Tai-Tech Advanced Electronics Co., Ltd.

Standalone Financial Statements and Independent Auditors’ Report

2020 and 2019

(Stock Code: 3357)

Company Address: No.1 You 4th Road, Youth Industrial Park, Yangmei District, Taoyuan City

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Tai-Tech Advanced Electronics Co., Ltd.

2020 and 2019 Standalone Financial Statements and Auditors' Report

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Report of Independent Accountants

(2021) Cai-Shen-Bao-Zi No. 20003533

To: Tai-Tech Advanced Electronics Co., Ltd.

Audit Opinions

We have audited the Standalone Asset Balance Sheet of Tai-Tech Advanced Electronics Co., Ltd. for 2020 and as of December 31, 2019 as well as the Standalone Comprehensive Income Statement, Standalone Statement of Changes in Shareholders Equity, the Standalone Statement of Cash Flows, and the Notes to Standalone Financial Statements (including the summary of significant accounting policies) for 2020 and from January 1, 2019 to December 31, 2019.

In the opinion of this CPA, all major aspects of the preceding Standalone Financial Statements are formulated in compliance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers; and are sufficient to present the standalone financial status of Tai-Tech Advanced Electronics Co., Ltd. as for 2020 and as of December 31, 2019, as well as its Standalone Financial Performances and Standalone Cash Flows for 2020 and from January 1, 2019 to December 31, 2019.

Basis of Audit Opinion

In 2020, we have conducted the audit according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Generally Accepted Auditing Standards. In 2019, the audit work was carried out according to the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, letter No. 1090361269 issued by the Financial Supervisory Commission of the Republic of China on March 23, 2020, and the Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the section titled “Auditors' Responsibilities for the Audit of the Standalone Financial Statements” in our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of Tai-Tech Advanced Electronics Co., Ltd. in 2020. These matters were addressed in the context of our audit of the standalone financial statements as a whole and, in forming our opinion thereon. As such, we do not provide a separate opinion on these matters.

The key audit items of Tai-Tech Advanced Electronics Co., Ltd.'s 2020 Standalone Financial Statements are described as follows:

Evaluation of Loss Allowance due to Inventory Impairment

Description

Please refer to Notes 4(10), 5(2) and 6(3) of the Standalone Financial Report for detailed descriptions on the accounting policies, important accounting estimates, inventory evaluation assumption, and accounting items for loss allowance due to inventory impairment. Tai-Tech Advanced Electronics Co., Ltd.'s balances for inventory and loss allowance due to impairment as of December 31, 2020 were NT$245,139 thousand and NT$14,216 thousand, respectively.

Tai-Tech Advanced Electronics mainly engages in manufacturing and processing of electronic parts, magnet cores, multilayer wire-wound and other wire-wound products. Since the value of inventory is subject to market price fluctuation and its life cycle, the risk of becoming obsolete is relatively high. In addition, since the valuation process usually involves subjective judgments, the uncertainly in accounting estimates is high. As such, we determine the valuation of allowance for inventory valuation loss as one of the key audit matters.

Responsive Audit Procedures

We perform the following procedures for the inventory that is ageing and individually obsolete:

1. Based on our understanding of the Company, we assess the reasonableness of the policy and procedures pertaining to provision of inventory valuation allowance, including using the historical information to assess the reasonableness of the extent to which inventory is reduced, and of the accounting policy for inventory valuation allowance.

2. Review the annual inventory plans of the Group, and observe their annual inventory and management status to assess their management performance and capacity to control obsolete inventories.

3. Verify the accuracy of the inventory aging report and depletion data, and insure report data and policy consistency.

4. Evaluate and confirm the accuracy of the inventory depreciation loss calculation, and assess the adequacy of depreciation loss provisions.

The Management and Governance Units' Responsibilities for the Standalone Financial Statements

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The CPA's Responsibilities for the Standalone Financial Statements

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

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

1. Identify the risks of material misstatements that may lead to fraud or error for the standalone financial statements, design and implement appropriate countermeasures for the risks found, and acquire

sufficient and appropriate audit evidence as the basis for the audit opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. The CPA must gain the necessary understanding of internal controls related to the audit to design the appropriate audit procedures under the circumstances. However, its purpose is not to express an opinion on the internal control performance of Tai-Tech Advanced Electronics Co., Ltd.

3. Evaluate the appropriateness of the accounting policies adopted by the management level, the rationality of its accounting estimates, and the relevant disclosures.

4. Based on the audit evidence obtained, this CPA has concluded that the appropriateness of the accounting basics for continual operations adopted by the management level as well as whether there is any material uncertainty regarding events or circumstances that may cast significant doubt on Tai-Tech Advanced Electronics Co., Ltd.'s capacity to continue its operates. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall representation, structure, and content of the standalone financial statements (including the relevant notes) and determine whether the standalone financial statements have sufficiently expressed the relevant transactions and events.

6. Acquire sufficient and appropriate audit evidence for the financial information of individuals formed within Tai-Tech Advanced Electronics Co., Ltd. and issue an opinion regarding the standalone financial statements. We are responsible for the direction, supervision, and performance of the group audit; we remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the independence requirements set forth in The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The matters communicated between the CPA and the governance unit comprised key audit items for the audit of Tai-Tech Advanced Electronics Co., Ltd.'s 2020 standalone financial statements. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Taiwan

Yen-Na Li

Certified Public Accountant (CPA)

Wei-Hao Wu

Former Financial Supervisory Commission and Securities and Futures Bureau of the Executive Yuan
Official Approval Letter No.: Jin-Guan-Zheng-Liu-Zi No. 0950122728
Financial Supervisory Commission
Official Approval Letter No.: Jin-Guan-Zheng-Shen-Zi No. 1080323093

March 2, 2021

Tai-Tech Advanced Electronics Co., Ltd.
Standalone Asset Balance Sheet
2020 and December 31, 2019

Unit: NT$ thousand

	Assets	Note	December 31, 2020 Amount		%	December 31, 2019 Amount		%
	Current assets							
1100	Cash and cash equivalents	6 (1)	$	361,312	6	$	298,258	6
1150	Notes receivable, net	6 (2)		14,384	-		15,527	-
1170	Accounts receivable, net	6 (2)		870,688	15		660,716	14
1180	Accounts receivable from related parties, net	6 (2) and 7		431,172	7		340,584	7
1200	Other receivables			11,695	-		10,550	-
1210	Other receivables (including those due from related party)	7		33,985	1		2,025	-
130X	Inventory	6 (3)		230,923	4		196,284	4
1410	Pre-payments			4,612	-		5,742	-
11XX	**Total current assets**			1,958,771	33		1,529,686	31
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	6 (4)		54,858	1		25,460	1
1550	Investment accounted for using the equity method	6 (5)		2,806,933	48		2,339,940	48
1600	Property, plant and equipment	6(6), 7, and 8		1,015,991	18		973,370	20
1755	Right-of-use assets	6 (7)		7,390	-		9,139	-
1780	Intangible assets			15,127	-		10,776	-
1840	Deferred tax assets	6 (23)		5,249	-		6,223	-
1900	Other noncurrent assets	6 (8)		7,160	-		3,066	-
15XX	**Total non-current assets**			3,912,708	67		3,367,974	69
1XXX	**Total assets**		$	5,871,479	100	$	4,897,660	100

