company.

Post-transition of unused tax losses and income tax deductions and reducible temporary differences, which are likely to generate taxable income in the future or within the scope of contingent taxable temporary differences, shall be recognized as deferred income tax assets. The determination of the recognizable amount of deferred tax assets is based on the estimated time and level at which future taxable income and taxable temporary differences may occur, as well as future tax planning strategies.

(6) Accounts receivables—estimation of impairment loss

The estimation of the impairment loss of the Company's accounts receivable is based on the estimated amount of credit loss within duration, and will be based on the difference between the contractual cash flow (carrying amount) that can be received by the contract and the expected cash flow (assessment forward-looking information.) The value is credit loss, but the discounting effect of short-run receivables is not significant, and credit loss is measured by the undiscounted difference. If the actual future cash flow is less than expected, significant impairment losses may occur. Please refer to Note VI for details.

(7) Stock inventory

The estimated value of the net realizable value of the inventory is based on the fact that the inventory is damaged, fully or partially obsolete, or the selling price has fallen. The most reliable evidence of the expected cash value of the inventory available at the time of the estimation is used. Please refer to Note VI for details.

VI. Contents of significant accounts

1. Cash and cash equivalents

	<u>2020/12/31</u>	<u>2019/12/31</u>
Cash in treasury	\$210	\$210
Check deposit, demand deposit, time deposit, etc.	<u>600,669</u>	<u>234,883</u>
Total	<u>\$600,879</u>	<u>\$235,093</u>

2. Financial assets at fair value through profit or loss - current

	<u>2020/12/31</u>	<u>2019/12/31</u>
Measured at fair value forcibly through profit or loss:		
Stock	\$-	\$1,956
Fund	6,295	89,940
Derivative instruments without specified hedging relationship		
forward exchange contract	<u>52</u>	<u>15</u>
Total	<u>\$6,347</u>	<u>\$91,911</u>
Flow	\$6,347	\$91,911
Non-current	<u>-</u>	<u>-</u>
Total	<u>\$6,347</u>	<u>\$91,911</u>

The Company does not provide guarantees with financial assets measured at fair value through profit or loss.

3. Financial assets at fair value through other comprehensive income - non-current

	<u>2020/12/31</u>	<u>2019/12/31</u>
Equity instrument investment measured by fair value through other comprehensive profits and losses - non-current:		
TAIEX/OTC listed company stocks	\$205,195	\$122,715
Unlisted company stocks	<u>73,873</u>	<u>42,118</u>
Total	<u>\$279,068</u>	<u>\$164,833</u>

The Company does not provide guarantees with financial assets measured at fair value through other comprehensive income.

4. Net notes receivables, net

	2020/12/31	2019/12/31
Notes receivable - incurred due to operating	\$36,344	\$37,952
(Less): allowance loss	(-)	(-)
Total	<u>\$36,344</u>	<u>\$37,952</u>

The Company's notes receivable did not provide guarantees.

The Company assesses impairments in accordance with IFRS 9. For information on allowances for losses, please refer to Note VI (16), and for information related to credit risk, please refer to Note XII.

5. Accounts receivable and accounts receivable from related parties (net)

	2020/12/31	2019/12/31
Accounts receivable	\$1,724,538	\$1,471,321
(Less): allowance loss	(15,953)	(15,733)
Subtotals	<u>1,708,585</u>	<u>1,455,588</u>
Accounts receivable - related parties	277,171	121,504
(Less): allowance loss	(-)	(-)
Subtotals	<u>227,171</u>	<u>121,504</u>
Total	<u>\$1,985,756</u>	<u>\$1,577,092</u>

The Company's accounts receivable did not provide guarantees.

The Company's credit period to customers is usually from 60 days to 120 days for monthly settlement. The total carrying amount as of December 31, 2020 and December 31, 2019 were 2,001,709 thousand and 1,592,825 thousand, respectively. The information related to the allowance for loss in FY2020 and FY2019 is detailed in Note VI (16). The information related to credit risk is detailed in Note XII.

6. Stock inventory

	2020/12/31	2019/12/31
Raw material	\$365,514	\$257,158
Work in process	52,194	44,278
Finished good	463,844	608,903
Total	<u>\$881,552</u>	<u>\$910,339</u>

The Company's inventory cost recognized as an expense in FY2020 was 5,375,874 thousand, of which, in addition to the inventory cost, it included NT\$16,044 thousand in inventory recovery gain arising from the sale of part of the inventory in FY2020.

The Company's inventory cost recognized as an expense in FY2019 was NT\$4,731,153 thousand, of which, in addition to the inventory cost, it included the loss of inventory depreciation (NT\$52,238) thousand in FY2019.

7. Investment under equity method

Details of the Company's investment by equity method is as follows:

Investee companies	2020/12/31		2019/12/31	
	Amount	Shareholding ratio	Amount	Shareholding ratio
Investee subsidiaries:				
PAN-JIT ASIA INTERNATIONAL INC.				
	\$5,548,456	100.00%	\$5,160,446	100.00%
PYNMAX TECHNOLOGY CO., LTD.				
	1,560,142	94.60%	1,285,661	94.52%
LIFETECH ENERGY INC.				
	1,244	20.57%	1,248	20.57%
Investee associates:				
MILDEX OPTICAL INC.				
	210,935	21.01%	235,824	20.51%
Total	<u>\$7,320,777</u>		<u>\$6,683,179</u>	

Investee subsidiaries are expressed in Parent Company Only Financial reports as "investments by equity method", and necessary evaluation adjustments are made.

The aforementioned investee subsidiaries and associates have no contingent liabilities or capital commitments, nor have they provided guarantees.

The proportion of profits and losses of subsidiaries and associates recognized in FY2020 and FY2019 using the equity method is as follows:

Investee companies	FY2020	FY2019
PAN-JIT ASIA INTERNATIONAL INC.	\$421,959	\$108,437
PYNMAX TECHNOLOGY CO., LTD.	121,900	30,312
LIFETECH ENERGY INC.	(4)	179
MILDEX OPTICAL INC.	(23,906)	(19,478)
Total	<u>\$519,949</u>	<u>\$119,450</u>

8. Property, plant, and equipment

	2020/12/31	2019/12/31
Property, plant, and equipment for self-use	<u>\$2,524,877</u>	<u>\$1,892,469</u>

Property, plant, and equipment for self-use

	Land	Building	Machinery equipment	Utilities equipment	Office equipment	Other equipment	Unfinished project Equipment in acceptance	Total
Cost:								
2020/01/01	\$449,280	\$416,929	\$4,975,095	\$26,511	\$51,859	\$432,171	\$28,765	\$6,380,610
Addition	-	-	51,774	-	289	17,625	239,714	309,402
Disposal	-	-	(84,371)	-	-	-	-	(84,371)
Transfer	-	-	64,635	-	-	273	554,887	619,795
2020/12/31	<u>\$449,280</u>	<u>\$416,929</u>	<u>\$5,007,133</u>	<u>\$26,511</u>	<u>\$52,148</u>	<u>\$450,069</u>	<u>\$823,366</u>	<u>\$7,225,436</u>
Depreciation and impairment:								
2020/01/01	\$-	\$135,884	\$3,967,827	\$26,111	\$42,528	\$315,791	\$-	\$4,488,141
Depreciation expense	-	12,146	245,023	117	2,667	34,209	-	294,162
Disposal	-	-	(82,564)	-	-	-	-	(82,564)
Impairment Loss	-	-	(1,964)	-	-	-	-	(1,964)
Transfer	-	-	2,784	-	-	-	-	2,784
2020/12/31	<u>\$-</u>	<u>\$148,030</u>	<u>\$4,131,106</u>	<u>\$26,228</u>	<u>\$45,195</u>	<u>\$350,000</u>	<u>\$-</u>	<u>\$4,700,559</u>
Net Carrying Amount:								
2020/12/31	<u>\$449,280</u>	<u>\$268,899</u>	<u>\$876,027</u>	<u>\$283</u>	<u>\$6,953</u>	<u>\$100,069</u>	<u>\$823,366</u>	<u>\$2,524,877</u>

	Land	Building	Machinery equipment	Utilities equipment	Office equipment	Other equipment	Unfinished project Equipment in acceptance	Total
Cost:								
2019/01/01	\$279,381	\$254,197	\$5,160,581	\$26,511	\$47,340	\$408,123	\$31,115	\$6,207,248
Addition	169,899	135,708	45,535	-	5,209	22,046	64,171	442,568
Disposal	-	-	(357,211)	-	(690)	(800)	-	(358,701)
Transfer	-	27,024	126,190	-	-	2,802	(66,521)	89,495
2019/12/31	<u>\$449,280</u>	<u>\$416,929</u>	<u>\$4,975,095</u>	<u>\$26,511</u>	<u>\$51,859</u>	<u>\$432,171</u>	<u>\$28,765</u>	<u>\$6,380,610</u>
Depreciation and impairment:								
2019/01/01	\$-	\$128,710	\$3,930,563	\$25,994	\$39,122	\$277,003	\$-	\$4,401,392
Depreciation expense	-	7,174	350,608	117	3,841	39,104	-	400,844
Disposal	-	-	(323,170)	-	(435)	(316)	-	(323,921)
Impairment Loss	-	-	7,420	-	-	-	-	7,420
Transfer	-	-	2,406	-	-	-	-	2,406
2019/12/31	<u>\$-</u>	<u>\$135,884</u>	<u>\$3,967,827</u>	<u>\$26,111</u>	<u>\$42,528</u>	<u>\$315,791</u>	<u>\$-</u>	<u>\$4,488,141</u>
Net Carrying Amount:								
2019/12/31	<u>\$449,280</u>	<u>\$281,045</u>	<u>\$1,007,268</u>	<u>\$400</u>	<u>\$9,331</u>	<u>\$116,380</u>	<u>\$28,765</u>	<u>\$1,892,469</u>

The capitalized amount of the borrowing costs of property, plant, and equipment was both \$0 in FY2020 and FY2019.

Please refer to Note VIII for the provision of guarantees through property, plant, and equipment.

9. Intangible assets

	Computer software	Other intangible assets	Total
Cost:			
2019/01/01	71,089	3,000	74,089
Additions - separate acquisition	30,593	-	30,593
Disposal	(19,526)	-	(19,526)
2019/12/31	\$82,156	\$3,000	\$85,156
Additions - separate acquisition	14,183	10,916	25,099
Disposal	(19,531)	-	(19,531)
Reclassification	-	36,922	36,922
2020/12/31	\$76,808	\$50,838	\$127,646
Amortisation:			
2019/01/01	28,189	1,450	29,639
amortisation	22,768	300	23,068
Disposal	(19,526)	-	(19,526)
2019/12/31	\$31,431	\$1,750	\$33,181
amortisation	28,957	7,247	36,204
Disposal	(19,531)	-	(19,531)
2020/12/31	\$40,857	\$8,997	\$49,854
Net Carrying Amount:			
2020/12/31	\$35,951	\$41,841	\$77,792
2019/12/31	\$50,725	\$1,250	\$51,975

Amortized amount recognized as intangible assets:

	FY2020	FY2019
Operating cost	\$2,957	\$2,325
Operating expense	\$33,247	\$20,743

10. Short-term loan

Details of the short loans are as follows:

Nature of borrowing	2020/12/31	2019/12/31
Unsecured bank loans	\$1,385,443	\$1,989,732
Interest rate range	0.55% ~ 1.12%	0.93% ~ 2.81%

As of December 31, 2020, and 2019, the Company's total unused short-run borrowings were approximately NT\$3,356,053 thousand and NT\$2,929,968 thousand, respectively.

11. Financial liabilities at fair value through profit or loss - current

	2020/12/31	2019/12/31
Held for trading:		
Derivative instruments without specified hedging relationship		
Forward exchange contract and currency swaps contract	\$2,822	\$102

12. Long-term loan

Details of the long-term loans are as follows:

Nature of borrowing	2020/12/31	2019/12/31
Syndicated bank loan (A)	\$2,487,500	\$2,237,500
Project loan (B)	22,615	23,000
Project loan (C)	101,050	-
Project loan (D)	148,894	-
Credit loan	765,333	198,000
Subtotals	3,525,392	2,458,500
(Less): unamortized expense	(3,194)	(7,522)
Total	\$3,522,198	\$2,450,978
Interest rate range	0.65%~1.7895%	0.90%~1.7895%

(A)The Company signed a syndicated loan of a total NT\$5,000,000 thousand or equivalent U.S. dollars with 16 financial institutions such as the Land Bank on October 17, 2018. The period is from the date of first use to the date of expiry in 5 years. In addition, the first use should be within 3 months from the date of signing, otherwise, when calculating the credit period, the date of expiry of the three-month period shall be the first use date. Here is an excerpt of the important matters stipulated in the contract as follows:

- a. The method of this credit case is agreed as follows:
- i. Credit Line A: The mid-term loan amount is NT\$1.5 billion.
 - ii. Credit Line B: The mid-term loan amount is NT\$3.5 billion or equivalent in US dollars.
- b. In terms of financial ratios: Before the debts are fully paid off during the contract period, the Company shall calculate the financial ratios specified in the following clauses on the basis of the information and data recorded in the Company's consolidated financial statements with a CPA audit each year, and shall meet the financial ratio values set by each section:
- i. Current ratio (current assets ÷ current liabilities): should not be less than 100%.
 - ii. Debt ratio (total debt ÷ shareholders' equity): should not be higher than 200%.
 - iii. Times interest earned ratio [(profit before tax + interest expense + depreciation + amortization) ÷ (interest expense)]: should not be less than 2.5 times.
 - iv. Tangible net worth: The net worth deducting intangible assets should not be less than NT\$5.3 billion or the equivalent in U.S. dollars.

(B) The Company and Taishin International Bank signed a medium- and long-term Taiwan investment project loan credit contract of a total NT\$600,000 thousand on September 9, 2019. The relevant terms are as follows:

The method of this credit case is agreed as follows:

<u>Line of credit</u>	<u>Credit period</u>	<u>Interest rate</u>	<u>Repayment method</u>
\$400,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.
\$200,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.

(C) The Company and Chang Hwa Commercial Bank signed a medium- and long-term Taiwan investment project loan credit contract of a total NT\$900,000 thousand on October 25, 2019. The relevant terms are as follows:

The method of this credit case is agreed as follows:

<u>Line of credit</u>	<u>Credit period</u>	<u>Interest rate</u>	<u>Repayment method</u>
\$600,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.
\$300,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.

(D) The Company and First Commercial Bank signed a medium- and long-term Taiwan investment project loan credit contract of a total NT\$1,500,000 thousand on November 1, 2019. The relevant terms are as follows:

The method of this credit case is agreed as follows:

<u>Line of credit</u>	<u>Credit period</u>	<u>Interest rate</u>	<u>Repayment method</u>
\$1,000,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.
\$500,000	Seven years from the date of first use	Increase/decrease from the two-year regular savings interest rate by Chunghwa Post Co., Ltd., and the actual negotiated interest rate shall not be lower than 1.15%.	The grace period is three years. After the grace period expires, the principal will be amortized evenly on a monthly basis.

The syndicated bank loan is guaranteed by part of the property, plant, and equipment and the main management staff. For the guarantee situation, Please refer to Note VII and VIII for details.

13. Post-employment benefits

Defined contribution plan

The Company sets forth the employee pension rules under the “Labor Pension Act”, which is a state-managed defined contribution plan. According to the regulations, the Company's monthly labor pension contribution rate shall not be less than 6% of the employees' monthly salary. The Company has established the employee retirement rules accordingly, and 6% of the employee's salary is allocated to the individual retirement account of the Labor Insurance Bureau every month.

The Company has recognized \$33,922 thousand and \$32,943 thousand, respectively, for the defined contribution plans in FY2020 and FY2019.

Defined benefits plan

The Company's employee pension plan established by the “Labor Standards Act” is a defined benefit plan. The employee pension payment is calculated based on the base number of service years and the average salary of one month at the time of retirement. The service length within 15 years (including) shall be given two cardinalities for each full year, and the service length over 15 years shall be given one cardinality for each full year. However, the cumulative maximum shall be limited to 45 cardinalities. Per requirement of the Labor Standard Act, the Company shall transfer 2% of the total salary to the pension fund on a monthly basis, which shall be deposited in the special account of the Bank of Taiwan in the name of the Labor Retirement Reserve Fund Supervision Committee. In addition, the Company shall, before the end of each fiscal year, estimate the balance of the labor retirement reserve fund special account in the preceding paragraph. If the balance is insufficient to pay the retirement allowance amount calculated in accordance with the foregoing calculation for the labor eligible for retirement in the next one fiscal year, the Company shall once allocate the balance by the end of March of the next fiscal year.