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Tai-Tech Advanced Electronics Co., Ltd.
Standalone Asset Balance Sheet
2020 and December 31, 2019

Unit: NT$ thousand

	Liabilities and equity	Note	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities					
2100	Short-term borrowings	6 (9)	$ 540,895	9	$ 425,000	9
2110	Short-term bills payable	6 (10)	130,000	2	120,000	3
2150	Notes payable		56,755	1	93,363	2
2170	Accounts payable		142,449	3	117,185	2
2180	Accounts payable - related parties	7	707,364	12	557,456	11
2200	Other payables	6 (11) and 7	285,439	5	186,200	4
2230	Current income tax liabilities	6 (23)	55,036	1	19,865	-
2280	Lease liabilities - current		3,493	-	2,937	-
2300	Other current liabilities	6 (12)	67,000	1	48,964	1
21XX	**Total current liabilities**		1,988,431	34	1,570,970	32
	Non-current liabilities					
2540	Long-term borrowings	6 (12)	270,000	5	276,322	6
2570	Deferred income tax liabilities	6 (23)	28,572	-	28,572	1
2580	Lease liabilities - non-current		3,940	-	6,202	-
2640	Net defined benefit liabilities - noncurrent	6 (13)	14,652	-	8,002	-
25XX	**Total non-current liabilities**		317,164	5	319,098	7
2XXX	**Total liabilities**		2,305,595	39	1,890,068	39
	Equity					
	Share capital					
3110	Common shares	6 (14)	910,000	15	910,000	19
	Capital surplus	6 (15)				
3200	Capital surplus		123,523	2	214,523	4
	Retained earnings	6 (16)				
3310	Legal reserve		360,404	6	316,130	6
3320	Special reserve		89,991	2	76,642	2
3350	Unappropriated earnings		2,096,231	36	1,580,288	32
	Other equity	6 (17)				
3400	Other equity		(14,265)	-	(89,991)	(2)
3XXX	**Total equity**		3,565,884	61	3,007,592	61
	Significant Commitments or Contingency	9				
	Significant Subsequent Events	11				
3X2X	**Total liabilities and equity**		$ 5,871,479	100	$ 4,897,660	100

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd.
Standalone Comprehensive Income Statement
2020 and January 1, 2019, to December 31, 2019

Unit: NT$ thousand
(Except Earnings Per Share in New Taiwan Dollars)

	Item	Note	2020 Amount	2020 %	2019 Amount	2019 %
4000	Operating revenue	6 (18) and 7	$ 3,314,401	100	$ 2,550,205	100
5000	Operating costs	6 (3) (21) (22) and 7	(2,551,678)	(77)	(2,009,178)	(79)
5900	Gross profit		762,723	23	541,027	21
5910	Unrealized gains from sale		(26,133)	(1)	(24,164)	(1)
5920	Realized gain from sale		24,164	1	27,365	1
5950	Gross profit, net		760,754	23	544,228	21
	Operating expenses	6 (21) (22) and 7				
6100	Selling and marketing expenses		(182,906)	(6)	(163,280)	(6)
6200	General and administrative expenses		(111,602)	(3)	(92,073)	(4)
6300	Research and development expenses		(60,639)	(2)	(50,190)	(2)
6450	Expected credit impairment benefit (loss)	12 (2)	4,794	-	(2,235)	-
6000	Total operating expenses		(350,353)	(11)	(307,778)	(12)
6900	Operating gains		410,401	12	236,450	9
	Non-operating income and expenses					
7100	Interest income		1,548	-	2,764	-
7010	Other income	6 (19) and 7	1,756	-	2,099	-
7020	Other gains and losses	6 (20)	(19,502)	(1)	1,389	-
7050	Finance costs	6 (9) and (10) (12)	(8,423)	-	(8,005)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	6 (5)	416,555	13	251,554	10
7000	Total non-operating incomes and expenses		391,934	12	249,801	10
7900	**Income before income tax**		802,335	24	486,251	19
7950	Income tax expenses	6 (23)	(67,664)	(2)	(46,835)	(2)
8200	**Net profit (loss) for current period**		$ 734,671	22	$ 439,416	17
	Other comprehensive income/(loss) for the year, net of income tax					
	Components of other comprehensive income that will not be reclassified to profit or loss	6 (17)				

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Tai-Tech Advanced Electronics Co., Ltd.
Standalone Comprehensive Income Statement
2020 and January 1, 2019, to December 31, 2019

Unit: NT$ thousand
(Except Earnings Per Share in New Taiwan Dollars)

	Item	Note	2020 Amount	2020 %	2019 Amount	2019 %
8311	Remeasurement of defined benefit plans	6 (13)	($ 6,405)	-	$ 3,330	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6 (4)	29,776	1	(678)	-
8330	Share of profit (loss) of associates and joint ventures accounted for using equity method - Components of other comprehensive income that will not be reclassified to profit or loss		11,827	-	27,741	1
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		35,198	1	30,393	1
	Items that may be reclassified subsequently to profit or loss	6 (17)				
8380	Share of profit (loss) of associates and joint ventures accounted for using equity method - Items that may be reclassified to profit or loss		172,016	5	(35,641)	(1
8360	Total of items that may be reclassified subsequently to profit or loss		34,123	1	(95,019)	(3)
8300	**Other comprehensive income (loss), net of income tax**		$ 69,321	2	($ 64,626)	(2)
8500	**Total comprehensive income (loss) for the current period**		$ 803,992	24	$ 374,790	15
	Basic earnings per share	6 (24)				
9750	Basic earnings per share		$ 8.07		$ 4.83	
	Diluted earnings per share					
9850	Diluted earnings per share - Total		$ 8.01		$ 4.77	

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd.
Standalone Statement of Changes in Equity
2020 and January 1, 2019, to December 31, 2019

Unit: NT$ thousand

			Capital surplus			Retained earnings			Other equity		
	Note	Common shares	Capital surplus - additional paid-in capital	Capital surplus - Recognized change in ownership interests in subsidiaries	Capital surplus - net assets from merger	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
2019											
Balance as of January 1, 2019		$ 910,000	$ 354,824	$ 12,353	$ 2,046	$ 266,103	$ 76,642	$ 1,324,069	($ 119,260)	$ 97,225	$ 2,924,002
Net profit for 2019		-	-	-	-	-	-	439,416	-	-	439,416
Other comprehensive income for 2019	6 (17)	-	-	-	-	-	-	3,330	(95,019)	27,063	(64,626)
2019 Total Comprehensive Income		-	-	-	-	-	-	442,746	(95,019)	27,063	374,790
Appropriation and distribution of earnings:	6 (16)										
Legal reserve		-	-	-	-	50,027	-	(50,027)	-	-	-
Cash dividends		-	-	-	-	-	-	(136,500)	-	-	(136,500)
Capital surplus distributed in cash	6 (15)	-	(154,700)	-	-	-	-	-	-	-	(154,700)
Balance as of December 31, 2019		$ 910,000	$ 200,124	$ 12,353	$ 2,046	$ 316,130	$ 76,642	$ 1,580,288	($ 214,279)	$ 124,288	$ 3,007,592
2020											
Balance at January 1, 2020		$ 910,000	$ 200,124	$ 12,353	$ 2,046	$ 316,130	$ 76,642	$ 1,580,288	($ 214,279)	$ 124,288	$ 3,007,592
NET PROFIT/(LOSS) FOR 2020		-	-	-	-	-	-	734,671	-	-	734,671
Other comprehensive income/(loss) for 2020	6 (17)	-	-	-	-	-	-	(6,405)	34,123	41,603	69,321
Total comprehensive income (loss) for the current period		-	-	-	-	-	-	728,266	34,123	41,603	803,992
Appropriation of earnings	6 (16)										
Legal reserve		-	-	-	-	44,274	-	(44,274)	-	-	-
Special reserve		-	-	-	-	-	13,349	(13,349)	-	-	-
Cash dividends		-	-	-	-	-	-	(154,700)	-	-	(154,700)
Capital surplus distributed in cash	6 (15)	-	(91,000)	-	-	-	-	-	-	-	(91,000)
Balance at December 31, 2020		$ 910,000	$ 109,124	$ 12,353	$ 2,046	$ 360,404	$ 89,991	$ 2,096,231	($ 180,156)	$ 165,891	$ 3,565,884

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd.
Standalone Cash Flow Statement
2020 and January 1, 2019, to December 31, 2019

Unit: NT$ thousand

	Note	January 1 to December 31, 2020	January 1 to December 31, 2019
Cash Flow from Operating Activities			
Income before income tax		$ 802,335	$ 486,251
Adjustments			
Adjustments for income and expenses			
Expected credit impairment (reversal benefit) loss	12 (2)	(4,794)	2,235
Depreciation expenses (including right-of-use assets)	6 (21)	112,694	91,323
Amortization	6 (21)	1,843	1,266
Gains on disposal of property, plant and equipment	6 (20)	(7,251)	(6,993)
Impairment loss recognized on property, plant, and equipment	6 (20)	1,859	-
Share of profit of subsidiaries accounted for using equity method	6 (5)	(416,555)	(251,554)
(Realized) unrealized gain from sale		1,969	(3,201)
Interest income		(1,548)	(2,764)
Dividends income	6 (19)	(566)	(1,906)
Interest expenses		8,423	8,005
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		1,143	4,100
Accounts Receivable		(205,756)	(44,773)
Accounts receivable due from related parties		(90,010)	(27,003)
Other receivables		(1,145)	(251)
Other receivables (including those due from related party)		(31,960)	9,465
Inventory		(34,639)	20,078
Pre-payments		1,130	1,166
(Increase) decrease of other current assets		-	70
Changes in operating liabilities, net			
Notes payable		(82,213)	(18,745)
Accounts payable		25,264	(22,769)
Accounts payable - related parties		149,908	56,736
Other payables		77,942	(23,594)
Net defined benefit liabilities		244	273
Cash generated from operating activities		308,317	277,415
Interest paid		(8,423)	(8,005)
Income taxes paid		(31,519)	(79,499)

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Tai-Tech Advanced Electronics Co., Ltd.
Standalone Cash Flow Statement
2020 and January 1, 2019, to December 31, 2019

Unit: NT$ thousand

	Note	January 1 to December 31, 2020	January 1 to December 31, 2019
Net cash inflow from operating activities		268,375	189,911
Cash Flow from Investment Activities			
Interests received		$ 1,548	$ 2,764
Dividends received		566	1,906
Capital surplus with distribution of cash for financial assets at fair value through other comprehensive income		378	-
Decrease in financial assets at amortized cost		-	15,664
Decrease in other receivables from related parties		-	82,931
Investment accounted for using the equity method		-	(88,662)
Acquisition of property, plant, and equipment	6 (25)	(123,579)	(209,414)
Proceeds from disposal of property, plant and equipment		35,227	125,913
Acquisition of intangible assets		(4,296)	(914)
(Increase) decrease of other current assets		(4,094)	9,296
Net cash flows used in investing activities		(94,250)	(60,516)
Cash Flow from Financing Activities			
Increase in short-term borrowings		2,092,536	2,790,000
Repayments for short-term borrowings		(1,976,641)	(2,795,000)
Increase in short-term bills payable		10,000	(30,000)
Repayment of the principal portion of lease liabilities		(2,980)	(3,152)
Increase in long-term borrowings		120,000	216,286
Repayment for long-term borrowings		(108,286)	(40,666)
Cash dividends appropriated	6 (16)	(154,700)	(136,500)
Capital surplus distributed in cash	6 (15)	(91,000)	(154,700)
Net cash used in financing activities		(111,071)	(153,732)
Increase (decrease) in cash and cash equivalents for the period		63,054	(24,337)
Cash and cash equivalents - beginning balance		298,258	322,595
Cash and cash equivalents - ending balance		$ 361,312	$ 298,258

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Tai-Tech Advanced Electronics Co., Ltd.
Standalone Financial Statement Notes
2020 and 2019

Unit: NT$ thousand
(unless otherwise specified)

I. Company History

Tai-Tech Advanced Electronics (the "Company" hereinafter) was incorporated on November 2, 1992. The Company mainly engages in manufacturing and processing of electronic parts, magnet cores, multilayer wire-wound and other wire-wound products, and act as an agent for domestic and foreign companies in terms of quotation, bidding, distribution, and import and export of the said products.

II. Approval Date and Procedure of the Financial Statements

The Standalone Financial Statements have been passed by the Board on March 2, 2021, for announcement.

III. Application of New Standards, Amendments and Interpretations

(1) Effect of adoption of the newly issued or amended International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of SIC (SIC) (hereinafter collectively referred to as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) recognized by the FSC for application in 2020:

New, Revised or Amended Standards and Interpretations	Effective date announced by IASB
Amendment to IAS 1 and IAS 8: "Disclosure Initiative - Definition of Materiality"	January 1, 2020
Amendment to IFRS 3: "Definition of Business"	January 1, 2020
Amendments to the IFRS 9, IAS 39, and IFRS 7 "Changes in Interest Rate Indicators"	January 1, 2020
Amendment to IFRS 16 "COVID-19-Related Rent Concessions"	June 1, 2020 (Note)

Note: FSC has authorized early application from January 1, 2020 onward.

The Company has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Company's financial position and financial performance.

(2) Effects of Not Adopting the Newly Issued or Amended IFRSs Endorsed by the FSC

New standards, interpretations, and amendments endorsed by FSC effective from 2021 are as follows:

New, Revised or Amended Standards and Interpretations	Effective date announced by IASB
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	January 1, 2021
Interest Rate Benchmark Reform—Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	January 1, 2021

The Company has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Company's financial position and financial performance.

(3) Effects of the IFRSs issued by IASB but not yet endorsed by the FSC

New standards and interpretations of and amendments to the IFRSs issued by IASB but not yet endorsed by the FSC are as follows:

New, Revised or Amended Standards and Interpretations	Effective date announced by IASB
Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Amendments to IFRS 10 and IAS 28 - "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Yet to be determined by IASB
IFRS 17 - Insurance Contracts	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policy"	January 1, 2023
Amendments to IAS 1 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 16 "Property, plant and equipment: Proceeds before intended use"	January 1, 2022
Amendments to IAS 37 "Onerous contract - costs incurred in fulfilling contracts"	January 1, 2022
Annual Improvements to IFRS Standards 2018 - 2020 Cycle	January 1, 2022

The Company has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Company's financial position and financial performance.