The Ministry of Labor conducts asset allocation in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor pension. The investment of the fund is invested by self-management and entrusted management, and adopts both active and passive management with medium and long-term investment strategies. Considering market, credit, liquidity and other risks, the Ministry of Labor sets fund risk limits and control plans to make it flexible enough to achieve target returns without over-taking risks. For the utilization of the fund, the minimum annual income allocated in the final accounts shall not be less than the income calculated according to the two-year fixed deposit interest rate of the local bank. Any insufficiency, shall be made up by the national treasury after being approved by the competent authority. Since the Company does not have the right to participate in the operation and management of the fund, it cannot disclose the fair value of the project assets in accordance with paragraph 142 of the IAS 19. As of December 31, 2020, the Company's defined benefit plan is expected to allocate NT\$1,792 thousand in the next fiscal year.

As of December 31, 2020, and 2019, the Company's defined benefit plans are expected to expire in 12 years.

The following table summarizes and determines the cost of the benefit plan recognized to profit or loss:

	<u>FY2020</u>	<u>FY2019</u>
Current service cost	\$2,024	\$2,267
Net interest of net defined benefit liabilities (assets)	728	934
Total	<u>\$2,752</u>	<u>\$3,201</u>

The current value of the defined benefit obligations and the fair value of the planned assets are adjusted as follows:

	<u>2020/12/31</u>	<u>2019/12/31</u>	<u>2019/01/01</u>
Present value of defined benefit obligations	\$164,303	\$158,664	\$164,549
Fair value of plan assets	(61,590)	(61,561)	(72,025)
The amounts accounted of other non-current liabilities - net defined benefit liabilities (assets)	<u>\$102,713</u>	<u>\$97,103</u>	<u>\$92,524</u>

Adjustment of net defined benefit liabilities (assets):

	Defined benefit Present value of obligation	Plan assets Fair value	Net defined benefit liability (asset)
2019/01/01	\$164,549	(\$72,025)	\$92,524
Current service cost	2,267	-	2,267
Interest expense (income)	1,662	(728)	934
Past service costs and liquidation gain or loss	-	-	-
Subtotals	<u>168,478</u>	<u>(72,753)</u>	<u>95,725</u>
Defined benefit liabilities / assets remeasurement:			
Actuarial gain or loss resulting from changes in demographic assumptions	(142)	-	(142)
Actuarial gain or loss resulting from changes in financial assumptions	5,013	-	5,013
Experience adjustments	4,939	-	4,939
Determine the amount of welfare assets rebalance quantity	-	(2,247)	(2,247)
Subtotals	<u>9,810</u>	<u>(2,247)</u>	<u>7,563</u>
Benefit payment	(19,624)	19,624	-
Employer contribution	-	(6,185)	(6,185)
2019/12/31	<u>\$158,664</u>	<u>(\$61,561)</u>	<u>\$97,103</u>
Current service cost	2,024	-	2,024
Interest expense (income)	1,190	(462)	728
Past service costs and liquidation gain or loss	-	-	-
Subtotals	<u>161,878</u>	<u>(62,023)</u>	<u>99,855</u>
Defined benefit liabilities / assets remeasurement:			
Actuarial gain or loss resulting from changes in demographic assumptions	-	-	-
Actuarial gain or loss resulting from changes in financial assumptions	7,157	-	7,157
Experience adjustments	2,302	-	2,302
Determine the amount of welfare assets rebalance quantity	-	(2,492)	(2,492)
Subtotals	<u>9,459</u>	<u>(2,492)</u>	<u>6,967</u>
Benefit payment	(7,034)	7,034	-
Employer contribution	-	(4,109)	(4,109)
2020/12/31	<u>\$164,303</u>	<u>(\$61,590)</u>	<u>\$102,713</u>

The following main assumptions are used to determine the Company's defined benefit plan:

	2020/12/31	2019/12/31
Discount rate	0.41%	0.75%
Expected salary increase rate	1.50%	1.50%

The sensitive analysis of each major actuarial assumption:

	FY2020		FY2019	
	Increased defined benefit obligation	Decreased defined benefit obligations	Increased defined benefit obligation	Decreased defined benefit obligations
Discount rate added by 0.5%	\$-	\$10,246	\$-	\$8,538
The discount rate was reduced by 0.5%	\$11,390	\$-	\$11,279	\$-
Remuneration expected to increase by 0.5%	\$11,204	\$-	\$11,134	\$-
Remuneration expected to decrease by 0.5%	\$-	\$10,191	\$-	\$8,521

The aforementioned sensitivity analysis is performed on the assumption that other assumptions remain unchanged, and when a single actuarial assumption (such as discount rate or expected salary) may change reasonably, analysis of the possible impact of determining welfare obligations is carried out. Since some actuarial assumptions are related to each other, in practice, only the case with a single actuarial assumption changes is rare, so this analysis has its limitations.

The method and assumptions used in preparing the sensitivity analysis for the period are the same as before.

14. Equity

(1) Ordinary Share

As of December 31, 2020, and 2019, the Company's rated share capital is NT\$6,000,000 thousand, the issued share capital is NT\$3,328,149 thousand, and the par value of each share is NT\$10, which is 332,815 thousand shares. Each share has one voting right and the right to receive dividends.

The Company's shareholders meeting on June 13, 2019 resolved to implement a cash capital reduction of NT\$369,795 thousand, and the number of shares to be canceled was 36,979 thousand shares. The base date of the capital reduction was July 18, 2019, and the registration alteration has been completed.

(2) Capital surplus

Items	2020/12/31	2019/12/31
Share premium	\$1,000,884	\$1,000,884
Conversion premium of convertible corporate bonds	1,083,418	1,083,418
Recognized value of changes in equity of ownership of subsidiaries	-	5,783
Executive stock option	24,527	24,527
Restrict employee rights share	694	694
Changes in the net worth of associates and joint ventures by equity method	-	489
Others	87,151	87,151
Total	\$2,196,674	\$2,202,946

According to laws and regulations, the capital reserve shall not be used except to cover the Company's losses. When the Company has no losses, the premium from issuing shares in excess of the par value and the capital surplus generated by the donation is subject to a certain percentage of paid-in capital each year for capital replenishment. The aforementioned capital reserve may also be distributed in cash in proportion to the shareholders' original shares.

(3) Treasury stock

In order to transfer shares to employees, the Company's Board of Directors resolved to implement the repurchase of treasury shares on March 23, 2020. The scheduled period of repurchase is from March 24, 2020 to May 23, 2020. The amount is scheduled to be repurchased. It is 10,000 thousand shares, and the repurchase price ranges from 10.54 to 34.50 per share.

As of September 30, 2020, and 2019, the Company held treasury stocks of NT\$16,507 thousand and NT\$0 thousand, and the numbers of shares were 700 thousand shares and 0 thousand shares, respectively.

(4) Earnings distribution and dividend policy

According to the articles of association of the Company, if there is a surplus in the annual final accounts, it shall be distributed in the following order:

- A. Withholding taxes.
- B. Offsetting accumulated losses.
- C. Withdrawing 10% as statutory surplus reserve.
- D. Allocating or reversing special surplus reserves in accordance with the regulations of the competent authority.

E. The balance shall be proposed by the Board of Directors for the surplus distribution proposal. When new shares are issued, it shall be submitted to the shareholders meeting for a resolution.

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

The Company's dividend policy is determined by the Board of Directors based on operating plans, investment plans, capital budgets, and changes in internal and external environments. The Company's business is a capital-intensive industry and is currently in the stage of operational growth. Considering the Company's future capital needs and long-term financial planning, and meeting shareholders' demand for cash inflows, the principles of surplus distribution are as follows:

The balance to be distributed for the current year is given priority to cash dividends and can also be distributed to shareholders in the form of stock dividends, but the total amount of cash dividends shall not be less than 10% of the total amount of dividends paid to shareholders.

Per requirement of the Company Act, the legal surplus reserve shall be appropriated until the total reaches the amount of total paid-in capital stock of the Company. Legal surplus reserves may offset losses. When the Company bears no losses, the part of the statutory surplus reserve exceeding 25% of the paid-up capital can issue new shares or cash in proportion to the shareholders' original shares.

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

After adopting International Financial Reporting Standards, according to the Financial Regulatory Commission issued on April 06, 2012, the Ching-Kuan-Chen-Fa-Tze No. 1010012865 letter, when the International Financial Reporting Standards were first adopted, the Company's accounts have not realized the benefits of revaluation value-added and accumulated conversion adjustments on the conversion date, as a result of choosing to adopt an exemption from IFRS 1 "First Application of International Financial Reporting Standards," and transferred to retained earnings. The same amount is recognized as special surplus reserve. After adopting IFRS to prepare financial reports, when distributing the distributable surplus, the difference between the balance of the special surplus reserve provided for the first time when the IFRS is adopted and the net deduction of other equity is added to the special surplus reserve. Afterward, if other shareholders' equity deduction has been reversed, the reversal shall be applicable to earnings distribution.

As of January 1, 2020, and 2019, the Company's special surplus reserve after first application were both NT\$200,400 thousand. In addition, the Company did not use, dispose of, or reclassify related assets from January 1 to December 31, 2020, and 2019, therefore did not convert the special surplus reserve to undistributed earnings. As of December 31, 2020, and 2019, the Company's special surplus reserve after first application were both NT\$200,400 thousand.

The earnings appropriation and distribution scheme and dividends per share of FY2020 and FY2019 proposed by the Company's Board of Directors on March 26, 2021, and approved by the annual general meeting on June 12, 2020, are as follows:

	Earnings appropriation and distribution scheme		Dividend per share (NT\$)	
	FY2020	FY2019	FY2020	FY2019
Legal surplus reserves	\$88,681	\$53,021	\$-	\$-
Special surplus reserves recognized	\$-	\$192,205	\$-	\$-
Cash dividends on ordinary shares (Note)	\$498,172	\$349,456	\$1.50	\$1.05

(Note) The Company's Board of Directors passed a special resolution to issue cash dividends on ordinary shares for FY2020 and FY2019, respectively, on March 26, 2021, and March 23, 2020.

Please refer to Note VI(18) for the relevant information about the assessment basis and recognized amount of the employee compensation and directors remuneration

15. Operating revenue

	FY2020	FY2019
Client contractual income		
Income from sales of goods	\$6,710,919	\$5,941,910

Information on the Company's client contractual revenues for FY2020 and FY2019 is as follows:

(1) Revenue breakdown

The Company is a single operating segment. The revenue generated from sales of goods in FY2020 and FY2019 were NT\$6,710,919 thousand and NT\$5,941,910 thousand, respectively, which were the income recognized at a certain point in time.

(2) Contract balance

Contractual liabilities - current

	2020/12/31	2019/12/31	2019/01/01
Sales of goods	\$399	\$189	\$2,038

The reason for the changes in the balance of contract liabilities of the Company from January 1 to December 31, 2020, and 2019 was due to the fact that part of the performance obligations had been met and transferred into revenue or the increase in repay.

16. Expected credit impairment gain (loss)

	FY2020	FY2019
Operating expenses - expected credit impairment loss (gain)		
Accounts receivable	(\$641)	\$2,092

For other credit risk information, please refer to Note XII.

The Company's receivables (including notes and accounts receivable) were subject to the allowance for loss measured at expected credit loss amount during the survival period, with the related explanations about the allowance for loss evaluated on December 31, 2020, and 2019, as follows:

Accounts receivable considers the counterparty's credit rating, regional and industrial factors, and uses the preparation matrix to measure the allowance loss. The relevant information is as follows:

	2020/12/31					
	1-90 days (Note 1)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Total carrying amount	\$1,568,291	\$152,142	\$895	\$2	\$3,208	\$1,724,538
Loss rate	-	8.26%	20.00%	50.00%	100.00%	
Anticipated credit diminished loss within the period of existence	-	(12,565)	(179)	(1)	(3,208)	(15,953)
Carrying amount	\$1,568,291	\$139,577	\$716	\$1	\$-	\$1,708,585

2019/12/31

	1-90 days (Note 1)	91-180 days	181-270 days	271-360 days	Over 361 days	Total
Total carrying amount	\$1,375,149	\$126,604	\$2,267	\$1,921	\$3,332	\$1,509,273
Loss rate	-	8.68%	20.00%	50.00%	100.00%	
Anticipated credit diminished loss within the period of existence	-	(10,987)	(453)	(961)	(3,332)	(15,733)
Carrying amount	\$1,375,149	\$115,617	\$1,814	\$960	\$-	\$1,493,540

(Note 1): Notes receivable included. All notes receivable of the Company are not overdue.

(Note 2): Accounts receivable - related parties not included. The Company's accounts receivable - related parties are not overdue.

Changes to the Company's allowance loss for accounts receivable from January 1 to December 31, 2020, and 2019, are as follows:

	Accounts receivable
2020/01/01	\$15,733
Amounts increase (reversal) in the current period	641
Write-off of unrecoverable accounts	(421)
2020/12/31	<u>\$15,953</u>
2019/01/01 (in accordance with IAS 39)	\$17,825
2019/01/01 adjustment of retained earnings	-
2019/01/01 (in accordance with IFRS 9)	\$17,825
Amounts increase (reversal) in the current period	(2,092)
Write-off of unrecoverable accounts	-
2019/12/31	<u>\$15,733</u>

17. Leases

The Company is the lessee

The Company leases a number of different assets, including property (land, houses, and buildings) and transportation equipment. The lease period of each contract is between 3 to 5 years.

The impact of leasing on the Company's financial status, financial performance and cash flow is explained as follows:

A. The amounts recognized in the balance sheet are:

(a) Right-of-use assets

Carrying amount of right-of-use assets

	<u>2020/12/31</u>	<u>2019/12/31</u>
Land	\$310	\$1,055
Building	26,353	4,530
Transportation equipment	<u>1,174</u>	<u>1,309</u>
Total	<u><u>\$27,837</u></u>	<u><u>\$6,894</u></u>

The Company has added NT\$30,003 thousand to the right-of-use assets from January 1 to December 31, 2020.

(b) Lease liabilities

	<u>2020/12/31</u>	<u>2019/12/31</u>
Current	\$7,864	\$6,553
Non-current	<u>20,033</u>	<u>401</u>
Total	<u><u>\$27,897</u></u>	<u><u>\$6,954</u></u>

Please refer to Note 6(19-3) Financial Costs for the Company's interest expense of lease liabilities in FY2019. Please refer to Note 12(5) Liquidity Risk Management for the maturity analysis of lease liabilities due on December 31, 2019.

B. Amount recognized in statement of comprehensive income

Depreciation of right-of-use assets

	<u>FY2020</u>	<u>FY2019</u>
Land	\$745	\$745
Building	7,071	6,265
Transportation equipment	<u>1,243</u>	<u>1,258</u>
Total	<u><u>\$9,059</u></u>	<u><u>\$8,268</u></u>

C. The lessee's income and expenditures related to leasing activities

	<u>FY2020</u>	<u>FY2019</u>
Expenses arising from short-run lease	\$1,550	\$1,843
Expenses arising from low-value asset lease (Excluding the expenses arising from short-run lease of low-value asset)	\$137	\$100

D. The lessee's cash outflows related to leasing activities

The total cash outflow of the Company's lease was NT\$9,245 thousand from January 1 to December 31, 2020.

E. Other information related to leasing activities

Option to extend lease and to terminate lease

Some of the Company's property leasing contracts include options for lease extension and lease termination. When deciding the lease term, the non-cancellable period with the right-of-use of the underlying asset, and the period covered by the Company's option to extend the lease can be reasonably determined, and it can be reasonably determined that the Company will not exercise the option of lease termination for the period covered. The use of these options can maximize the operating flexibility of the management contract. Most of the options for lease extension and lease termination can only be exercised by the Company. After the start date, there are major events or major changes in circumstances

(Within the lessee's control and affecting whether the Company can reasonably determine to exercise options that were not previously included in the determination of the lease term, or not to exercise the options previously included in the determination of the lease term), the company shall reassess the lease period.