IV. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these standalone financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

(1) Statement of Compliance

These standalone financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of Preparation

1. This financial statement is prepared based on the historical costs except for the following important items:
   (1) Financial assets and liabilities (including derivatives) measured at fair value through gain or loss.
   (2) Financial assets at fair value through other comprehensive income.
   (3) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
2. The preparation of financial statements in conformity with the International Financial Reporting Standards, International Accounting Standards, their interpretations and interpretation announcements (hereinafter collectively referred to as the "IFRSs") approved by the FSC requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the individual financial statements are disclosed in Note 5.

(3) Foreign currency translation

The items listed in the financial statements of each entity of the Company are measured in the currency of the primary economic environment in which the individual operates (i.e., functional currency). The standalone financial statements are presented in New Taiwan Dollars, which is the Company's functional currency.

1. Foreign currency transactions and balance

(1) Foreign currency derived from transactions was translated into the functional currency using the spot exchange rate prevailing on the measurement date or the trade date, with the resulting exchange difference recognized as gain or loss.
(2) The balance of monetary assets or liabilities denominated in foreign currency is adjusted by the exchange rate prevailing at the balance sheet date, with the resulting differences recognized as gain or loss.
(3) Non-monetary assets or liabilities denominated in foreign currency are adjusted by the spot exchange rate on the balance sheet date, with the resulting difference recognized in profit or loss if they are measured at fair value through profit or loss, or in other comprehensive income if they are measured at fair value through other comprehensive income. If they are not measured at fair value, they are measured by applying the historical exchange rate on the transaction date.

2. Translation of foreign operations financial statements

The results and financial position of entities within the Company whose functional currency is not the presentation currency are translated into the presentation currency using the following procedures:
(1) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
(2) Income and expenses for each statement of comprehensive income (including comparatives) are translated at the average exchange rates for the period; and
(3) All resulting exchange differences are recognized in other comprehensive income.

(4) Classification of Current and Non-current Assets and Liabilities

1. Assets that meet one of the following criteria are classified as current assets:
(1) Assets that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
(2) They are held primarily for trading.
(3) Assets that are expected to be realized within 12 months after the balance sheet date.
(4) Cash and cash equivalents, excluding those that are restricted, or to be exchanged or used to settle liabilities at least twelve months after the balance sheet date.

Otherwise they are classified as noncurrent assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:
(1) Liabilities that are expected to be settled within the normal operating cycle.
(2) They are held primarily for trading.
(3) Liabilities that are expected to be settled within 12 months after the balance sheet date.
(4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its transactions by the issue of equity instruments do not affect its classification.

Otherwise they are classified as noncurrent liabilities.

(5) Cash equivalents

Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that fit the said definition and are intended to meet short-term operating cash commitments are classified as cash equivalents.

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

1. It means the Group made an irrevocable election upon initial recognition to recognize the fair value changes in equity instruments not held for trading at other comprehensive income.

2. The Company's financial assets measured at fair value through other comprehensive income according to the trading conventions are accounted for on the trade date.

3. The Company has added the transaction cost measurement at fair value during the original recognition, which is subsequently measured via the fair value method. When changes in the fair value of equity instruments recognized as other comprehensive gains or losses are being derecognized, the cumulative profits or losses previously recognized as other comprehensive gains or losses are not subsequently reclassified to gain or loss and are transferred to retained earnings. The Company recognizes dividend income in profit or loss when (a) the Company’s right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Company; and (c) such dividends can be reliably measured.

(7) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable denote that the Group has unconditional right to the consideration, in the form of receivables or notes, for the goods and services transferred.
2. The discount effect for unpaid-interest short-term accounts and bills receivable is small, so the Company is measured via the original invoice amount.

(8) Impairment of Financial Assets

At the end of each reporting period, the Company considers financial assets at amortized cost, investments in debt instruments that are measured at FVTOCI, and receivables (including significant financial components), and takes into consideration all reasonable and supporting information (including the forward-looking information). For financial assets of which the credit risk does not significantly increase since initial recognition, the Company recognizes an allowance equal to 12-month expected credit losses; for financial assets of which the credit risk significantly increases since initial recognition, the Company recognizes an allowance equal to the lifetime expected credit loss; for accounts receivables that do not contain significant financial components or contract assets, the Company recognizes an allowance equal to the lifetime expected credit loss.

(9) Derecognition of Financial Assets

The Company derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire.

(10) Inventory

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity), excluding borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(11) Investment Accounted for Using the Equity Method－Subsidiary

1. Subsidiaries refer to entities (including structural entities) under the control of this Company. When this Company is exposed to the participation of variable remunerations for said entities or has rights over such variable remunerations and has the power to impact said remunerations of such entities, the Company controls said entities.
2. Unrealized gains and losses arising from transactions between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
3. The Company's share of gain or loss after the acquisition of the subsidiary shall be recognized as current gain or loss, and other shares of comprehensive gain or loss after acquisition shall be recognized as other comprehensive gain or loss. When the Company’s share of losses of its subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses in proportion to its shareholding percentage.
4. In accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the current gain or loss in individual financial statement and other comprehensive gains and losses shall be the same as the current gain or loss and other comprehensive gains and losses attributable to the proportion of the share held by the parent company as listed in the financial report prepared on a consolidated basis. The equity ownership listed in individual financial report shall be the same as the equity ownership attributable to the parent company as listed in the individual report prepared on a consolidated basis.

(12) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequently, costs are only likely to flow into this Company for future economic benefits associated with the project. Only when the project costs can be reliably measured can they be included in the book amount of the asset or recognized as a separate asset. The carrying amount of the replaced part is derecognized. All other repair and maintenance is recognized in profit or loss when accrued.
3. Property, plant and equipment are subsequently measured at cost. Land is not depreciated. Other property, plant

and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Property, plant and equipment are depreciated individually if they contain any significant components.

4. The Company shall review the residual value as well as the durability and depreciation method of each asset at the end of each financial year. Suppose the expected value of the residual value and the useful life differs from the previous assessment, or the expected consumption pattern of the future economic benefits contained in the asset has changed significantly. In that case, the case shall be handed according to the accounting estimate change provisions provided by IAS 8 "Accounting Policies, changes in Accounting Estimates and Errors" from when such changes occurred. The estimated useful lives of property, plant and equipment are as follows:

Building and structures	5~50 years
Machinery	3~17 years
Utilities equipment	5~15 years
Transportation equipment	5 years
Office equipment	5 years
Other equipment	2~12 years

(13) Lease Transactions of a Lessee - Right-of-use Assets/Lease Liabilities

1. The Group recognizes right-of-use assets and lease liabilities for all leases at the date when they are available for the Group's use. Low-value assets and short-term leases are recognized as expenses on a straight-line basis over the lease period.
2. Lease liabilities are recognized at the present value of unpaid lease payments discounted at the Company's incremental borrowing rate on the lease commencement date. The lease payments include:

   Fixed payments less any rental incentives that may be received. that are measured in subsequent periods using the effective interest rate method and amortized over the lease term. When a change in lease payments occurs not due to contract modification, lease liability will be remeasured, with such remeasurements adjusted to right-of-use assets.
3. Right-of-use assets are recognized at costs at the inception of the lease. Cost includes:
   (1) The initial lease liability measured;
   (2) Lease payments made before or at the inception of the lease;
   (3) Any original direct costs incurred.
   Right-of-use assets are subsequently measured at costs. Depreciation of right-of-use assets is recognized at the earlier of the end of the useful life and the end of the lease term. When a lease liability is remeasured, the Group adjusts the right-of-use asset for any remeasurements.

(14) Intangible assets

1. Computer software

   Computer software is measured at the acquisition cost and amortized using the straight-line method over its estimated useful life of 2-5 years.
2. Goodwill

   Goodwill results from mergers or acquisition.

(15) Impairment of Financial Assets

1. The Company shall target the assets with signs of impairment on the balance sheet date to assess the recoverable amount and recognize the impairment loss when the recoverable amount is lower than its book value. The recoverable amount is an asset's fair value less costs to sell or its value in use, whichever is higher. When there is an indication that the impairment loss recognized in prior years for an asset other than goodwill decreases or no long exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss. However, the increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

2. The Group regularly measures the recoverable amount of goodwill, intangible assets with uncertain useful life and intangible assets not available for use. Impairment is recognized when the recoverable amount is lower than the carrying amount. Impairment of goodwill is not reversed in subsequent periods.

(16) Borrowings

Borrowings mean short- and long-term loans borrowed from banks. Borrowings are initially recognized at the fair value less any transaction costs, and subsequently at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the borrowing period using the effective interest rate method.

(17) Accounts Receivables and Notes Receivables

1. Accounts receivable and notes receivable are the debt incurred by credit purchase of raw materials, goods, or services and the notes receivables incurred by operating and non-operating activities.
2. Because the effect of discount for unpaid-interest short-term accounts and bills payable is small, the Company is measured via the original invoice amount.

(18) Derecognition of Financial Liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or they expire.

(19) Employee benefits

1. Short-term employee benefits

   Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

2. Pension

   (1) Defined contribution plans

   For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

   (2) Defined benefit plans

   A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior period. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by using the interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the defined benefit plans. If there is no deep market in such bonds in a country, the discount rate shall be the market yields on government bonds.

   B. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

   C. Past service costs are recognized immediately in profit or loss.

3. Employee compensation and directors' and supervisors' remuneration

   Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for as a change in accounting estimate. When employee compensation is appropriated in shares, the basis for calculating the number of shares shall be the closing price at the date before the date the Board of Directors resolves on the appropriation.

(20) Income tax

1. The tax expense comprises current tax and deferred income tax. Tax is recognized in profit or loss, except to

the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The Company calculates the current income tax based on the tax rates enacted or substantively enacted at the balance sheet date in the nations whereby the operations and taxable income are generated. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. Where appropriate, management also estimate income tax liabilities based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
3. The deferred income tax is recognized via the balance sheet method based on the temporary difference arising from the carrying amount of assets and liabilities as well as the carrying amount in the individual balance sheet. The Company does not recognize a temporary difference if (1) the Company can control the point of time at which it is reversed; and (2) such a temporary difference is not expected to be reversed in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
6. A deferred income tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(21) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

(22) Dividends appropriation

Dividends appropriated to shareholders of the Company are recognized on the date the shareholders' meeting resolves on such appropriation. Appropriation in cash is recognized as liability.

(23) Recognition of revenue

Sale of goods

1. The Company manufactures and sells various electronic components, magnetic cores, multilayer wire-wound and other wire-wound products. The sales revenue is recognized when the products' control is transferred to the clients or when the products are delivered to the clients. The clients have discretion over product sales and prices, and the Company has no outstanding performance obligations that may affect the clients' acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the clients and either the clients have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
2. Accounts receivable are recognized when the goods are delivered to the customer. Since the Company has unconditional rights to the contract price from that point in time, it is only necessary to collect the consideration from the customer when the time comes.

V. Significant Account Judgments and Assumptions and Primary Sources of Estimation Uncertainty

When preparing these standalone financial statements, management has exercised their professional judgment to determine the accounting policies to be applied, and made accounting estimates and assumptions based on reasonable expectation as to how future events will hold for the circumstances that exist on the balance sheet date. The significant accounting estimates and assumptions being made may deviate from the actual outcomes and will be consistently measured and adjusted in accordance with historical experience and for other factors. Such estimates and assumptions may lead to the risk of significant adjustment being made to the carrying amount of the assets and liabilities on the balance sheet. Significant accounting judgments and the uncertainty in accounting estimates and assumptions are stated below:

(1) Significant Judgments in Applying Accounting Policies

None.

(2) Significant Accounting Estimates and Assumptions

Since inventory is measured at the lower of costs and the net realizable value, the Company needs to exercise judgment and estimates to determine the net realizable value of inventory at the balance sheet date. Since the inventory value is affected by market price fluctuations and life cycle, the Company shall evaluate the amount of the inventory due to obsolescence or no market sales value on the balance sheet date and list the inventory cost as net realizable value. Being based on the demands for products in a future period, the valuation estimate may significantly change.

As of December 31, 2020, the carrying amount of the Company's inventories is $230,923.

VI. Description of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and revolving funds	$ 394	$ 402
Checking deposits and demand deposits	360,918	267,876
Time deposits	-	29,980
Total	$ 361,312	$ 298,258

1. The Company's financial institutions have good credit quality and have been dealing with several financial institutions to diversify credit risk. The possibility of default is expected at extremely low.
2. The Company pledged no cash or its equivalent as collateral.

(2) Notes and Accounts Receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 14,384	$ 15,527
Accounts Receivable	$ 873,249	$ 665,727
Less: Allowance for bad debt	(795)	(5,011)
Allowance for sales returns and discounts	(1,766)	-
	$ 870,688	$ 660,716
Accounts receivable due from related parties	$ 431,260	$ 341,250
Less: Allowance for bad debt	(88)	(666)
	$ 431,172	$ 340,584

1. The aging analysis of accounts receivable and notes receivable is as follows:

	December 31, 2020		December 31, 2019	
	Accounts Receivable	Notes receivable	Accounts Receivable	Notes receivable
Not yet due	$ 1,300,719	$ 14,384	$ 1,005,698	$ 15,527
Within 30 days	3,462	-	1,168	-

31~90 days	328	-	110	-
91~180 days	-	-	-	-
Over 181 days	-	-	1	-
	$ 1,304,509	$ 14,384	$ 1,006,977	$ 15,527

The above aging analysis is based on the number of days past due.

2. The accounts and bills receivables on December 31, 2019 and 2020 are all due to client contracts, and the balance of receivables from client contracts on January 1, 2019 was $954,828.
3. Without considering the collateral held or other credit enhancements; the maximum exposure amounts for credit risks that can best represent the Company' bills receivable in 2020 and as of December 31, 2019 are $14,384 and $15,527, respectively. The maximum credit risk amounts that can best represent the Company's accounts receivable in 2020 and as of December 31, 2019 were $1,301,860 and $1,001,300, respectively.
4. Credit risks associated with accounts receivable and notes receivable are stated in Note 12(2).