18. Summary statement of employee benefits, depreciation and amortization expenses by function:

Function Nature	FY2020			FY2019		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense						
Salary expense	\$637,499	\$340,564	\$978,063	\$572,656	\$226,306	\$798,962
Labor and health insurance expenses	\$63,223	\$18,198	\$81,421	\$55,692	\$25,457	\$81,149
Pension expenses	\$26,462	\$10,212	\$36,674	\$27,171	\$9,973	\$37,144
Directors remuneration	\$-	\$21,029	\$21,029	\$-	\$13,609	\$13,609
Other employee benefit expenses	\$48,677	\$10,352	\$59,029	\$48,975	\$10,306	\$59,281
Depreciation expense	\$271,355	\$31,867	\$303,222	\$381,030	\$28,082	\$409,112
Amortization expense	\$2,957	\$33,247	\$36,204	\$2,325	\$20,743	\$23,068

Note: In the current and previous year, the numbers of employees were 1,360 and 1,347, respectively, of which the numbers of directors who were not concurrently employees were both 5.

Companies whose stocks have been listed on the stock exchange should also disclose the following information:

- (1) The average employee benefit expense in the current year was NT\$853 thousand. The average employee benefit expense in the previous year was NT\$728 thousand. The average employee salary expense in the current year was NT\$722 thousand. The average employee salary expense in the previous year was NT\$595 thousand.
- (2) The average employee salary expense has increased by 21%.
- (3) The Company has set up an audit committee to replace the supervisor, so the Company's supervisors remuneration for FY2020 and FY2019 were both 0.
- (4) The Company's salary and compensation policy:

(a) Directors:

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

(b) Managerial officers and employees:

The salary and compensation of the Company's managerial officers and employees refer to the common level of the industry's payment level and consider the time invested by the individual, the responsibilities, degrees of achieving personal goals, performance in other positions, the Company's salary and compensation to the same position in recent years, and the Company's overall operating conditions, etc. Also, the company's Articles of Association, Article 19: "If the Company makes a profit during the year, no less than 6% shall be allocated for employee compensation" shall be followed. The managerial officers compensation must be reviewed by the remuneration committee and submitted to the Board of Directors for discussion; the employees compensation shall be submitted to the responsible supervisor for approval in accordance with the Company's hierarchical authorization rules.

The Company's Articles of Association stipulates that, after annual earnings first offset against any deficit, a minimum of 6% shall be allocated as employee compensation and a maximum of 2% as directors' remuneration. But the Company shall reserve a portion of profit to offset accumulated losses, if any. The aforementioned employee compensation can be made in stock or cash. Its subjects may include employees of controlling or associates that meet certain conditions which are set by the Board of Directors.

According to one of Article 235 of the Company Act, if the employee's compensation in the preceding paragraph is based on stocks or cash, the Board of Directors shall come to the resolution with more than two-thirds of the directors present and more than half of the present directors approve, and report to the shareholders meeting. For information about employee compensation and director remuneration 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 remuneration were estimated to be 6% and 2%, respectively, and the amount of employee compensation and directors remuneration were NT\$61,528 thousand and NT\$20,509 thousand, respectively; In FY2019, the amount of employee compensation and directors remuneration were NT\$39,835 thousand and NT\$13,279 thousand, respectively. The foregoing amounts were accounted for under salary expenses. If the Board of Directors decides to pay employee compensation in stocks, the closing price on the day before the Board of Directors resolution is used as the basis for calculating the number of allotted shares. If there is a difference between the estimated number and the actual allotted amount by the Board of Directors, it is recognized as gain or loss in the following year.

The Company's Board of Directors resolved on March 23, 2020 to provide cash for the employees compensation and directors remuneration in FY2020 and the amounts were NT\$39,835 thousand and NT\$13,279 thousand respectively. There is no significant difference to the amounts recognized as expenses in the financial report of FY2019.

19. Non-operating income and expenditures

(1) Interest earned

	FY2020	FY2019
Financial asset measured at amortized cost	\$6,232	\$7,388

(2) Other income

	FY2020	FY2019
Rental receipt	\$8,188	\$-
Dividend income	7,404	5,074
Other revenues	7,386	6,385
Total	\$22,978	\$11,459

(3) Other gains or losses

	FY2020	FY2019
Gains (losses) on disposal of property, plant, and equipment	(\$1,516)	\$3,307
Profits on disposal of investments	—	142
Net foreign exchange (loss) gain	(44,390)	(31,539)
Valuation (loss) gain of Financial assets and liabilities measured at fair value through profit or loss (Note)	(777)	19,267
Reversal of impairment loss (gain) - Property, plant, and equipment	1,964	(7,420)
Other expenses	(149)	(518)
Total	(\$44,868)	(\$16,761)

(Note): Mandatory generated by financial assets and liabilities measured at fair value through profit or loss.

(4) Financial costs

	FY2020	FY2019
Interest on bank borrowing	(\$54,472)	(\$55,461)
Interest on lease liabilities	(185)	(202)
Total	(\$54,657)	(\$55,663)

20. Other comprehensive income components

	FY2020				
	Current amount	Occurred reclassification adjustments	Others Comprehensive income	Tax benefit (Expense)	After-tax amount
Items that may not be reclassified subsequently to gain or loss:					
Remeasurement of defined benefit plan	(\$6,480)	\$-	(\$6,480)	\$1,393	(\$5,087)
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	377,126	-	377,126	(14,218)	362,908
Items that may be reclassified subsequently to gain or loss:					
Exchange differences on translation of foreign financial statements	(31,085)	-	(31,085)	2,426	(28,659)
Total	\$339,561	\$-	\$339,561	(\$10,399)	\$329,162

	FY2019				
	Current	Occurred	Others	Tax benefit	After-tax
	amount	reclassification	Comprehensive	(Expense)	amount
	amount	adjustments	income	(Expense)	amount
Items that may not be reclassified subsequently to gain or loss:					
Remeasurement of defined benefit plan	(\$6,274)	\$-	(\$6,274)	\$1,513	(\$4,761)
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	(27,562)	-	(27,562)	646	(26,916)
Items that may be reclassified subsequently to gain or loss:					
Exchange differences on translation of foreign financial statements	(203,107)	-	(203,107)	37,606	(165,501)
Total	(\$236,943)	\$-	(\$236,943)	\$39,765	(\$197,178)

21. Income tax

In accordance with the revised provisions of the Income Tax Law promulgated in February 2018, the Company's applicable business income tax rate has been changed from 17% to 20%, and the undistributed earnings tax rate has been changed from 10% to 5%.

(1) Income tax recognized in profit or loss

	<u>FY2020</u>	<u>FY2019</u>
Current income tax expense:		
Current income tax payables	\$77,768	\$120,124
Adjustment of current deferred income tax of previous years in current year	(44,530)	4,507
Deferred income tax expense (gain):		
Deferred income tax expense (gain) related to the original creation of the temporary difference and its reversal	12,751	(62,829)
Deferred income tax related to the original generation of tax losses and income tax credits and their reversal	-	18,800
Deferred Income Tax Related to Tax Rate Changes or New Tax Items	-	-
Income tax expense	<u>\$45,989</u>	<u>\$80,602</u>

(2) Income tax recognized as other comprehensive income

	<u>FY2020</u>	<u>FY2019</u>
Deferred income tax expense (gain):		
Exchange differences on translation of foreign financial statements	\$2,426	(\$37,606)
Remeasurement of defined benefit plan	1,393	(1,513)
Unrealized valuation gain or loss of equity instrument investment at fair value through other comprehensive income	(14,218)	(646)
Income tax related to other comprehensive income components	<u>(\$10,399)</u>	<u>(\$39,765)</u>

(3) The amount of income tax expenses multiplied by accounting profits by the applicable tax rate is adjusted as follows:

	<u>FY2020</u>	<u>FY2019</u>
Pre-tax Net Profit from Continuing Business Units	\$943,424	\$610,811
Income tax calculated at statutory tax rate	\$188,684	\$122,162
Tax effects of tax exemption income	(28,131)	(3,525)
Income tax impact on deferred income tax assets / liabilities	(70,000)	(55,037)
Tax on undistributed earnings	-	12,495
Adjustment of current deferred income tax of previous years in current year	(44,530)	4,507
Others	(34)	-
Total income tax expense recognized in profit or loss	<u>\$45,989</u>	<u>\$80,602</u>

(4) The deferred income tax assets (liabilities) balance related to the following items:

FY2020:

	Opening balance	Recognized in gain or loss	Recognized in other comprehens ive income	Closing balance
Temporary difference				
Allowance for price decline in inventories	\$42,496	(\$3,209)	\$-	\$39,287
Unrealized exchange gain or loss	3,571	(2,902)	-	669
The proportion of gain or loss of subsidiaries recognized by equity method	58,748	(18,946)	-	39,802
Changes in the net worth of the subsidiary's equity recognized by equity method	(71,014)	-	-	(71,014)
The balance of translation of the financial reports of foreign operation institutions	109,121	-	2,426	111,547
Tax differentials in depreciation	(1,254)	348	-	(906)
Net defined benefit liability - non-current	19,421	(271)	1,393	20,543
Impairment Loss	1,484	(393)	-	1,091
Others	55,972	12,622	(14,218)	54,376
Tax loss un-used	-	-	-	-
Deferred income tax (expense) gain		<u>(\$12,751)</u>	<u>(\$10,399)</u>	
Net deferred income tax assets / liabilities	<u>\$218,545</u>			<u>\$195,395</u>
Below is the information contained in the balance sheet:				
Deferred income tax asset	<u>\$290,905</u>			<u>\$267,315</u>
Deferred tax liabilities	<u>(\$72,360)</u>			<u>(\$71,920)</u>

FY2019

	Opening balance	Recognized in gain or loss	Recognized in other comprehens ive income	Closing balance
Temporary difference				
Allowance for price decline in inventories	\$32,048	\$10,448	\$-	\$42,496
Unrealized exchange gain or loss	(13,589)	17,160	-	3,571
The proportion of gain or loss of subsidiaries recognized by equity method	38,000	20,748	-	58,748
Changes in the net worth of the subsidiary's equity recognized by equity method	(71,014)	-	-	(71,014)
The balance of translation of the financial reports of foreign operation institutions	71,515	-	37,606	109,121
Tax differentials in depreciation	(1,534)	280	-	(1,254)
Net defined benefit liability - non-current	18,504	(596)	1,513	19,421
Impairment Loss	-	1,484	-	1,484
Others	42,021	13,305	646	55,972
Tax loss un-used	18,800	(18,800)	-	-
Deferred income tax (expense) gain		<u>\$44,029</u>	<u>\$39,765</u>	
Net deferred income tax assets / liabilities	<u>\$134,751</u>			<u>\$218,545</u>
Below is the information contained in the balance sheet:				
Deferred income tax asset	<u>\$221,236</u>			<u>\$290,905</u>
Deferred tax liabilities	<u>(\$86,485)</u>			<u>(\$72,360)</u>

(5) Unrecognized deferred tax assets

As of 31 December 2020, and 2019, the Company's unrecognized deferred income tax assets were NT\$160,000 thousand and NT\$230,000 thousand, respectively.

(6) Situations of income tax declaration and verification

As of December 31, 2020, the Company's income tax declaration was approved to FY2018.

22. Earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to holders of ordinary shares in the current year by the weighted average number of ordinary shares outstanding in the current year.

The amount of diluted earnings per share is calculated by dividing the net profit attributable to holders of ordinary shares for the year by the weighted average number of ordinary shares outstanding for the year plus the weighted average number of ordinary shares issued of all potential ordinary shares with dilution effect when they are converted into ordinary shares.

	FY2020	FY2019
(1) Basic earnings per share		
Net Income (NT\$ thousands)	\$897,435	\$530,209
Weighted average number of shares of common stock per share of earnings (thousand shares)	332,349	352,875
Basic earnings per share (NT\$)	\$2.70	\$1.50
	FY2020	FY2019
(2) Diluted earnings per share		
Net profit of the current period after adjusting the dilution effect (thousand)	\$897,435	\$530,209
Weighted average number of shares of common stock per share of earnings (thousand shares)	332,349	352,875
Dilution effect:		
Employee compensation - stocks (thousand shares)	1,855	1,438
Weighted average number of ordinary shares after adjusting the dilution effect (thousand shares)	334,204	354,313
Diluted earnings per share (NT\$)	\$2.69	\$1.50

After the reporting period and before the financial statements were approved for release, there were no other transactions that materially changed the number of common shares outstanding or the number of potential common shares at the end of the period.

VII. Related Party Transaction

The related parties which have trading with the Company within the period of the financial report are as follows:

Names of related parties and relationship

<u>Name of related parties</u>	<u>Relationship with the Company</u>
PAN-JIT ASIA INTERNATIONAL INC.	The Company's subsidiary
PAN JIT AMERICAS, INC.	The Company's subsidiary
PAN-JIT INTERNATIONAL (H.K.) LTD.	The Company's subsidiary
PAN JIT KOREA CO., LTD.	The Company's subsidiary
PAN JIT EUROPE GMBH	The Company's subsidiary
Suzhou Grande Electronics Co. Ltd.	The Company's subsidiary
Shenzhen Max Diode Co., Ltd.	The Company's subsidiary
Pan-Jit Electronics (Wuxi) Co., Ltd.	The Company's subsidiary
Pynmax Technology Co., Ltd.	The Company's subsidiary
MILDEX OPTICAL INC.	Other related party
Zibo Micro Commercial Components Corp.	Other related party
Mr. FANG, MIN-QING etc. of 14 individuals	Management levels above Vice President of the Company

1. Sales

	<u>FY2020</u>	<u>FY2019</u>
Pan-Jit Electronics (Wuxi) Co., Ltd.	\$866,486	604,003
PAN JIT AMERICAS, INC.	83,961	109,240
PAN-JIT INTERNATIONAL (H.K.) LTD.	73,542	70,884
Others	11,837	95,086
Grand total	<u>\$1,035,826</u>	<u>\$879,213</u>

The selling price from the Company to related parties is negotiated by both parties with reference to market conditions; the current year's circulating funds are unsecured, interest-free and must be settled in cash. No guarantee has been received for accounts receivable from related parties.

2. Purchase

	<u>FY2020</u>	<u>FY2019</u>
Pan-Jit Electronics (Wuxi) Co., Ltd.	\$1,489,242	\$1,193,482
Pynmax Technology Co., Ltd.	397,709	346,428
Others	17,689	19,863
Grand total	<u>\$1,904,640</u>	<u>\$1,559,773</u>

The price of the Company's purchase of goods from related parties is negotiated by both parties with reference to market conditions; the Company's payment terms for purchases of goods from related parties are equivalent to those of ordinary manufacturers.

3. Accounts Receivables -related parties

	<u>2020/12/31</u>	<u>2019/12/31</u>
Pan-Jit Electronics (Wuxi) Co., Ltd.	\$268,799	\$105,975
Others	8,372	15,529
Grand total	<u>\$277,171</u>	<u>\$121,504</u>

4. Other accounts receivable - related parties (not loans)

	<u>2020/12/31</u>	<u>2019/12/31</u>
Pan-Jit Electronics (Wuxi) Co., Ltd.	\$188	\$267
Others	-	10
Grand total	<u>\$188</u>	<u>\$277</u>

5. Accounts payable - related parties

	<u>2020/12/31</u>	<u>2019/12/31</u>
Pan-Jit Electronics (Wuxi) Co., Ltd.	\$270,696	\$155,285
Pynmax Technology Co., Ltd.	40,978	79,912
Others	2,076	5,095
Grand total	<u>\$313,750</u>	<u>\$240,292</u>

6. Other payables - related parties

	<u>2020/12/31</u>	<u>2019/12/31</u>
PAN JIT EUROPE GMBH	\$36,914	\$31,907
Others	9,260	22,349
Grand total	<u>\$46,174</u>	<u>\$54,256</u>

7. Sale of property, plant, and equipment:

FY2020:

<u>Name of related parties</u>	<u>Assets</u>	<u>Selling price</u>	<u>Carrying amount:</u>	<u>Sale (loss) gain</u>
PAN JIT ELECTRONIC (WUXI) CO., LTD.	Machinery equipment	<u>\$194</u>	<u>\$-</u>	<u>\$194</u>

FY2019:

<u>Name of related parties</u>	<u>Assets</u>	<u>Selling price</u>	<u>Carrying amount:</u>	<u>Sale (loss) gain</u>
PAN JIT ELECTRONIC (WUXI) CO., LTD.	Machinery equipment	<u>\$32,066</u>	<u>\$23,728</u>	<u>\$8,338</u>

8. Purchase of property, plant, and equipment:

FY2020:

Name of related parties	Assets	Selling price
Pynmax Technology Co., Ltd.	Machinery equipment	\$6,082
Pan-Jit Electronics (Wuxi) Co., Ltd.	Machinery equipment	20,111
		<u>\$26,193</u>

FY2019:

Name of related parties	Assets	Selling price	Basis of transaction price
Pynmax Technology Co., Ltd.	Land and buildings	\$300,725	Refer to the appraisal report of the property appraiser

9. Others

(1) Operating expense

	FY2020	FY2019
a. Commission expenditure		
PAN JIT KOREA CO., LTD.	\$45,968	\$37,851
PAN JIT EUROPE GMBH	31,852	33,055
Total	<u>\$77,820</u>	<u>\$70,906</u>
b. Manage shipping warehouse costs and collection and payment items		
PAN-JIT INTERNATIONAL (H.K.) LTD.	<u>\$34,253</u>	<u>\$30,380</u>
c. Miscellaneous expenditure, consumables, etc.		
PAN JIT AMERICAS, INC.	<u>\$23,012</u>	<u>\$19,545</u>

(2) Financing (recognized as other payables)

FY2020:

	Maximum Balance	Closing balance	Interest rate range	Interest expense	Accrued interest at the end of current period
PAN-JIT ASIA INTERNATIONAL INC.	\$892,200	\$854,400	0.00%	\$-	\$-

FY2019: None

(3) Endorsements/guarantees

Details of endorsement/guarantee provided by the Company to subsidiaries' borrowing are as follows:

	2020/12/31	2019/12/31
PAN-JIT ASIA INTERNATIONAL INC.	\$1,879,680	\$2,188,540

10. Rewards for key management of the Company

	FY2020	FY2019
Short-term employee benefits	\$69,625	\$47,536
After-retirement benefits	633	723
Total	\$70,258	\$48,259

As of December 31, 2020, and 2019, part of the main management is the joint guarantor of the Company's loans from financial institutions.

VIII. Assets pledged as security

The following assets of the Company have been provided as collateral:

Items	Carrying amount		secured debt Content
	2020/12/31	2019/12/31	
Property, Plant, and Equipment	\$938,438	\$1,105,098	Long-term loan
Other current assets	22,214	14,390	Financial commodity trading
Total	\$960,652	\$1,119,488	

IX. Commitments and contingencies

As of December 31, 2020, and 2019, the Company has provided customs bonded guarantees through bank guarantees both in the amount of NT\$10,000 thousand.

X. Losses due to major disasters

None.

XI. Significant subsequent events

The Company's Board of Directors was held on January 22, 2021 to approve the public acquisition of the common shares of Alltop Technology Co., Ltd. and the settlement of the bonds was completed on March 05, 2021. The number of purchases was 14,583 thousand shares, and the total purchase price was NT\$1,531,232 thousand and recognized as investment under the equity method.

XII. Others

1. Classification of financial tools

Financial assets

	<u>2020/12/31</u>	<u>2019/12/31</u>
Financial assets at FVTPL:		
Mandatory to measure at fair value through profit or loss	\$6,347	\$91,911
Financial assets measured at fair value through other comprehensive income	279,068	164,833
Financial assets measured at amortized cost	<u>2,749,705</u>	<u>1,884,339</u>
Total	<u>\$3,035,120</u>	<u>\$2,141,083</u>

Financial liabilities

	<u>2020/12/31</u>	<u>2019/12/31</u>
Financial liabilities measured at amortized cost:		
Short loan	\$1,385,443	\$1,989,732
Payables	2,318,517	1,213,892
Long-term borrowings (including maturity within one year)	3,552,198	2,450,978
Lease liabilities	<u>27,897</u>	<u>6,954</u>
Subtotals	<u>7,284,055</u>	<u>5,661,556</u>
financial liability at fair value through profit or loss:		
Held for trading	<u>2,822</u>	<u>102</u>
Total	<u>\$7,286,877</u>	<u>\$5,661,658</u>

2. Financial risk management objectives and policies

The Company's financial risk management objectives are mainly to manage market risks, credit risks and liquidity risks related to operating activities. The Company conducts the identification, measurement and management of the aforementioned risks in accordance with the Company's policies and risk preferences.

The Company has established appropriate policies, procedures and internal controls for the aforementioned financial risk management in accordance with relevant regulations. Important financial activities must be reviewed by the Board of Directors and similar audit committee units in accordance with relevant regulations and internal control systems. During the execution of financial management activities, the Company must actually comply with the stipulated financial risk management regulations.

3. Market risk

Market risk refers to the risk of fluctuations in fair value or cash flow of financial instruments due to changes in market prices. Market risks mainly include exchange rate risk, interest rate risk and other price risks (such as equity instruments.)

In practice, it is rare that a single risk variable changes independently, and the changes of each risk variable are usually related, but the sensitivity analysis of each risk below does not consider the interactive impact of related risk variables.

Exchange rate risk

The Company's exchange rate risk is mainly related to operating activities (when the currency used for revenue or expenses is different from the Company's functional currency) and the net investment of foreign operation.

The Company's foreign currency receivables are in the same currencies as part of the foreign currency payables. At this time, a considerable part of the position will have a natural hedging effect. For some foreign currency payments, forward foreign exchange contracts are used to manage exchange rate risks, based on the aforementioned natural hedging. The use of forward foreign exchange contracts to manage exchange rate risks does not meet the requirements of hedging accounting, therefore it is not adopted. In addition, the net investment of foreign operation is a strategic investment, so the Company does not consider hedging.

The sensitivity analysis of the Company's exchange rate risk mainly focuses on the major foreign currency monetary items at the end of the financial reporting period, and the impact of related foreign currency appreciation/devaluation on the Company's gain or loss and equity. The Company's exchange rate risk is mainly affected by fluctuations in the exchange rate of the U.S. dollar.

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 Company's interest rate risk mainly comes from investment in floating-rate debt instruments, fixed-rate borrowings and floating-rate borrowings.

Sensitivity analysis of interest rate risk mainly focuses on interest rate risk insurance items at the end of the financial reporting period, including floating rate investments, floating rate borrowings and interest rate swap contracts.

Equity Price Risk

The Company holds domestic listed and unlisted equity securities, the fair value of which will be affected by the uncertainty of the future value of these investment targets. The listed and unlisted equity securities held by the Company belong to the category measured at fair value through other comprehensive income. The Company manages the price risk of equity securities by diversifying investment and setting limits for single and overall equity securities investment. The equity securities investment portfolio information needs to be regularly provided to the Company's senior management. The Board of Directors must review and approve all equity securities investment decisions.

The sensitivity analysis of the related risk changes is as follows:

FY2020				
Key risks	Variation range		Sensitivity to gain or loss (NT\$ thousands)	Sensitivity to equity (NT\$ thousands)
Exchange rate risk	NTD/USD exchange rate +/- 1%	-/+	\$3,622	\$-
Interest Rate Risk	NTD market interest rate +/- 100 basis points	-/+	\$42,934	\$-
Equity Price Risk	Taiwan Capitalization Weighted Stock Index +/- 10%	+/-	\$-	\$27,907
FY2019				
Key risks	Variation range		Sensitivity to gain or loss (NT\$ thousands)	Sensitivity to equity (NT\$ thousands)
Exchange rate risk	NTD/USD exchange rate +/- 1%	-/+	\$10,092	\$-
Interest Rate Risk	NTD market interest rate +/- 100 basis points	-/+	\$41,990	\$-
Equity Price Risk	Taiwan Capitalization Weighted Stock Index +/- 10%	+/-	\$196	\$16,483

4. Credit risk management

Credit risk refers to the risk that the counterparty cannot fulfill the obligations set out in the contract and will result in financial losses. The Company's credit risk is due to operating activities (mainly accounts and notes) and financial activities (mainly bank deposits and various financial instruments.)

All units of the Company follow credit risk policies, procedures and controls to manage credit risk. The credit risk assessment of all counterparties is a comprehensive consideration of such factors as the counterparty's financial status, ratings of credit rating agencies, past historical transaction experience, current economic environment, and the Company's internal rating standards. The Company also uses certain credit enhancement tools (such as advance payment and insurance, etc.) at appropriate times to reduce the credit risk of specific counterparties.

As of December 31, 2020, and 2019, the top ten customer accounts receivable accounted for 29% and 34% of the Company's balance of accounts receivable, respectively. The credit concentration risk of the remaining accounts receivable is relatively not significant.

The Company's finance department manages the credit risk of bank deposits, fixed income securities, and other financial instruments in accordance with company policies. Since the Company's trading partners are determined by internal control procedures, and are credit worthy banks and investment-grade financial institutions, corporate organizations, and government agencies, there is no significant credit risk.

5. Liquidity risk management

The Company maintains financial flexibility through contracts such as cash and cash equivalents, high-liquidity securities and bank loans. The following table summarizes the maturity of the payments contained in the remaining contracts for non-derivative financial liabilities during the agreed repayment period of the Company. It is compiled based on the earliest possible repayment date and based on its undiscounted cash flows. The amounts listed are also Including agreed interest. For interest cash flows paid at floating interest rates, the undiscounted amount of interest is derived from the yield curve at the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	Later than 2 years but not later than 3 years	Later than 4 years but not later than 5 years	Later than 5 years	Total
2020/12/31					
Loan	\$1,398,399	\$3,274,838	\$3,543	\$274,397	\$4,951,177
Payables	\$2,389,721	\$-	\$-	\$-	\$2,389,721
Lease liabilities	\$7,864	\$20,033	\$-	\$-	\$27,897
2019/12/31					
Loan	\$2,970,037	\$1,538,139	\$48,495	\$400	\$4,557,071
Payables	\$1,213,892	\$-	\$-	\$-	\$1,213,892
Lease liabilities	\$6,613	\$403	\$-	\$-	\$7,016

Derivative financial liabilities

	Less than 1 year	Later than 2 years but not later than 3 years	Later than 4 years but not later than 5 years	Later than 5 years	Total
2020/12/31					
Forward exchange contracts - inflow	\$381,710	\$-	\$-	\$-	\$381,710
Forward exchange contracts - outflow	(\$384,480)	\$-	\$-	\$-	(\$384,480)
2019/12/31					
Forward exchange contracts - inflow	\$95,935	\$-	\$-	\$-	\$95,935
Forward exchange contracts - outflow	(\$96,021)	\$-	\$-	\$-	(\$96,021)

The disclosure of derivative liability instruments in the above table is expressed using undiscounted total cash flows.

6. Adjustment in liabilities generated from financing activities

Adjustment information of liabilities in FY2020:

	Short loan	Long-term loan	Lease liabilities	Total liabilities from the financing activities
2020/01/01	\$1,989,732	\$2,450,978	\$6,954	\$4,447,664
Cash flows	(604,289)	1,067,387	(9,245)	453,853
Non-cash changes	-	3,833	30,188	34,021
2020/12/31	\$1,385,443	\$3,522,198	\$27,897	\$4,935,538

Adjustment information of liabilities in FY2019:

	Short loan	Long-term loan	Lease liabilities	Total liabilities from the financing activities
2019/01/01	\$1,528,797	\$2,187,079	\$14,078	\$3,729,954
Cash flows	460,935	260,500	(8,410)	713,025
Non-cash changes	-	3,399	1,286	4,685
2019/12/31	<u>\$1,989,732</u>	<u>\$2,450,978</u>	<u>\$6,954</u>	<u>\$4,447,664</u>

7. Fair value of financial instruments

(1) Valuation techniques and assumptions used to measure fair value

Fair value refers to the price that can be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement date. The methods and assumptions used by the Company to measure or disclose the fair value of financial assets and financial liabilities are as follows:

- A. The carrying amounts of cash and cash equivalents, receivables, other current assets, payables and other current liabilities are a reasonable approximation of the fair value, which is mainly due to the short maturity period of such instruments.
- B. The fair value of financial assets and financial liabilities that are traded in an active market with standard terms and conditions is determined by reference to market quotes (for example, listed stocks, beneficiary certificates, bonds and futures, etc.).
- C. The fair value of equity instruments without active market transactions (for example, private equity stocks of listed companies, public company shares without active markets, and unpublished company shares) is estimated by the market method, and is estimated for the fair value with the price and other relevant information (such as lack of liquidity discount factors, similar company stock price-to-earning ratio, similar company stock price-to-net worth ratio and other input values) of the same or comparable company equity instruments generated by market transactions.
- D. For investment in debt instruments, bank borrowings, corporate bonds payable and other non-current liabilities without active market quotations, the fair value is determined based on the counterparty's quotation or evaluation technology. The evaluation technology is determined on the basis of discounted cash flow analysis. The interest rate and assumptions such as discount rate are mainly based on information related to similar tools (for example, OTC's reference yield curve, the average quotation of the Reuters commercial paper rate, and credit risk information.)

E. Derivative financial instruments without active market quotations, among which are non-option derivative financial instruments, are calculated based on discounted cash flow analysis using the counterparty's quotation or the applicable yield curve within duration; for option derivative financial instruments, use Counterparty quotations, appropriate option pricing models (such as the Black-Scholes model) or other evaluation methods (such as Monte Carlo Simulation) to calculate the fair value.

(2) Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and financial liabilities measured at amortized cost is a reasonable approximation of the fair value.

(3) Information about the fair value level of financial instruments

For information on the fair value levels of the Company's financial instruments, please refer to Note 12 and 9.

8. Derivative instruments

As of December 31, 2020, and 2019, information of the Company's holding on derivatives that do not comply with hedge accounting and have not yet expired is as follows:

forward exchange contract

The forward exchange contract is a risky position that manages part of the transaction, but it is not designated as a hedging tool

The trading conditions of forward foreign exchange contracts undertaken by the Company are as follows:

	<u>Items</u>	<u>Contract amount</u>	<u>Maturity date</u>
<u>2020/12/31</u>			
The Company	Forward exchange contract	Buy USD 13,500 thousand	2021/01/07~2021/03/19
<u>2019/12/31</u>			
The Company	Forward exchange contract	Buy USD 3,200 thousand	2020/01/09~2020/01/16

The aforementioned derivatives transaction counterparties are well-known banks at home and abroad, and their credit is good, so the credit risk is not high.

For forward exchange and currency swaps contract transactions, it is mainly to avoid the risk of exchange rate and interest rate changes on net assets or net liabilities. There will be relative cash inflows or outflows at maturity, and working capital is sufficient to support, so there will be no significant cash flow risk.

9. Fair value level

(1) Definition of fair value level

All assets and liabilities measured or disclosed by fair value are entered at the lowest level of importance to the overall fair value measurement, and are classified into the fair value level to which they belong. The input values for each level are as follows:

Level 1 : The quoted price (unadjusted) of the same asset or liability available in the active market on the measurement date.

Level 2 : The observable input value of an asset or liability directly or indirectly, except for those included in the quotation of the first level.

Level 3 : The unobservable input value of an asset or liability.

For assets and liabilities recognized in Parent Company Only Financial Statements on a repetitive basis, their classification is reassessed at the end of each reporting period to determine whether there will be a transfer between the levels of the fair value hierarchy.