(3) Inventory

December 31, 2020	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	$ 16,940	($ 4,657)	$ 12,283
Supplies	2,687	(152)	2,535
Work in progress	48,242	(3,423)	44,819
Finished products	13,181	(1,869)	11,312
Goods	164,089	(4,115)	159,974
Total	$ 245,139	($ 14,216)	$ 230,923

December 31, 2019	Cost	Allowance for inventory valuation	Carrying amount
Raw materials	$ 16,318	($ 4,785)	$ 11,533
Work in process	50,497	(6,205)	44,292
Finished products	23,715	(5,049)	18,666
Goods	124,940	(3,147)	121,793
Total	$ 215,470	($ 19,186)	$ 196,284

1. The Company's current inventory cost is recognized as a loss:

	2020	2019
Cost of inventory sold	$ 2,552,020	$ 1,993,482
(recovery benefit) falling price loss	(4,970)	567
Others	4,628	15,129
	$ 2,551,678	$ 2,009,178

In 2020, the Company's net realizable value of the inventory increased due to the continuous inventory depletion.

2. There is no inventory pledged as collateral by the Company.

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

	December 31, 2020	December 31, 2019
Non-current:		
Equity instruments		
Shares listed on the stock exchange or the OTC market	$ 7,156	$ 7,534
Adjustments for change in value	47,702	17,926
Total	$ 54,858	$ 25,460

1. The Company has classified the strategic investment stocks from All Ring Tech Co., Ltd. as financial assets measured at fair value through other comprehensive income. The fair values of these investments for 2020 and as of December 31, 2019 were $54,858 and $25,460, respectively.
2. The detailed breakdown of financial assets measured at fair value through other comprehensive income is as follows:

Equity instruments measured at fair value through other comprehensive income	2020	2019
Changes in fair value recognized in other comprehensive gains or losses	$ 29,776	($ 678)
Dividends income recognized in profit or loss held at the end of current period	$ 566	$ 1,906

3. Without considering the collateral held or other credit enhancements, the most representative of the financial assets held by the Group is the fair value through other comprehensive income. The exposure amounts with the largest credit risk for 2020 and as of December 31, 2019 were NT$54,858 and NT$25,460, respectively.
4. The Company did not provide financial assets measured at fair value through other comprehensive income as a pledge guarantee.

(5) Investment accounted for using the equity method

Investee Company	December 31, 2020	December 31, 2019
Best Bliss Investment Limited	$ 2,726,327	$ 2,262,829
North Star International Limited	80,606	77,111
	$ 2,806,933	$ 2,339,940

1. For information about the subsidiaries of the Company, please refer to Note 4(3) of the Company's 2020 consolidated financial statement.
2. The shares of profit and loss of related companies recognized using the equity method in 2020 and 2019 were $416,555 and $251,554, respectively.

(6) Property, plant and equipment

2020

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending for inspection	Total
January 1									
Cost	$ 96,495	$ 118,387	$ 1,360,962	$ 18,901	$ 5,902	$ 17,261	$ 55,673	$ 11,006	$ 1,684,587
Accumulated depreciation and impairment	-	(83,025)	(553,009)	(14,072)	(2,958)	(14,152)	(44,001)	-	(711,217)
	$ 96,495	$ 35,362	$ 807,953	$ 4,829	$ 2,944	$ 3,109	$ 11,672	$ 11,006	$ 973,370
January 1	$ 96,495	$ 35,362	$ 807,953	$ 4,829	$ 2,944	$ 3,109	$ 11,672	$ 11,006	$ 973,370
Addition	-	403	11,716	-	-	3,081	20,203	155,077	190,480
Disposal	-	-	(34,228)	-	-	-	(203)	-	(34,431)
Reclassification (Note)	-	-	127,615	-	-	896	720	(131,129)	(1,898)
Depreciation expenses	-	(3,967)	(96,698)	(643)	(980)	(1,430)	(5,953)	-	(109,671)
Impairment	-	-	(1,859)	-	-	-	-	-	(1,859)
December 31	$ 96,495	$ 31,798	$ 814,499	$ 4,186	$ 1,964	$ 5,656	$ 26,439	$ 34,954	$ 1,015,991
December 31									
Cost	$ 96,495	$ 118,790	$ 1,439,554	$ 18,735	$ 5,902	$ 20,277	$ 74,920	$ 34,954	$ 1,809,627
Accumulated depreciation and impairment	-	(86,992)	(625,055)	(14,549)	(3,938)	(14,621)	(48,481)	-	(793,636)
	$ 96,495	$ 31,798	$ 814,499	$ 4,186	$ 1,964	$ 5,656	$ 26,439	$ 34,954	$ 1,015,991

Note: Reclassified to intangible assets

2019

	Land	Buildings and structures	Machinery	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending for inspection	Total
January 1									
Cost	$ 96,495	$ 118,110	$ 1,227,693	$ 18,901	$ 4,801	$ 17,261	$ 55,896	$ 242,838	$ 1,781,995
Accumulated depreciation and impairment	-	(78,601)	(644,346)	(13,429)	(2,054)	(12,614)	(41,877)	-	(792,921)
	$ 96,495	$ 39,509	$ 583,347	$ 5,472	$ 2,747	$ 4,647	$ 14,019	$ 242,838	$ 989,074
January 1	$ 96,495	$ 39,509	$ 583,347	$ 5,472	$ 2,747	$ 4,647	$ 14,019	$ 242,838	$ 989,074
Addition	-	277	111,728	-	115	-	2,229	101,310	215,659
Disposal	-	-	(143,192)	-	-	-	-	-	(143,192)
Reclassification	-	-	332,156	-	986	-	-	(333,142)	-
Depreciation expenses	-	(4,424)	(76,086)	(643)	(904)	(1,538)	(4,576)	-	(88,171)
December 31	$ 96,495	$ 35,362	$ 807,953	$ 4,829	$ 2,944	$ 3,109	$ 11,672	$ 11,006	$ 973,370
December 31									
Cost	$ 96,495	$ 118,387	$ 1,360,962	$ 18,901	$ 5,902	$ 17,261	$ 55,673	$ 11,006	1,684,587
Accumulated depreciation and impairment	-	(83,025)	(553,009)	(14,072)	(2,958)	(14,152)	(44,001)	-	(711,217)
	$ 96,495	$ 35,362	$ 807,953	$ 4,829	$ 2,944	$ 3,109	$ 11,672	$ 11,006	$ 973,370

1. The amount of interest capitalization for 2020 and from January 1, 2019 to December 31, 2019 was $0.
2. The major components of the Company's houses and buildings include buildings and engineering systems, which are depreciated according to 20-50 years and 5-20 years, respectively.
3. For information on pledged property, plant and equipment, refer to Note 8.

(7) Lease transactions - lessee

1. The underlying assets of the Company's lease include parking space, buildings, company cars, and multi-function peripherals. The lease duration usually lasts 1 to 5 years. Lease contracts are agreed upon individually and contain different terms and conditions. Leased assets are not restricted in any way, except that they shall not be used as collaterals for borrowings.
2. The lease term of the buildings and warehouses leased by the Company is less than 12 months. The low-value underlying asset of the Company's lease is the electronic host for business use.
3. The information on the carrying amount of the right-of-use asset and the recognized depreciation expense is as follows:

	December 31, 2020		December 31, 2019	
	Carrying amount		Carrying amount	
Land of parking lot	$	508	$	-
Buildings		3,596		5,084
Transportation equipment		1,997		3,086
Machinery and equipment		1,289		969
	$	7,390	$	9,139

	2020		2019	
	Depreciation expenses		Depreciation expenses	
Land of parking lot	$	43	$	-
Buildings		1,488		1,488
Transportation equipment		1,089		1,249
Machinery and equipment		403		415
	$	3,023	$	3,152

4. Profit or loss items in relation to lease contracts are as follows:

	2020		2019	
Items that affect profit or loss				
Expenses attributable to short-term lease contracts	$	10,047	$	5,604
Expenses attributable to low-value assets		61		32

5. The increase of the Company's right-of-use assets in 2020 and 2019 were $1,293 and $3,876, respectively.
6. The Company's total lease cash outflows in 2020 and 2019 were $13,088 and $8,788, respectively.