(2) Hierarchical Information on Fair Value Measurement

The Company does not have non-repetitive assets measured at fair value. The fair value level information of repetitive assets and liabilities is listed below:

December 31, 2020:				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value				
Financial assets measured at fair value through profit or loss				
Forward exchange contract	\$-	\$52	\$-	\$52
Fund	\$-	\$6,295	\$-	\$6,295
Financial assets measured at fair value through other comprehensive income				
Stock	\$205,195	\$73,873	\$-	\$279,068
Liabilities measured at fair value				
Financial liabilities measured at fair value through profit or loss				
Forward exchange contract	\$-	\$2,822	\$-	\$2,822
December 31, 2019:				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets measured at fair value:				
Financial assets measured at fair value through profit or loss				
Forward exchange contract	\$-	\$15	\$-	\$15
Stock	\$1,956	\$-	\$-	\$1,956
Fund	\$-	\$89,940	\$-	\$89,940
Financial assets measured at fair value through other comprehensive income				
Stock	\$122,715	\$42,118	\$-	\$164,833
Liabilities measured at fair value				
Financial liabilities measured at fair value through profit or loss				
Forward exchange contract	\$-	\$102	\$-	\$102

Transfer between the first level and the second level of the fair value hierarchy

As of December 31, 2020, and 2019, there is no transfer between the first and second levels of the fair value hierarchy of assets and liabilities measured by the Company's repetitive fair value.

Changes in recurring fair value at level 3

The Company does not have repetitive fair value-measured assets and liabilities that fall into the third level of the fair value hierarchy.

10. The information on foreign currency assets and liabilities with significant impact are as follows

The information on foreign currency assets and liabilities of the Company with significant influence is as follows

	2020/12/31			2019/12/31		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Monetary unit: NT\$ thousands						
<u>Financial assets</u>						
Monetary items:						
USD	\$59,301	28.4800	\$1,688,894	\$47,740	29.9800	\$1,431,247
EUR	\$1,796	35.0200	\$62,885	\$2,213	33.5900	\$74,333
Non-monetary items:						
USD	\$194,819	28.4800	\$5,548,456	\$172,130	29.9800	\$5,160,446
<u>Financial liabilities</u>						
Monetary items:						
USD	\$37,560	28.4800	\$1,069,718	\$11,574	29.9800	\$346,976

The above information is disclosed on the basis of the foreign currency carrying amount (which has been converted to functional currency.)

The Company's foreign currency transactions have a wide variety of functional currencies, which cannot be difficult to disclose each currency's significant influence. Therefore, the exchange gain or loss of each currency are consolidated and disclosed. The Company's currency financial assets and financial liabilities conversion (gain) loss in FY2020 and FY2019 were (44,390) thousand and (31,539) thousand, respectively.

11. Capital management

The most important goal of the Company's capital management is to confirm the maintenance of sound credit ratings and good capital ratios to support corporate operations and maximize shareholders' equity. The Company manages and adjusts the capital structure according to economic conditions, and may maintain and alter the capital structure by adjusting dividend payments, returning capital or issuing new shares.

XIII. Additional Disclosures

1. Information on Significant Transactions:

- (1) Financing provided to others: detailed in Table 1.
- (2) Endorsement/guarantee for others: detailed in Table 2.
- (3) The situation of holding marketable securities at the end of the period: detailed in Table 3.
- (4) Cumulative amount of buying or selling negotiable securities to reach NT\$ 300 million or over 20% of actually received capital: none.
- (5) The amount of acquiring property to reach NT\$ 300 million or over 20% of actually received capital: none.
- (6) The amount of disposing of property to reach NT\$ 300 million or over 20% of actually received capital: none.
- (7) The amount of purchase and sales with related parties up to NT \$100 million or more than 20% of the paid-up capital: detailed in Table 4.
- (8) Related party receivables of NT \$100 million or more than 20% of paid-in capital: detailed in Table 5.
- (9) Engaging in derivatives transactions: detailed in Note XII (8).

2. Information on Investees:

Those who directly or indirectly have significant influence, control, or joint control over the investee company in a non-mainland area shall disclose its name, location, main business items, original investment amount, end-of-period shareholding, current profit or loss, and recognized investment gain or loss: detailed in Table 6.

3. Information of Investment in Mainland China

- (1) Information of Investment in Mainland China: detailed in Table 7.
- (2) The following major transactions, including prices, payment terms, and unrealized gain or loss, which occur directly or indirectly with the investee company in mainland China through the third region:
 - A. Revenue Amount and Percentage and Balance and Percentage of Related Payables: detailed in Table 4.
 - B. Revenue Amount and Percentage and Balance and Percentage of Related Receivables: detailed in Table 4 and 5.
 - C. The amount of property transactions and the amount of profits and losses generated: None.
 - D. The ending balance of the note endorsement and guarantee or collateral provided and its purpose: detailed in Table 2.
 - E. The maximum financing balance, ending balance, interest rate range and total interest of the current period: detailed in Table 1.
 - F. Other transactions that have a significant impact on the current gain or loss or financial status: none.

4. Information on Major Shareholders: detailed in Table 8.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(Unit: NTS thousands, unless otherwise indicated)
Financing provided to others

TABLE 1

No. (Note 1)	Lending company	Participants	Transactions (Note 2)	Related party or	Highest amount for current	Closing balance (Note 6)	Actual disbursement	Interest rate range	Nature of Financing (Note 3)	Transaction Amount	Reason for Short-term Financing (Note 5)	Allowance for Loss	Collateral Name	Value	Limit of capital loan to individual	Total limit of capital loan	Remark
0	PANJIT INTERNATIONAL INC.	EC SOLAR C1 SRL	Other receivables	Yes	583,110	577,830	0	0.00%	Short-term financing	-	Operating turnover	-	-	-	2,839,768	2,839,768	(Note 7, 13)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE ENERGY EUROPE B.V.	Other receivables	Yes	605,296	551,215	551,215	2.40%-2.50%	Short-term financing	-	Operating turnover	-	-	-	2,815,490	6,194,078	(Note 8, 13)
1	PAN-JIT ASIA INTERNATIONAL INC.	JIANGSU AIDE SOLARENERGYTECHNOLOGY CO.,LTD.	Other receivables	Yes	1,078,276	894,272	894,272	0.00%	Short-term financing	-	Operating turnover	-	-	-	2,815,490	6,194,078	(Note 8, 13)
1	PAN-JIT ASIA INTERNATIONAL INC.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	Other receivables	Yes	382,891	317,552	317,552	0.00%	Short-term financing	-	Operating turnover	-	-	-	2,815,490	6,194,078	(Note 8, 13)
1	PAN-JIT ASIA INTERNATIONAL INC.	PANJIT INTERNATIONAL INC.	Other receivables	Yes	892,200	854,400	854,400	0.00%	Short-term financing	-	Operating turnover	-	-	-	2,815,490	6,194,078	(Note 8, 13)
2	PAN JIT AMERICAS INC.	PAN-JIT ASIA INTERNATIONAL INC.	Other receivables	Yes	60,880	-	-	0.00%	Short-term financing	-	Operating turnover	-	-	-	55,365	55,365	(Note 11, 13)
3	AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Other receivables	Yes	608,880	577,830	577,830	2.80%-2.90%	Short-term financing	-	Operating turnover	-	-	-	1,427,346	1,427,346	(Note 9, 13)
4	SUZHOU GRANDE ELECTRONICSCO., LTD.	SUMMERGY CO., LTD	Other receivables	Yes	176,903	151,969	130,084	4.50%	Short-term financing	-	Operating turnover	-	-	-	294,254	294,254	(Note 10, 13)
4	SUZHOU GRANDE ELECTRONICSCO., LTD.	JIANGSU AIDE SOLARENERGYTECHNOLOGY CO.,LTD.	Other receivables	Yes	452,582	450,831	447,034	0.00%	Short-term financing	-	Operating turnover	-	-	-	735,634	735,634	(Note 10, 13)
5	PAN JIT ELECTRONIC (WUXI) CO., LTD	PAN-JIT ELECTRONICS(SHANDONG) CO.,LTD.	Other receivables	Yes	43,940	43,770	0	0.00%	Short-term financing	-	Operating turnover	-	-	-	1,269,892	1,269,892	(Note 12, 13)
Total						4,419,669	3,772,387										

(Note 1): The numbering rule is as follows:

1. 0 for issuer.
2. The investee company is numbered according to type from the Arabic number 1 in sequence.

(Note 2): Accounts receivable from associates, accounts receivable from related parties, shareholder transactions, advance payments, temporary payments... and other items, if they are in the nature of capital loans, must be filled in this form.

(Note 3): The nature of the fund loan should be listed as a business transaction or a short-run financing need.

(Note 4): If the nature of the fund loan is a business transaction, the business transaction amount should be filled in. The business transaction amount refers to the amount of business transactions between the Company that lent the fund and the counterparty in the most recent year.

(Note 5): If the nature of the fund loan is short-run financing, the counterparty's reasons and the purpose for the loan should be specified, such as repayment of borrowings, purchase of equipment, business turnover... etc.

(Note 6): Pursuant to Article 14 Item 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, if a public company submits a capital loan to the Board of Directors for resolutions one by one, although the funds have not yet been allocated, the amount of the board of directors' resolutions should be included in the balance declared to expose the risk; however, if the funds are subsequently repaid, the balance after repayment shall be disclosed to reflect the adjustment of risk. Pursuant to Article 14 Item 2 of the Regulations, if a public company, through the resolution by the board of directors, authorizes the chairman of the board to allocate loans in installments or revoke 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 NTS7,099,421 thousand.

(Note 8): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth.

If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending, it is not subject to the above restrictions. However, the individual loan amount and the total amount of funds loaned to others shall not exceed 50% and 110% of that company's net worth. Calculate the net worth company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) PAN-JIT ASIA INTERNATIONAL INC.: The net worth is USD197,717 thousand, which is converted into NTS5,630,980 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 NTS713,673 thousand.

(Note 10): In accordance with the following regulations on the "Capital Loan to Others Operating Procedures" and "Capital Loan to Others Processing Procedures" stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the directly and indirectly, hold 100% of the voting shares engage in fund lending, it is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 100% of that company's net worth.

Calculate the net worth of the following companies in accordance with the operating procedures:

(1) SUZHOU GRANDE ELECTRONICS: The net worth is RMB168,068 thousand, which is converted into NTS735,634 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 NTS138,413 thousand.

(Note 12): In accordance with the following regulations on the Capital Loan to Others Operating Procedures stipulated by each subsidiary of the Company, for companies or merchants that are in need of short-term financing, the amount of individual loans and the total amount of capital loans to others shall not exceed 40% of that company's net worth. If the subsidiary and the foreign companies in which the Company, directly and indirectly, hold 100% of the voting shares engage in fund lending, it is not subject to the above restrictions, but the individual loan amount and the total amount of funds loaned to others shall not exceed 200% of that company's net worth. Calculate the net worth of the following companies in accordance with the operating procedures:

(1) PAN JIT ELECTRONIC (WUXI) CO., LTD: The net worth is RMB725,321 thousand, which is converted to NTS3,174,730 thousand.

(Note 13): It had been written off in preparing the consolidated financial report.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NTS thousands, unless otherwise indicated)

Endorsement/guarantee for others

TABLE 2

No. (Note 1)	Endorsements/guarantees Provider Company Name	Entities for which endorsement/guarantee provided:		Limit of Endorsements/guarantees for a Single Entity (Note 3)	Highest amount of endorsement/guarantee in the current period (Note 4)	Outstanding endorsements/guarantees at the end of current period	Actual amount used (Note 6)	Endorsements/guarantees with collateral	Ratio of Cumulative Endorsements/guarantees to the Net Equity Stated in the Latest Financial Statements	Limit of Endorsement/Guarantee (Note 3)	Endorsement/guarantee provided by parent company for subsidiary (Note 7)	Endorsement/guarantee provided by subsidiary for parent company (Note 7)	Endorsements/guaran tees for entities in mainland China (Note 7)	Remark
		Company name	Relation (Note 2)											
0	PANJIT INTERNATIONAL INC.	PAN-JIT ASIA INTERNATIONAL INC.	2	\$7,099,421	\$2,237,340	\$1,879,680	\$1,879,680	-	26.48%	\$7,099,421	Y	N	N	(Note 8)
0	PANJIT INTERNATIONAL INC.	PAN JIT ELECTRONIC (WUXI) CO., LTD	2	\$7,099,421	\$15,220	-	-	-	0.00%	\$7,099,421	Y	N	Y	(Note 8)

(Note 1): The numbering rule is as follows:

(1) 0 for issuer.

(2) The investee company is numbered according to type from the Arabic number 1 in sequence.

(Note 2): The relation between endorsement guarantor and the subject of endorsement or guarantee is as follows:

(1) A company with which the Company has business relationship.

(2) A subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares.

(3) The investee company whose parent company and subsidiary hold more than 50% of the common stock.

(4) For the parent company that directly or indirectly holds more than 90% of its common stock equity through its subsidiaries.

(5) Mutually guaranteed companies among counterparts based on the need for undertaking projects.

(6) All capital contributing shareholders make endorsements/guarantees for their jointly invested Company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Note 3): Information to be filled out: According to the operating procedures of endorsement and guarantee for others, the Company's limit of endorsement/guarantee for individuals and the maximum amount of endorsement/guarantee. In the remarks column, explain the calculation method of the endorsement/guarantee for individuals and the total amount.

(Note 4): Highest amount of outstanding endorsement/guarantee for others in current period.

(Note 5): The amount approved by the Board of Directors should be filled. However, if according to Article 12, Paragraph 8 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the Board of Directors has authorized the chairman, it refers to the amount decided by the chairman.

(Note 6): The actual amount spent by the endorsed company within the range of the endorsed guarantee balance.

(Note 7): Y is required only for those who are the listed parent company to endorse the subsidiary, those who are the subsidiary to endorse the listed parent company, and those who are located in the mainland area.

(Note 8): According to the Company's "Procedures for Endorsement and Guarantee", the limit of the endorsement and guarantee for a single enterprise shall not exceed 100% of the Company's net worth (ie, NTS7,099,421 thousand); The total amount of endorsement and guarantees for enterprises outside the Group shall not exceed 100% of the Company's net worth.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(Unit: NT\$ thousands, unless otherwise indicated)
Marketable securities held at the end of the period (excluding subsidiaries, associates, and joint ventures)

TABLE 3

Unit: USD, RMB, HKD thousand

Company holding shares	Type and name of the securities (Note 1)	Relationship with the issuer of the securities (Note 2)	Accounting item	Ending Balance					Remark (Note 4)
				Number of shares (thousand shares)	Currency	Carrying amount (Note 3)	Shareholding ratio	Fair value	
PANJIT INTERNATIONAL INC.	Fund								
	Yuanta Taiwan High Dividend Quality Leading Fund	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	NTD	\$6,295	-	\$6,295	-
	Public shares								
	Jih Lin Technology Co., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,222	NTD	92,620	1.46%	92,620	-
	OTC stock								
	Advanced Microelectronic Products, Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	11,552	NTD	92,419	3.63%	92,419	-
	Sentelic Corporation	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	226	NTD	11,060	0.87%	11,060	-
	Emerging Stock								
	KAISON GREEN ENERGY TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	454	NTD	9,096	0.08%	9,096	-
	Unlisted stock								
WELLAN SYSTEM CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	445	NTD	-	1.53%	-	-	
TAIDEVELOP INFORMATION CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	334	NTD	-	3.71%	-	-	
ENERGY MOANA TECHNOLOGY CO., LTD.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	1,200	NTD	22,543	3.75%	22,543	-	
Neolink Capital Corp.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	5,000	NTD	51,330	4.28%	51,330	-	
PAN JIT ELECTRONIC (WUXI) CO., LTD	Unlisted stock(Note 5)								
	Siyang Grande Electronics Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	10,005	15.00%	10,005	-
	Wuxi Danchen Intelligent Technology Co., Ltd. (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 Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(Unit: NTS 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 (Note 4)
				Number of shares (thousand shares)	Currency	Carrying amount (Note 3)	Shareholding ratio	Fair value	
PAN-JIT ASIA INTERNATIONAL INC.	Wealth management products by financial institution								
	COOPERATIEVE RABOBANK UA	-	Financial assets measured at amortized cost - Non-current	-	EUR	\$1,025	-	\$1,025	-
	ERSTE GROUP BANK AG	-	Financial assets measured at amortized cost - Non-current	-	EUR	813	-	813	-
	RAIFFEISEN BANK INTL	-	Financial assets measured at amortized cost - Non-current	-	EUR	2,073	-	2,073	-
PYNMAX TECHNOLOGY CO.,	Public shares								
	Jih Lin Technology Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	770	NTD	58,366	0.82%	58,366	-
	MOSEL VITELIC Inc.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	19,000	NTD	660,915	12.16%	660,915	-
	WAFER WORKS CORP.	-	Mandatory financial assets measured at fair value through profit or loss - current	80	NTD	3,424	0.02%	3,424	-
	Globalwafers. Co.,Ltd	-	Mandatory financial assets measured at fair value through profit or loss - current	12	NTD	8,496	-	8,496	-
	Unlisted stock								
	HI-VAWT TECHNOLOGY CORP.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	2,000	NTD	-	10.00%	-	-
	Fund								
	Yuanta Taiwan High Dividend Quality Leading Fund	-	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	2,518	-	2,518	-
	Taichung Bank Taiwan Quantitative Fund	-	Mandatory financial assets measured at fair value through profit or loss - current	-	NTD	51,400	-	51,400	-
JOYSTAR INTERNATIONAL CO., LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	USD	8,900	-	8,900	-
	Siegfried Supply Chain Finance Fund S.C.A., SICAV-SIF-Series 1	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	USD	2,010	-	2,010	-
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	USD	4,800	-	4,800	-
JIANGSU AIDE SOLARENERGYTECHNOLOGY CO.,LTD.	Unlisted stock (Note 5)								
	MOTECH (Suzhou) New Energy Co., Ltd.	-	Financial assets measured at fair value through other comprehensive benefits and losses - non-current	-	RMB	28,916	4.61%	28,916	Has been pledged to The Company's subsidiary
PAN-JIT ELECTRONICS(SHANDONG) CO.,LTD.	Wealth management products by financial institution								
	Structured deposit	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	RMB	11,000	-	11,000	-
PAN-JIT INTERNATIONAL (H.K.) LTD.	Fund								
	Siegfried Capital Partners Fund II S.C.Sp.	-	Financial assets compulsorily measured at fair value through profit or loss - current	-	HKD	6,240	-	6,240	-

(Note 1): The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 "Financial Instruments."