(8) Other non-current assets

	December 31, 2020		December 31, 2019	
Refundable deposits	$	1,260	$	1,584
Prepayments for business facilities		5,900		1,482
Uncollectible overdue receivables		1,252		1,252
Allowance for uncollectible-overdue receivables	(	1,252)	(	1,252)

	$ 7,160	$ 3,066

(9) Short-term borrowings

Nature of borrowings	December 31, 2020	Interest rate range	Collaterals
Bank loan			
Secured loan	$ 50,000	0.94%	Land and plant
Credit loan	490,895	0.64%～0.94%	-
	$ 540,895		

Nature of borrowings	December 31, 2019	Interest rate range	Collaterals
Bank loan			
Secured loan	$ 65,000	1.06%～1.1%	Land and plant
Credit loan	360,000	1.05%～1.1%	-
	$ 425,000		

In 2020 and 2019, the interest expenses recognized in profit or loss for short-term borrowings were $4,357 and $4,730, respectively.

(10) Short-term notes and bills payable

	December 31, 2020	December 31, 2019
Commercial paper	$ 130,000	$ 120,000
Borrowing duration	Dec. 2020 - Feb. 2021	Dec. 2019 - Mar. 2020
Interest rate range	0.9%~0.99%	1.02%~1.09%

In 2020 and 2019, the interest expenses recognized in profit or loss for short-term bills payable were $648 and $742, respectively.

(11) Other payables

	December 31, 2020	December 31, 2019
Salary and bonus payables	$ 85,176	$ 56,488
Employee compensation and directors' and supervisors' remuneration payable	65,054	39,426
Construction and equipment payable	54,796	33,499
Others	80,413	56,787
	$ 285,439	$ 186,200

(12) Long-term borrowings

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	December 31, 2020
Credit loan	Installments from May 2020 to May 2023 Repayment, principal repayment quarterly	0.98%	-	$ 50,000

Credit loan	Due from April 2020 to April 2022. Repayment	0.91%	-	100,000
Secured loan	Repayment in installments from February 2020 to February 2025, repay the principal and interest on a monthly basis.	0.95%	Land, Housing and Construction	25,000
Secured loan	Repayment in installments from June 2020 to June 2025, repay the principal and interest on a monthly basis.	0.95%	Land, Housing and Construction	27,000
Secured loan	Repayment in installments from April 2020 to December 2023, repay the principal every 6 months.	0.91%	Machinery	135,000
				337,000
Less: current portion of long-term loans				(67,000)
				$ 270,000

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	December 31, 2019
Credit loan	Repayment due from July 2019 to February 2021. (Note 1)	1.31%	-	$ 30,000
Credit loan	Repayment due from July 2019 to July 2021.	1.05%	-	120,000
Credit loan	Repayment in installments from May 2016 to April 2021 for monthly repayment of principal and interest. (Note 2)	1.20%	-	10,286
Secured loan	Repayment in installments from July 2019 to December 2023, with principal repayment every six months.	1.30%	Machinery	165,000
				325,286
Less: current portion of long-term loans				(48,964)
				$ 276,322

Note 1: The loan was repaid in advance from January to May 2020.
Note 2: The loan was repaid in advance in December 2020.

The interest expenses recognized in income for long-term loans in 2020 and 2019 are $3,418 and $2,533, respectively.

(13) Pension

1.

(1) By adhering to the requirements set forth in the "Labor Standards Act," the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the "Labor Pension Act" on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the "Labor Pension Act." Pensions for employees qualified for retirement are calculated based on their servicing years and their average salaries of the 6 months prior to their retirement. Two bases are given

for each full year of service rendered within 15 years. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, under the name of the Independent Retirement Fund Committee. In addition, the Company estimates the balance of the said designated pension account before the end of year. If the balance is not sufficient to cover the amount to be paid to all employees - calculated in the manner specified above - who will qualify the retirement conditions next year, a lump-sum deposit should be made before March-end of the following year to cover the difference.

(2) The Company has established the “Regulations for Resignation and Retirement of Managers,” which is applicable to the managers appointed by the Company. Pensions for appointed managers are calculated as follows:

A. Pensions for the service year applying the Labor Standards Act are calculated using the equation stated in the previous section.
B. The Company contributes an amount of pension equal to 6% of an employee’s monthly salary for those electing to apply the Labor Pension Act and those taking their post on or after July 1, 2005.
C. For appointed managers who have rendered 25 or more years of services as of December 31, 2018, two bases are given to each full year of services rendered within 15 years, one base is given to each full year of service over 15 years (rounded up to one year for any year of service less than one year), and their annual salary at their 25th year of service is taken as their average salary. The Company makes a pension contribution equal to 6% of their monthly salary starting from their 25th year of service.

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

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	$ 54,299	$ 47,430
Fair value of plan assets	(39,647)	(39,428)
Net defined benefit liabilities	$ 14,652	$ 8,002

(4) Changes in the net defined benefit liability are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
2020			
Balance at January 1	$ 47,430	($ 39,428)	$ 8,002
Current service costs	182	-	182
Interest expenses (income)	379	(316)	63
	47,991	(39,744)	8,247
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,405)	(1,405)
Change in demographic assumptions	-	-	-
Change in financial assumptions	3,119	-	3,119
Experience adjustments	4,691	-	4,691
	7,810	(1,405)	6,405
Pension contribution by	-	-	-

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
employer			
Pension paid	(1,501)	1,501	-
Balance at December 31	$ 54,300	($ 39,648)	$ 14,652

2019	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance at January 1	$ 59,295	($ 48,236)	$ 11,059
Interest expenses (income)	163	-	163
Past service cost	576	(466)	110
	60,034	(48,702)	11,332
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,405)	(1,405)
Change in demographic assumptions	-	-	-
Change in financial assumptions	1,428	-	1,428
Experience adjustments	(3,353)	-	(3,353)
	(1,925)	(1,405)	(3,330)
Pension contribution by employer	-	-	-
Pension paid	(10,679)	10,679	-
Balance at December 31	$ 47,430	($ 39,428)	$ 8,002

(5) The Company's Confirmed welfare retirement plan fund assets shall be entrusted within the transportation and amount of entrusted business projects determined by the Bank of Taiwan according to the annual investment and application plan of the fund pursuant to items provided by Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e., deposit in financial institutions at home and abroad; investing in domestic and foreign listed, OTC, or privately placed equity securities; and investment in securitized goods for real estate at home and abroad). The relevant application status shall be supervised by the Supervision Committee of the Labor Retirement Fund. The utilization of the retirement fund shall have a yield no less than the interest for two-year time deposits provide by local banks. In case there is any shortfall, it shall be made up by the treasury of the government after an approval is obtained from the competent authority. Having no right to the operation and management of the retirement fund, the Group is unable to disclose the classification of plan assets as required by section 142 of the International Accounting Standards 19. The fair value forming the total assets of the fund for 2020 and as of December 31, 2019, were stated in the labor pension fund utilization report announced by the government for the respective years.