(Note 2): If the securities issuer is not a related party, this column should be left blank.

(Note 3): If measured by fair value, for carrying amount in column B, please fill in the carrying balance after fair value evaluation adjustment and deduction of accumulated impairment; If not measured by fair value, for carrying amount in column B, please fill in the carrying balance of the original acquisition cost or the amortized cost after deducting the accumulated impairment.

(Note 4): The listed securities have users who are restricted due to the provision of guarantees, pledged loans, or other agreed-upon. The remarks column should indicate the number of guarantees or pledged shares, the amount of guarantees or pledges, and status of restricted use.

(Note 5): It is a limited company, so the number of shares and net worth per share are not available.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT\$ thousands, unless otherwise indicated)

Where the amount of goods purchased or sold with related parties reaches NT\$100 million or more than 20% of the paid-in capital

TABLE 4

Companies of purchase (sales) transaction	Counterparty	Relation	Transaction situation				Situation and reason for difference between transaction condition and common transaction		Notes and accounts receivable (payable)		Remark
			Purchase (sales)	Amount (Notes 2)	Ratio to Total Purchase (sales)	Credit period	Unit price	Credit period	Balance (Note 2)	Ratio in total notes and accounts receivable (payable)	
PANJIT INTERNATIONAL INC.	PAN JIT ELECTRONIC (WUXI) CO., LTD	Subsidiaries	(Sales)	(\$866,486)	13%	General	Not applicable	Not applicable	\$268,799	13%	
	PAN JIT ELECTRONIC (WUXI) CO., LTD	Subsidiaries	Purchase	1,489,242	39%	General	Not applicable	Not applicable	(270,696)	35%	
	PYNMAX TECHNOLOGY CO.,LTD.	Subsidiaries	Purchase	397,709	10%	General	Not applicable	Not applicable	(40,978)	5%	
PYNMAX TECHNOLOGY CO.,LTD.	PANJIT INTERNATIONAL INC.	The Company	(Sales)	(397,709)	35%	General	Not applicable	Not applicable	40,978	17%	
	PAN JIT ELECTRONIC (WUXI) CO., LTD	Subsidiaries	(Sales)	(459,853)	41%	General	Not applicable	Not applicable	122,647	51%	
PAN JIT ELECTRONIC (WUXI) CO., LTD	PANJIT INTERNATIONAL INC.	The Company	(Sales)	(1,489,242)	27%	General	Not applicable	Not applicable	270,696	13%	
	PANJIT INTERNATIONAL INC.	The Company	Purchase	866,486	18%	General	Not applicable	Not applicable	(268,799)	15%	
	PYNMAX TECHNOLOGY CO.,LTD.	Subsidiaries	Purchase	459,853	10%	General	Not applicable	Not applicable	(122,647)	7%	

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): It had been written off in preparing the consolidated financial report.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT\$ thousands, unless otherwise indicated)

The receivables from related party to reach NT\$ 100 million or 20% of actually received capital amount:

TABLE 5

The companies that record such transactions as receivables	Counterparty	Relation	Balance Dues from Related Parties (Note 3)	Turnover ratio	Overdue receivables from related party		Recovery amount of receivables from related parties after the period	Allowance for Loss
					Amount	Disposal means		
PANJIT INTERNATIONAL INC.	PAN JIT ELECTRONIC (WUXI) CO., LTD	Subsidiaries	\$268,799	3.22	\$66	Dunning as soon as possible	\$130,056	(Note 2)
PYNMAXTECHNOLOGY CO.,LTD.	PAN JIT ELECTRONIC (WUXI) CO., LTD	Subsidiaries	122,647	3.75	-	-	68,376	(Note 2)
PAN JIT ELECTRONIC (WUXI) CO., LTD	PANJIT INTERNATIONAL INC.	The Company	270,696	5.50	-	-	\$148,974	(Note 2)

(Note 1): The amount of paid-in capital refers to the amount of paid-in capital of the parent company. If the issuer's stock has no denomination or the denomination per share is not NT\$10, the transaction amount of 20% of the paid-in capital shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Note 2): The consolidated financial report is prepared and the shareholding ratio is 100% and no allowance for loss is required.

(Note 3): It had been written off in preparing the consolidated financial report.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(Unit: NT\$ thousands, unless otherwise indicated)
Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

TABLE 6

Investing companies	Investee Companies (Note 1, Note 2)	Location	Main business items	Currency	Initial investment amount		Holding at the end of the period			Profit or Loss of investee Company in the Current Period (Note 2(2))	Investment profit or loss recognized by the Company (Note 2(3))	Remark
					At the end of the period	End of last year	Number of shares (thousand shares)	Ratio	Carrying amount			
PANJIT International Inc.	PAN-JIT ASIA INTERNATIONAL INC.	Vistra Corporate Services Centre Wickhams Cay II Road Town, Tortola, Vg1110 Virgin Islands, British	Investing	NTD	\$7,318,104	\$7,303,424	228,086	100.00%	\$5,548,456	\$468,639	\$421,959	Subsidiaries (Note 4, 5)
	PYNMAXTECHNOLOGY CO.,LTD	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	Electronic parts and components manufacturing and international trade	NTD	1,069,063	1,067,930	84,462	94.60%	1,560,142	140,474	121,900	Subsidiaries (Note 4, 5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	259,523	259,523	21,470	21.01%	210,935	(113,769)	(23,906)	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	10,091	10,091	871	20.57%	1,244	(18)	(4)	Subsidiaries (Note 5)
PAN-JIT ASIA INTERNATIONAL INC.	PAN-JIT INTERNATIONAL (H.K.) LTD.	Unit 1-5, 18/F., Wah Wai Centre, No.38-40 Au Pui Wan Street, Fotan, Shatin, New Territories	Electronics trade	USD	3,330	3,330	24,711	100.00%	4,725	657	657	Sub-subsidiary (Note 5)
	PAN JIT AMERICAS, INC.	2502 W. Huntington Drive Tempe, AZ 85282	Electronics trade	USD	16,626	16,626	2,431	95.86%	4,522	608	843	Sub-subsidiary (Note 4, 5)
	PAN JIT EUROPE GMBH	Otto-Hahn-Str. 285609 Aschheim Germany	Electronics trade	USD	770	770	-	100.00%	1,300	60	60	Sub-subsidiary (Note 5)
	CONTINENTAL LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Buliding, Beach Road, 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, Beach Road, Apia ,Samoa	Investing	USD	1,436	1,436	1,648	52.22%	741	372	194	Sub-subsidiary (Note 5)
	PAN JIT KOREA CO.,LTD.	Tower A dong 3601 Ho, Heung Deuk IT Valey, Heung Deuk 1ro 13 Gi Heung-Gu, Yong In City GyungGi-Do, Korea	Electronics trade	USD	288	288	54	60.00%	910	260	156	Sub-subsidiary (Note 5)
	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	Reinvestment business and solar energy Photoelectric products	USD	145,857	145,857	235,342	90.25%	(24,749)	1,375	1,241	Sub-subsidiary (Note 4, 5)
Pynmax Technology Co., Ltd.	JOYSTAR INTERNATIONAL CO., LTD.	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands VG1110	Investing	NTD	593,385	300,883	19,522	100.00%	442,085	15,082	15,082	Sub-subsidiary (Note 5)
	MILDEX OPTICAL INC.	No. 7, Luke 3rd Rd., Luzhu Dist., Kaohsiung City, Southern Science Industrial Park	Optical lens, instrument, and touch panel Display panel manufacturing	NTD	288,852	295,686	8,454	8.27%	83,029	(113,769)	(9,387)	
	LIFETECH ENERGY INC.	No. 17, Yonggong 1st Rd., Yong'an Dist., Kaohsiung City	LiFePO4 battery Manufacturing and sales	NTD	26,000	26,000	2,600	61.40%	3,713	(18)	(11)	Sub-subsidiary (Note 5)

(continued in next page)

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(Unit: NTS thousands, unless otherwise indicated)
Name, Location, and Information about Investee Companies (Not Including Investee Companies in Mainland China)

(continued from previous page)

Investing companies	Investee Companies (Note 1, Note 2)	Location	Main business items	Currency	Initial investment amount		Holding at the end of the period			Profit or Loss of investee Company in the Current Period (Note 2(2))	Investment profit or loss recognized by the Company (Note 2(3))	Remark
					At the end of the period	End of last year	Number of shares (thousand shares)	Ratio	Carrying amount			
JOYSTAR INTERNATIONAL CO., LTD.	DYNAMIC TECH GROUP LIMITED	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	Investing	USD	\$1,507	\$1,507	1,508	47.78%	\$678	\$372	\$178	Sub-subsidiary (Note 5)
	AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	The Grand Pavilion Commercial Centre, Oleander Way, 802 West Bay Road, P.O. Box 32052, Grand Cayman KY1-1208, Cayman Islands	Reinvestment business and solar energy Photoelectric products	USD	6,724	6,724	3,799	1.46%	(400)	1,375	20	Sub-subsidiary (Note 5)
AIDE ENERGY (CAYMAN) HOLDING CO., LTD.	AIDE SOLAR ENERGY (HK) HOLDING LIMITED	15/F, BOC Group Life Assurance Tower, No. 136 Des Voeux Road Central, Central, Hong Kong.	Investing and trade	USD	24,707	24,707	43,101	100.00%	(34,393)	(3)	(3)	Sub-subsidiary (Note 5)
	AIDE ENERGY EUROPE COÖ PERATIE U.A.	Strevelsweg 700 - Unit 312, 3083 AS Rotterdam	Investing	USD	23,836	23,836	- (Note 3)	99.97%	25,054	1,111	1,110	Sub-subsidiary (Note 5)
	AIDE SOLAR USA, INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar energy product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	1,500	1,500	150	51.72%	-	-	-	Sub-subsidiary (Note 5)
AIDE SOLAR ENERGY (HK) HOLDING LIMITED	AIDE SOLAR USA, INC.	2507 W. Erie Drive Ste 101 Tempe Arizona 85282	Solar energy product development manufacturing, sales, Self-acting agents of various commodities and technology import and export	USD	1,400	1,400	140	48.28%	-	-	-	Sub-subsidiary (Note 5)
	AIDE ENERGY EUROPE COÖ PERATIE U.A.	Strevelsweg 700 - Unit 312, 3083 AS Rotterdam	Investing	USD	7	7	- (Note 3)	0.03%	8	1,111	1	Sub-subsidiary (Note 5)
AIDE ENERGY EUROPE COÖ PERATIE U.A.	AIDE ENERGY EUROPE B.V.	Strevelsweg 700 - Unit 312, 3083 AS Rotterdam	Investing and trade	EUR	18,620	18,620	1.86	100.00%	20,379	971	971	Sub-subsidiary (Note 5)
AIDE ENERGY EUROPE B.V.	EC SOLAR C1 SRL	Viale Andrea Doria 7 Cap 20124 MILANO (MI), Italy.	Sales of solar power plants Electricity produced	EUR	17,000	17,000	- (Note 3)	100.00%	18,749	1,227	1,048	Sub-subsidiary (Note 4, 5)

(Note 1): If a public offering company has a foreign holding company and uses a consolidated report as the main financial report in accordance with local laws and regulations, the disclosure of information about the foreign investee company may only disclose the relevant information to the holding company.

(Note 2): If it is not in the situation described in Note 1, fill in the information according to the following regulations:

- (1) According to this (public offering) company's reinvestment and the reinvestment of each investee company directly or indirectly controlled, fill in the order of "Name of investee company", "location", "main business item", "original investment amount" and "end-of-term shareholding situation" and other fields. Indicate in the remarks column regarding the relationship between each investee company and the (public offering) company (if it is a subsidiary or a sub-subsidiary).
- (2) In column B of "investee company's current gain or loss", the amount of current gain or loss of each investee company should be filled in.
- (3) Column B of "Investment Profits and Losses Recognized in the Current Period" only needs to fill in the gain or loss amount of each subsidiary recognized by the (public offering) company for direct reinvestment and each investee company evaluated by equity method, and the others can be ignored. When filling in the "recognition of the current profit or loss amount of each subsidiary directly reinvested", it should be confirmed that the current profit or loss amount of each subsidiary has included the investment profit or loss of its reinvestment that should be recognized in accordance with the regulations.

(Note 3): It is a limited company or a merged company, so there is no number of shares.

(Note 4): The investment gain or loss recognized by the Company include the offset of unrealized gain or loss between associates and the amortization of net equity differences.

(Note 5): It had been written off in preparing the consolidated financial report.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)

(Unit: NT\$ thousands, unless otherwise indicated)

Information on investment in mainland China

TABLE 7

Investing companies	Investee Companies in Mainland China	Main business items	Paid-in capital	Investment method (Note 1)	Cumulative Investment Amount Remitted from Taiwan at the beginning of the period	Remitted or recovered investment amount for the period		Cumulative Investment Amount Remitted from Taiwan at the end of the period	Profit or Loss of investee Company in the Current Period	Percentage of Ownership through the Company's Direct or Indirect Investment	Investment profit (loss) confirmed in current year (Note 2)	Carrying amount of investment at the end of the period	Investment Gains Repatriated by the End of the Current Period
						Remittance	Recovery						
PANJIT International Inc.	PAN JIT ELECTRONIC (WUXI) CO., LTD.	Rectifier processing and manufacturing	\$774,656	2 PAN-JIT ASIA INTERNATIONAL INC.	\$502,145	\$-	\$-	\$502,145	\$407,927	100.00%	\$407,927 (Note 5)	\$3,174,732 (Note 5)	\$-
	SUMMERGY CO., LTD	Research & development of Battery management system, manufacturing and sales of technical services	\$150,130	2 PAN-JIT ASIA INTERNATIONAL INC.	-	-	-	-	(49,569)	70.00%	(34,698) (Note 5)	(20,684) (Note 5)	-
	SUZHOU GRANDE ELECTRONICS CO., LTD	Chip diodes, triodes and other new types of electronics.Sales of semiconductor components and related products,as well as technology and after service	\$334,340	2 CONTINENTAL LIMITED	344,900	-	-	344,900	25,457	100.00%	25,457 (Note 5)	785,974 (Note 5)	-
	Wuxi ENR Semiconductor Material Technology Co. Ltd. (Formerly Wuxi ENR Semiconductor Materials Technology Co. Ltd.)	Semiconductor peaking materials Manufacturing and sales	\$87,300	2 ENR APPLIED PACKING MATERIAL CORPORATION	9,037	-	-	9,037	-	-	-	-	-
	MAX-DIODE ELECTRONIC., LTD.(SHENZHEN)	New types of electronic components, Semiconductor controlled rectifier	\$47,392	2 DYNAMIC TECH GROUP LIMITED	47,151	-	-	47,151	16,347	97.42%	15,925 (Note 5)	8,341 (Note 5)	-
	MAX-DIODE ELECTRONIC CO.,LTD.	New types of electronic components, Semiconductor controlled rectifier	\$12,750	2 DYNAMIC TECH GROUP LIMITED	-	-	-	-	(4,991)	97.42%	(4,862) (Note 5, 6)	- (Note 5, 6)	-
	PAN JIT ELECTRONIC (BEIJING) CO., LTD	New types of electronic components, Semiconductor controlled rectifier sales	\$13,131	3 Pan-Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	3,215	100.00%	3,215 (Note 5)	10,281 (Note 5)	-
	PAN-JIT ELECTRONICS (SHANDONG) CO., LTD.	Semiconductor wafer manufacturing for automobile, and protection of discrete devices, integrated circuit chips , and production of packaging products	\$370,819	3 Pan-Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	26,783	70.28%	18,744 (Note 5)	301,812 (Note 5)	-
	PAN JIT ELECTRONIC (QUFU) CO., LTD.	New types of electronic components, Semiconductor controlled rectifier sales	\$2,189	3 Pan-Jit Electronics (Wuxi) Co., Ltd.	-	-	-	-	(1,271)	100.00%	(1,271) (Note 5)	1,714 (Note 5)	-

(continued in next page)

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
(Unit: NT\$ thousands, unless otherwise indicated)
Information on investment in mainland China

(continued from previous page)

Investing companies	Investee Companies in Mainland China	Main business items	Paid-in capital	Investment method (Note 1)	Cumulative Investment Amount Remitted from Taiwan at the beginning of the period	Remitted or recovered investment amount for the period		Cumulative Investment Amount Remitted from Taiwan at the end of the period	Profit or Loss of investee Company in the Current Period	Percentage of Ownership through the Company's Direct or Indirect Investment	Investment profit (loss) confirmed in current year (Note 2)	Carrying amount of investment at the end of the period	Investment Gains Repatriated by the End of the Current Period
						Remittance	Recovery						
PANJIT International Inc.	Zibo Micro Commercial Components Limited company	Rectifier diode, rectifier bridge, Electronic devices	\$370,046	3 SUZHOU GRANDEELECTRONICS CO.,LTD.	\$-	\$-	\$-	\$-	\$24,436	31.38%	\$7,668	\$99,544	\$-
	Jiangsu Aide Solar Technology Co. Ltd.	Solar enery 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 rectifrer	\$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 rectifrer	\$12,750	2 DYNAMIC TECH GROUP LIMITED	-	-	-	-	(4,991)	47.78%	(2,385) (Note 5, 6)	- (Note 5, 6)	-

Cumulative investment amount remitted from Taiwan to Mainland China at the end of the period		Investment amount approved by Investment Review Committee of Ministry of Economy	Investment ceiling in Mainland China according to provisions of Investment Review Committee of Ministry of Economy
PANJIT International Inc.	\$2,476,426	\$2,566,190	(Note 3)
PYNMAXTECHNOLOGY CO.,LTD.	\$34,806	\$34,806	(Note 4) \$1,073,679

(Note 1): Investment modes can be divided into the following three types, please mark the type:

- (1) Direct Mainland China investment.
- (2) Reinvest in mainland China through a third-region company (please specify the investment company in the third region.)
- (3) Others.

(Note 2) For the column of gain or loss on investments recognized in the current period:

- (1) If it is in preparation and there is no investment gain or loss, it should be indicated.
- (2) The recognition basis of investment gain or loss is divided into the following three types, which should be specified
 - A. The financial report verified by an international accounting firm in cooperation with the Accounting Firm within the Republic of China.
 - B. The financial report certified and audited by the Taiwanese parent company's CPA.
 - C. Others.

(Note 3): Due to the Company's establishment of the operating headquarters, in accordance with the provisions of the law, the amount of investment in mainland China is not limited.

(Note 4) Calculations of investment ceiling in Mainland China are as follows:

$$\text{Pynmax Technology Co., Ltd.: NT\$1,789,465 thousand} \times 60\% = \text{NT\$1,073,679 thousand}$$

(Note 5): It had been written off in preparing the consolidated financial report.

(Note 6): The entire equity was disposed of on November 19, 2020.

Notes to the Parent Company Only Financial Statements of PANJIT International Inc. (continued)
 (Unit: NT\$ thousands, unless otherwise indicated)
 Information on Major Shareholders

TABLE 8

Unit: shares

Shares	Number of Shares Held	Shareholding Ratio
Name of Major Shareholders		
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.

Tables of Material Accounting Items

Table of Contents

Items	Pages
Cash and cash equivalents	95
Financial assets at fair value through profit or loss - current	96
Net notes receivable	97
Net accounts receivable	97
Net accounts receivable - related parties	98
Other receivables	98
Income tax assets in current period	99
Stock inventory	99
Other current assets	99
Financial assets at fair value through other comprehensive income - non-current	100
Investments accounted for using equity method	101
Real property, plant, and equipment (Notes VI (8))	43~44
Right-of-use assets	102
Intangible assets (Note VI (9))	45
Deferred income tax assets (Note VI (21))	63~66
Other non-current assets	103
Short-term loans	104
Financial liabilities at fair value through profit or loss - current	105
Contractual liabilities - current	106
Accounts payable	106
Accounts Payable - Related Party	106
Other payables	107
Other current liabilities - other	107
Other non-current liabilities - others	107
Lease liabilities	108
Long-term loans	109~110
Deferred income tax liabilities (Note VI (21))	63~66
Operating revenue	111
Operating cost	112
Operating expense	113
Non-operating income and expenditure	114

PANJIT INTERNATIONAL INC.

1. Detail list for Cash and Cash equivalents

December 31, 2020

Units: NT\$ thousands

Items	Summary	Amount	Remark	
Petty cash		\$210	The exchange rate of U.S. dollar to New Taiwan dollar is 1:28.48	
Bank deposit:			The exchange rate for Japanese Yen to New Taiwan Dollar is 1:0.276	
NTD deposit		564,997	The exchange rate for Euro to New Taiwan Dollar is 1:35.02	
Foreign currency deposit	USD	1,192,885.77	33,973	The exchange rate of Hong Kong dollar to New Taiwan dollar is 1:3.673
	EUR	28,252.73	989	
	JPY	978,477.00	270	The exchange rate of RMB to New Taiwan dollar is 1:4.377
	HKD	88,151.85	324	
	CNY	26,439.89	116	
	(Unit: in each foreign currency)			
Bank deposit total		600,669		
Grand total		\$600,879		

PANJIT INTERNATIONAL INC.

2. Statement of financial assets at fair value through profit or loss - current

December 31, 2020

Units: NT\$ thousands

Name of financial instrument	Summary	Shares or units (Thousand shares)	Face value (NT\$)	Total Sum	Interest rate	Acquisition cost	Fair value		Changes in fair value attributable to changes in credit risk	Remark
							Unit price (NT\$)	Total Sum		
Forward exchange contract	A. Delivery period: 2021/01/07~2021/01/28 B. Delivery rate: USD: 28.492~28.509 C.Amount of foreign currency undelivered USD 2,600 thousand	-	\$-	\$-	-	-	\$-	\$52	-	
Fund	Yuanta Taiwan High Dividend Quality Leading Fund	500	10	5,000	-	-	12.59	6,295		
Total								\$6,347		

PANJIT INTERNATIONAL INC.

3. Details of the net notes receivable

December 31, 2020

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
HANWEI ELECTRONICS CO., LTD.	Payment for goods	\$16,418	
PIDEX INTERNATIONAL CO., LTD.	Payment for goods	7,091	
JUNSUN ENTERPRISE CO., LTD.	Payment for goods	5,449	
GREAT TREASURE INC.	Payment for goods	3,890	
KROM ELECTRONICS CO., LTD.	Payment for goods	2,835	
Others	(Notes)	661	
Total		36,344	
(Less): allowance loss		-	
Net amount		\$36,344	

(Note): The balance of a single item does not exceed 5% of the notes receivable balance.

PANJIT INTERNATIONAL INC.

4. Schedule of Net Accounts Receivable

December 31, 2020

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
Da-Fung (Chongqing) Computer Co., Ltd.		\$99,882	
Others	(Notes)	1,624,656	
(Less): allowance loss		(15,953)	
Net amount		\$1,708,585	

(Note): The balance of a single item does not exceed 5% of the accounts receivable balance.

PANJIT INTERNATIONAL INC.

5. Schedule of Net Accounts Receivable - related parties

December 31, 2020

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
PAN JIT ELECTRONIC(WUXI) CO., LTD.	Payment for goods	268,799	Subsidiaries included in the consolidated financial statements may not make allowances for losses
Others	(Notes)	8,372	
Total		277,171	
(Less): allowance loss		-	
Net amount		\$277,171	

(Note): The balance of a single item does not exceed 5% of the accounts receivable balance from related parties.

PANJIT International Inc.

6. Statement of Other Receivables

December 31, 2020

Units: NT\$ thousands

Items	Summary	Amount	Remark
<u>Non-related parties</u>			
Tax refund receivables	Sales tax	\$51,064	
Others	(Notes)	1,253	
Subtotals		52,317	
<u>Related parties</u>			
PAN JIT ELECTRONIC(WUXI) CO., LTD.	Equipment, miscellaneous revenues	188	
Others	(Notes)	-	
Subtotals		188	
(Less): allowance loss		-	
Total		\$52,505	

(Note): The balance of a single item does not exceed 5% of the other accounts receivable balance.

PANJIT INTERNATIONAL INC.

7. Income tax assets for the current period

December 31, 2020

Units: NT\$ thousands

Items	Summary	Amount	Remark
Income taxes prepaid	Tax withheld	\$0	

PANJIT INTERNATIONAL INC.

8. Statement of inventories

December 31, 2020

Units: NT\$ thousands

Items	Summary	Costs	Net realisable value	Remark
Raw material		\$469,855	\$365,514	raw materials refers to the balance of finished products (including commodities) after subtracting the costs and sales.
Work in process		52,199	52,194	
have to be invested to completion		555,933	463,844	
Total		1,077,987		
Less: Allowance for price decline in inventories		(196,435)		The allowance for inventory depreciation is estimated based on the possibility of the of the inventory and the net slow-moving value.
Net amount		\$881,552		

PANJIT International Inc.

9. Statement of Other current assets

December 31, 2020

Units: NT\$ thousands

Items	Summary	Amount	Remark
Prepay	Advance payment, advance expenses, inventory supplies, input tax, etc.	\$135,088	
Temporary payment	Labor and health insurance, pension, etc.	17,788	
Payments for others	Gifts	2,576	
Other financial assets	Restricted assets	22,214	
Total		\$177,666	

PANJIT INTERNATIONAL INC.

10. Financial assets measured at fair value through other comprehensive profit or loss - non-current

From Jan 01 to Dec 31, 2020

Units: NTS thousands

Name of financial instrument	Opening balance		Increase in the Period		Decrease in current period		Closing balance			Guarantee or Pledge status	Remark
	Number of shares (thousand shares)	Fair value	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding ratio	Fair value		
Advanced Microelectronic Products, Inc.	11,552	\$22,296	-	\$70,123 (Note 1)	-	-	11,552	3.63%	\$92,419	None	
Jih Lin Technology Co., LTD.	1,222	79,301	-	13,319 (Note 1)	-	-	1,222	1.46%	92,620	None	
KAISON GREEN ENERGY TECHNOLOGY CO., LTD.	614	12,338	-	2,886 (Note 1)	160	\$6,128 (Note 3)	454	0.08%	9,096	None	
Yofu Investment Co., Ltd.	107	-	-	1,072 (Note 1)	107	1,072 (Note 3)	-	-	-	None	
Sentelic Corporation	226	8,780	-	2,280 (Note 1)	-	-	226	0.87%	11,060	None	
WELLAN SYSTEM CO., LTD.	445	-	-	-	-	-	445	1.53%	-	None	
TAIDEVELOP INFORMATION CORP.	334	-	-	-	-	-	334	3.71%	-	None	
ENERGY MOANA TECHNOLOGY CO., LTD.	1,200	17,118	-	5,425 (Note 1)	-	-	1,200	5.29%	22,543	None	
Neolink Capital Corp.	2,500	25,000	2,500	25,000 (Note 2)	-	-	5,000	4.28%	51,330	None	
		-	-	1,330 (Note 1)	-	-	-	-	-		
Total		<u>\$164,833</u>		<u>\$121,435</u>		<u>\$7,200</u>			<u>\$279,068</u>		

(Note 1): Fair value valuation adjustment

(Note 2): Acquired in the period

(Note 3): Disposal in current period

PANJIT INTERNATIONAL INC.

11. Statement of Changes in Investments Accounted for Using Equity Method

From Jan 01 to Dec 31, 2020

Units: NT\$ thousands

Name	Opening balance		Increase in the Period		Decrease in current period		Closing balance			Market Value or Net Equity		Guarantee or Pledge status	Remark
	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Amount	Number of shares (thousand shares)	Shareholding ratio	Amount	Unit price	Total price		
PAN-JIT ASIAINTERNATIONAL INC.	227,586	\$5,160,446		\$421,959 (Note 1)		\$12,129 (Note 2)	228,086	100.00%	\$5,548,456	\$24.69	\$5,630,967 (Note 4)	None	
			500	14,680 (Note 5)		36,500 (Note 3)							
PYNMAXTECHNOLOGY CO.,LTD.	84,386	1,285,661		121,900 (Note 1)		12,557 (Note 2)	84,462	94.60%	1,560,142	\$20.04	1,692,834 (Note 4)	None	
			76	1,133 (Note 6)									
				164,005 (Note 3)									
MILDEX OPTICAL INC.	21,470	235,824		5,415 (Note 3)		23,906 (Note 1)	21,470	21.01%	210,935	\$9.82	210,935 (Note 4)	None	
						6,398 (Note 2)							
LIFETECH ENERGY INC.	871	1,248				4 (Note 1)	871	20.57%	1,244	\$1.43	1,244 (Note 4)	None	
Total		<u>\$6,683,179</u>		<u>\$729,092</u>		<u>\$91,494</u>			<u>\$7,320,777</u>		<u>\$7,535,980</u>		

(Note 1): The share of the subsidiary's profit or loss, the upstream unrealized sales benefits, counter-current realized sales benefits, and the profit or loss of side-stream transactions between subsidiaries recognized by the equity method.

(Note 2) The balance of translation of the financial statements of foreign operation institutions recognized by equity method

(Note 3): Obtaining or disposing of equity differences in subsidiaries, downstream unrealized profits and losses, insurance of cash dividends, actuarial profits and losses of defined benefit plan, unrealized (gains) and losses of financial assets measured at fair value through other comprehensive income, unearned compensation for employees, etc. recognized under the equity method.

(Note 4): It is recognized based on the shareholding ratio of the investee company.

(Note 5): Based on the seasoned equity offering of the investee company.

(Note 6): It is the acquisition of shares of the investee company.

PANJIT INTERNATIONAL INC.

12. Statement of Changes in Right-of-Use Assets

From Jan 01 to Dec 31, 2020

Units: NT\$ thousands

Items	Opening balance	Changes in current period			Closing balance	Remark
		Increase	Decrease	Reclassification		
Land	\$1,800	-	-	-	\$1,800	
House and building	10,795	\$28,894	-	-	39,689	
Transportation equipment	2,567	1,108	-	-	3,675	
Total	\$15,162	\$30,002	-	-	\$45,164	

PANJIT INTERNATIONAL INC.

13. Statement of Accumulated depreciation - Changes in Right-of-Use Assets

From Jan 01 to Dec 31, 2020

Units: NT\$ thousands

Items	Opening balance	Changes in current period			Closing balance	Remark
		Increase	Decrease	Reclassification		
Land	745	\$745	-	-	\$1,490	
House and building	6,265	7,071	-	-	13,336	
Transportation equipment	1,258	1,243	-	-	2,501	
Total	\$8,268	\$9,059	-	-	\$17,327	

PANJIT INTERNATIONAL INC.

14. Statement of Other non-current assets

December 31, 2020

Units: NT\$ thousands

Items	Summary	Amount	Remark
Prepay for equipment		\$311,572	
Other non-current assets, others			
Refundable deposit	Golf membership warrant money	\$2,400	
Refundable deposit	Guarantee deposit for rented premises	1,435	
Refundable deposit	Others	70,595	
Total		\$74,430	

PANJIT INTERNATIONAL INC.
15. Statement of Short-term Loans
December 31, 2020

Units: NT\$ thousands

Type of loans	Explanation	Term	Interest rate range	Closing balance	Financing credit	Pledge or Collateral	Note
Credit loan	The Export-Import Bank of the Republic of China- Kaohsiung Branch	2020/12/1~2021/12/1	0.5520%	\$300,000	\$300,000	None	
Credit loan	First Bank - Luzhu Branch	2020/11/5~2021//2/3	0.750%	47,900	250,000	None	
Credit loan	First Bank - Luzhu Branch	2020/11/5~2021//2/3	0.750%	200,000		None	
Import collection financing	Chinatrust Commercial Bank - Minzu Branch	2020/9/30~2021/3/29	0.670%	9,463	300,000	None	
Import collection financing	Chinatrust Commercial Bank - Minzu Branch	2020/11/2~2021/4/29	0.670%	16,716	300,000	None	
Import collection financing	Chinatrust Commercial Bank - Minzu Branch	2020/11/16~2021/5/14	0.670%	10,707		None	
Import collection financing	Chinatrust Commercial Bank - Minzu Branch	2020/11/16~2021/5/14	1.121%	67,001		None	
Letter of credit	Taishin International Bank - Linya branch	2020/12/30~2021/1/13	0.880%	128,160	800,000	None	
Letter of credit	Taishin International Bank - Linya branch	2020/12/30~2021/1/13	0.880%	90,566		None	
Import collection financing	Cathay United Bank - Gangshan Branch	2020/12/15~2021/1/15	0.750%	39,872	199,360	None	
Import collection financing	Land Bank - Gangshan Branch	2020/12/10~2021/3/10	0.770%	258,105	500,000	None	
Import collection financing	Land Bank - Gangshan Branch	2020/10/20~2021/1/18	0.750%	85,457		None	
Import collection financing	Land Bank - Gangshan Branch	2020/11/10~2021/2/8	0.750%	131,496		None	
Total				\$1,385,443			

PANJIT INTERNATIONAL INC.

16. Statement of financial liabilities at fair value through profit or loss - current

December 31, 2020

Units: NT\$ thousands

Name of financial instrument	Summary	Shares or units (Thousand shares)	Face value (NT\$)	Total Sum	Interest rate	Fair value		Changes in fair value attributable to changes in credit risk	Remark
						Unit price (NT\$)	Total Sum		
Forward exchange contract	A. Delivery period: 2021/01/07~2021/03/19 B. Delivery rate: USD:28.095~28.431 C.Amount of foreign currency undelivered USD 10,900 thousand	-	\$-	\$-	-	-	\$2,822	-	

PANJIT INTERNATIONAL INC.

17. Contractual liabilities - current

December 31, 2020

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
GINEE CORPORATION	Sales payment	\$157	
MITAC DIGITAL TECHNOLOGY CORP.	Sales payment	122	
Others	Sales payment	120	
Total		<u>\$399</u>	

PANJIT INTERNATIONAL INC.

18. Statement of Accounts Payable

December 31, 2020

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
Lefram Technology Corporation	Purchase payment	\$112,784	
Jih Lin Technology Co., LTD.	Purchase payment	90,316	
E'DALE TECHNOLOGY CO., LTD.	Purchase payment	38,084	
Inergy Technology Inc.	Purchase payment	32,719	
Others	(Note)	183,451	
Total		<u>\$457,354</u>	

(Note): The balance of a single item does not exceed 5% of the accounts payable balance.

PANJIT INTERNATIONAL INC.

19. Statement of Accounts Payable - Related Party

December 31, 2020

Units: NT\$ thousands

Account Name	Summary	Amount	Remark
Pan-Jit Electronics (Wuxi) Co., Ltd.	Purchase payment	\$270,696	
Pynmax Technology Co., Ltd.	Purchase payment	40,978	
Others	(Note)	2,076	
Total		<u>\$313,750</u>	

(Note): The balance of a single item does not exceed 5% of the accounts payable balance from related parties.

PANJIT INTERNATIONAL INC.

20. Statement of Other Payables

December 31, 2020

Units: NT\$ thousands

Item	Description	Amount	Remarks
Awards and salaries payable	December salary, year-end bonus and estimated cashed-out leaves	\$299,546	
Commissions payable	Including NT\$36,914 thousand of commissions payable to related parties - Pan-Jit Europe	55,758	
Processing fee payable	Including entrusted processing cost NT\$176 thousand to the related party - Pynmax	40,317	
Equipment expense payable	Including NT\$2,759 thousand of equipment payment payable to related parties - Pan-Jit Wuxi	123,461	
Other payables - related parties	Borrowed US\$30 million from the related party - PAN-JIT ASIA	854,400	
Other expenses payable	Utility expenses, import and export expenses, insurance expenses, labor expenses, pensions, interest and rent, etc.	173,931	
Total		<u>\$1,547,413</u>	

PANJIT INTERNATIONAL INC.

21. Statement of Other current liabilities - others

December 31, 2020

Units: NT\$ thousands

Item	Description	Amount	Remarks
Agency fund	Collection for labor and health insurance, food, etc.	\$9,337	
Temporary receipts	To be written-off	1,541	
Others		6,013	
Total		<u>\$16,891</u>	

PANJIT INTERNATIONAL INC.

22. Other non-current liabilities - Others

December 31, 2020

Units: NT\$ thousands

Item	Description	Amount	Remarks
Deferred gain from government grants	Government low-interest loan	<u>\$5,441</u>	

PANJIT INTERNATIONAL INC.

23. Lease liabilities

December 31, 2020

Units: NT\$ thousands

Items	leasing term	Discount rate	Closing balance	Remarks
Land	2020/04/01-2025/08/04	1.7895%	\$316	
House and building	2018/05/20-2021/05/19	1.3400%	26,410	
Transportation equipment	2020/12/04-2023/12/03	1.3400%	1,086	
Transportation equipment	2019/03/08-2021/05/19	1.7895%	85	
Total			27,897	
Lease liabilities due within one year			(7,864)	
Lease Liabilities - non-current			\$20,033	

PANJIT INTERNATIONAL INC.
24. Statement of Long-term Loans
December 31, 2020

Units: NTS thousands

Creditor	Summary	Amount borrowed	Term	Interest rate	Pledge or guarantee	Remark
Land Bank Gangshan Branch	Syndicate credit loan	\$87,750	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	<p>Repayment method: Due to the different ways of granting credit, there are two repayment methods. The details are as follows:</p> <p>1. Credit Line A: The borrower shall treat the two years from the date of first use of the credit as the first period, and thereafter shall be a period of three months, with a total of thirteen installments. The principal shall be repaid on the date of the expiry of each period. The first to twelfth periods shall amortize 7.5% of the actual principal balance in each of each period. The first to twelfth periods shall and the thirteenth period shall amortize all the outstanding principal balance and interest</p> <p>2. Credit Line B: After the borrower applies for the use of the credit line B in accordance with the provisions of this contract one by one, it shall repay all the principal of each quota used on the day when the agreed loan period for each loan principal expires. If the borrower intends to renew the loan upon the expiration of any loan period, it shall notify the credit management bank with the application form seven business days before the expiry date of each loan period or a shorter period agreed by the credit management bank. According to the credit conditions of this contract, the loan will be renewed in whole or in part. The bank for credit line B is able to directly repay the borrower's unpaid part due to the newly allocated quota, and the part of the same amount does not need to be remitted or allocated separately, and the borrower is deemed to have received the money. The principal used for renewal shall still be repaid in accordance with the method agreed in this paragraph.</p>
Taiwan Cooperative Bank Gangshan Branch	Syndicate credit loan	40,950	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Chang Hwa Commercial Bank Gangshan Branch	Syndicate credit loan	25,350	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
First Commercial Bank Luzhu Branch	Syndicate credit loan	57,525	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Mega International Commercial Bank East Kaohsiung Branch	Syndicate credit loan	31,200	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Taiwan Business Bank Sanmin Branch	Syndicate credit loan	25,350	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Bank of Taiwan Linya branch	Syndicate credit loan	39,000	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Yuanta Bank Linya branch	Syndicate credit loan	31,200	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Bank SinoPac North Tainan Branch	Syndicate credit loan	9,750	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
EnTie Bank Kaohsiung Branch	Syndicate credit loan	9,750	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Cathay United Bank	Syndicate credit loan	39,000	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
KGI Bank Kaohsiung Branch	Syndicate credit loan	11,700	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Hua Nan Bank Wujia Branch	Syndicate credit loan	12,675	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Shin Kong Bank North Kaohsiung Branch	Syndicate credit loan	19,500	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Mega International Commercial Bank Zhongzheng Branch	Syndicate credit loan	15,600	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Bangkok Bank Kaohsiung Branch	Syndicate credit loan	31,200	2018/12/17~2023/12/17	1.7895%	Land, plant, machinery and other equipment	
Land Bank Gangshan Branch	Syndicate credit loan	360,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Taiwan Cooperative Bank Gangshan Branch	Syndicate credit loan	168,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Chang Hwa Commercial Bank Gangshan Branch	Syndicate credit loan	104,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
First Commercial Bank Luzhu Branch	Syndicate credit loan	236,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Mega International Commercial Bank East Kaohsiung Branch	Syndicate credit loan	128,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Taiwan Business Bank Sanmin Branch	Syndicate credit loan	104,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Bank of Taiwan Linya branch	Syndicate credit loan	160,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	

PANJIT INTERNATIONAL INC.
24. Statement of Long-term Loans
December 31, 2020

Units: NTS thousands

Creditor	Summary	Amount borrowed	Term	Interest rate	Pledge or guarantee	Remark
Yuanta Bank Linya branch	Syndicate credit loan	128,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Bank SinoPac North Tainan Branch	Syndicate credit loan	40,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
EnTie Bank Kaohsiung Branch	Syndicate credit loan	40,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Cathay United Bank	Syndicate credit loan	160,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
KGI Bank Kaohsiung Branch	Syndicate credit loan	48,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Hua Nan Bank Wujia Branch	Syndicate credit loan	52,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Shin Kong Bank North Kaohsiung Branch	Syndicate credit loan	80,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Mega International Commercial Bank Zhongzheng Branch	Syndicate credit loan	64,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
Bangkok Bank Kaohsiung Branch	Syndicate credit loan	128,000	2020/12/30~2021/01/05	1.7895%	Land, plant, machinery and other equipment	
The Export-Import Bank of the Republic of China Kaohsiung Branch	Medium-term and long-term loans	65,333	2018/11/19~2023/11/18	1.0754%	None	
Chang Hwa Commercial Bank Gangshan Branch	Medium-term and long-term loans	59,000	2020/08/11~2027/01/15	0.6500%	None	
Taishin International Bank Linya branch	Medium-term and long-term loans	23,000	2019/12/06~2026/12/05	0.6500%	None	
First Commercial Bank Luzhu Branch	Medium-term and long-term loans	9,000	2020/01/16~2027/01/15	0.6500%	None	
First Commercial Bank Luzhu Branch	Medium-term and long-term loans	143,000	2020/10/15~2027/01/15	0.6500%	None	
Chang Hwa Commercial Bank Gangshan Branch	Medium-term and long-term loans	44,000	2020/01/16~2027/01/15	0.6500%	None	
KGI Bank Kaohsiung Branch	Medium-term and long-term loans	200,000	2020/12/16~2021/03/16	1.0564%	None	
KGI Bank Kaohsiung Branch	Medium-term and long-term loans	200,000	2020/12/21~2021/03/19	1.0566%	None	
EnTie Bank Kaohsiung Branch	Medium-term and long-term loans	300,000	2020/12/25~2021/03/25	1.1420%	None	
Total		3,530,833				
(Less): Maturity within one year		-				
Unamortized syndication expense		(3,194)				
Deferred gain from government grants		(5,441)				
Net amount		<u>\$3,522,198</u>				

PANJIT INTERNATIONAL INC.

25. Statement of Operating Revenue

From Jan 01 to Dec 31, 2020

Units: NT\$ thousands

Items	QTY (thousand units)	Amount	Remark
Diode rectifier	21,555	\$6,406,818	
Surge suppressor	248	289,265	
IC	0	0	
Others	557	78,602	Raw materials
Total		<u>6,774,685</u>	
(Less): Sales return or discount	(41)	(63,766)	
Net amount		<u><u>\$6,710,919</u></u>	

PANJIT INTERNATIONAL INC.
26. Statement of Operating Costs
From Jan 01 to Dec 31, 2020

Units: NT\$ thousands

Items	Amount
Direct raw material:	
Inbound for the current period	\$2,174,684
Plus: Beginning stock	381,987
Amount of other transfers	282,012
(Less): Raw Materials at the end of the period	(469,855)
Raw materials sold	(71,264)
Inventory (gain) loss	108
Transfer to other accounts	(147,709)
Consumed for the current period	2,149,963
Direct labor	490,114
Manufacturing expense	950,077
Manufacturing cost	3,590,154
Plus: Initial goods in process	44,282
Amount of other transfers	1,000
(Less): Work in process at the ending of the period	(52,199)
Inventory (gain) loss	(1)
Transfer to finished products	(353,228)
Transfer to other accounts	(29,567)
Finished good cost	3,200,441
Plus: Initial finished goods	696,549
Acquired in the period	1,636,034
Work in process inbound	353,228
Amount of other transfers	5,005
(Less): Finished goods at the end of the period	(555,933)
Inventory (gain) loss	(2,124)
Transfer to other accounts	(5,423)
Cost of Goods Sold	5,327,777
Other operating cost	21,300
Raw materials sold	71,264
Inventory reversal gain	(16,044)
Others (revenue from scrap sales and inventory gain or loss)	(28,423)
Total Operating Cost	\$5,375,874

PANJIT INTERNATIONAL INC.

27. Statement of Operating Expenses

From Jan 01 to Dec 31, 2020

Units: NT\$ thousands

Items	Summary	Selling expense	Remark
Payrolls		\$108,945	
Commission expenditure		100,467	
Expense for import and export		90,193	
Miscellaneous expenses		39,748	
Freight		21,916	
Others	The account of which the balance does not exceed 5% of the balance of this account	34,443	
Total		<u>\$395,712</u>	

Items	Summary	Administrative expense	Remark
Payrolls		\$163,190	
Miscellaneous expenses		36,259	
Amortization		20,233	
Others	The account of which the balance does not exceed 5% of the balance of this account	61,851	
Total		<u>\$281,533</u>	

Items	Summary	Research and development expenses	Remark
Payrolls		\$79,372	
Materials		25,372	
Miscellaneous expenses		19,788	
Amortization		15,594	
Depreciation expense		13,452	
Others	The account of which the balance does not exceed 5% of the balance of this account	10,573	
Total		<u>\$164,151</u>	

PANJIT INTERNATIONAL INC.

28. Statement of Non-operating income and expenditures

From Jan 01 to Dec 31, 2020

Units: NT\$ thousands

Item	Description	Amount	Note
Interest earned	Interest on bank deposits	\$6,232	
Rental receipt		8,188	
Dividend income		7,405	
Other revenues	Revenue of payment repossession and sample income, etc.	7,385	
Total other revenues		<u>\$29,210</u>	
Disposition of plant, property and equipment		(\$1,516)	
Net loss (gain) on foreign currency exchange		(44,390)	
Financial assets measured at fair value through profit or loss and liability valuation gain or loss	Stock and forward foreign exchange valuation gain or loss	(777)	
Profits on disposal of investments		0	
Miscellaneous expenses		(149)	
Loss on property, plant, and equipment		1,964	
Other interests and losses total		<u>(\$44,868)</u>	
Financial cost	Bank loan and lease liabilities	<u>(\$54,657)</u>	
Proportion of gain or loss from subsidiaries and associates recognized by equity method		\$519,949	
Total non-operating income and expenditure		<u>\$449,634</u>	