(6) The actuarial assumptions regarding pensions are summarized as follows:

	2020	2019
Discount rate	0.40%	0.80%
Future salary increase rate	2.00%	2.00%

Assumptions on future mortality experience are set based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

The present value of the defined benefit obligation affected by the changes in the main actuarial assumptions adopted is as follows:

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2020				
Effects on the present value of defined benefit obligations	($ 1,975)	$ 2,067	$ 1,880	($ 1,811)
December 31, 2019				
Effects on the present value of defined benefit obligations	($ 1,777)	$ 1,861	$ 1,709	($ 1,644)

The above sensitivity analysis is based on changes in a single variable, with the other variables held constant. However, in practice, variables are correlated. The manner adopted for conducting sensitivity analysis is the same as that for calculating the net pension liability stated on the balance sheet.

(7) The Company is expected to pay a contribution of $0 to the retirement plan for 2021.

(8) As of December 31, 2020, the weighted average duration of the retirement plan was 15 years. Maturity analysis of pension payment obligation is as follows:

Less than 1 year	$ 325
1-2 years	434
2-5 years	2,455
5-10 years	9,675
	$ 12,889

2.

(1) Starting July 1, 2005, the Company has established a retirement scheme based on the "Labor Pension Act," which shall apply to the laborers of this nationality. For employees of the Company who elected to apply the Labor Pension Act, the Company makes a contribution equal to 6% of the monthly salary to their individual retirement account with the Bureau of Labor Insurance. Employee pensions may be paid in monthly installments or in lump-sum payment based the accumulated amount in the employee’s individual retirement account.

(2) In 2020 and 2019, the pension costs recognized by the Company according to the pension scheme were $10,956 and $11,385, respectively.

(14) Share capital

For 2020 and as of December 31, 2019, the Company had an authorized capital equal to $1,500,000 (with $20,000 retained for issuance of employee stock option certificates), a paid-in capital equal to $910,000 and a share face value equal to NT$10. All proceeds for share subscription were collected in full.

The number of the Company's outstanding ordinary shares at the beginning and end of the period was 91,000 thousand shares.

(15) Capital surplus

Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated loss, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original shareholding percentage. According to the

Securities and Exchange Act, when the above-mentioned capital surplus is used for capitalization, the total amount every year shall not exceed 10% of the paid-in capital. The Company may use capital surplus to offset loss only when the amount of reserves is insufficient to offset the loss.

2020	additional paid-in capital	All changes in the subsidiaries' Total changes in equity	Net assets from merger
January 1	$ 200,124	$ 12,353	$ 2,046
Capital surplus appropriated in cash	(91,000)	-	-
December 31	$ 109,124	$ 12,353	$ 2,046

2019	additional paid-in capital	All changes in the subsidiaries' Total changes in equity	Net assets from merger
January 1	$ 354,824	$ 12,353	$ 2,046
Capital surplus appropriated in cash	(154,700)	-	-
December 31	$ 200,124	$ 12,353	$ 2,046

(16) Retained earnings

1. According to the Company's Articles of Incorporation, if the Company has any earnings in the final account, they should be used to pay off all the taxes and duties, as well as to compensate prior deficits. The remaining amount, if any, should be appropriated in the following order of presentation: (1)10% as legal reserve until it reaches the Company's paid-in capital; (2)set aside or reverse a certain amount as or of special reserve according to operating needs or laws or regulations; (3)the remainder plus unappropriated earnings from prior years may be used to appropriate dividends or bonuses to shareholders after an earnings appropriation proposal is drafted by the Board of Directors and resolved in favor by the shareholders meeting.
2. The Company's dividend appropriation policy takes into account the factors such as the industry environment it is in, its growing phases, future capital demands, financial structure, capital budge, shareholders' interest, balanced dividends and long-term financial planning. An earnings appropriation proposal is drafted by the Board of Directors (and reported to the shareholders' meeting) to the extent appropriable on the conditions that the Company's business is in the expanding phase, profitability expects to grow, and appropriation of stock dividends won't significantly dilute the Company's profitability. Surplus may be distributed in cash or in shares, provided, however, that the appropriation in cash shall not be less than 10% of the total appropriated amount.
3. Except being used to make up previous deficits or appropriate shares or cash to shareholders in proportion to their shareholding percentage, the legal reserve shall not be used. However, the amount of legal reserves used to appropriate new shares or cash shall be limited to the portion exceeding 25% of the paid-in capital.
4. As resolved on in the shareholder's meeting dated June 24, 2020, the Company determined to appropriate dividends in the amount of $154,700 (NT$1.7 per share) with the earnings made in 2019. As resolved on in the shareholders meeting dated June 25, 2019, the Company determined to appropriate dividends in the amount of $136,500 (NT$1.5 per share) with the earnings made in 2018.
5. On March 2, 2021, the board of directors passed a resolution to distribute an ordinary dividend of NT$373,100 (NT$4.1 per share) according to the 2020 surplus.

(17) Other equity items

	2020 Unrealized gains (losses)	Foreign currency translation	Total

January 1	$ 124,288	($ 214,279)	($ 89,991)
Valuation of financial assets at fair value - Group through Other Comprehensive Income:			
- Group	41,603	-	41,603
Exchange differences:			
-Associates	-	34,123	34,123
December 31	$ 165,891	($ 180,156)	($ 14,265)

	2019 Unrealized gains (losses)	Foreign currency translation	Total
January 1	$ 97,225	($ 119,260)	($ 22,035)
Valuation of financial assets at fair value - Group through Other Comprehensive Income:			
- Group	27,063	-	27,063
Exchange differences:			
-Associates	-	(95,019)	(95,019)
December 31	$ 124,288	($ 214,279)	($ 89,991)

(18) Operating revenue

	2020	2019
Revenue from contracts with clients	$ 3,314,401	$ 2,550,205

The Company's revenue derived from transfer of goods at a particular point of time are classified into the following categories:

	2020	2019
Wire-Wound Products	$ 2,348,801	$ 1,820,589
Multilayer Products	410,130	344,409
LAN transformers	283,462	95,027
Other	272,008	290,180
Total	$ 3,314,401	$ 2,550,205

(19) Other income

	2020	2019
Rental income	$ 125	$ 60
Dividends income	566	1,906
Miscellaneous income	1,065	133
Total	$ 1,756	$ 2,099

(20) Other gains and losses

	2020	2019
Exchange losses, net	($ 22,717)	($ 4,186)
Gains on disposal of property, plant and equipment	7,251	6,993
Impairment	(1,859)	-
Other expenditure	(2,177)	(1,418)
Total	($ 19,502)	$ 1,389

(21) Additional Information on the Nature of Expenses

2020

	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 218,324	$ 222,260	$ 440,584
Depreciation expenses of property, plant and equipment	95,437	14,234	109,671
Depreciation of right-of-use assets	109	2,914	3,023
Amortization	493	1,350	1,843

2019

	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 167,133	$ 173,279	$ 340,412
Depreciation expenses of property, plant and equipment	76,177	11,994	88,171
Depreciation expenses of right-of-use assets	61	3,091	3,152
Amortization expenses	508	758	1,266

(22) Employee benefit expense

2020

	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 187,513	$ 195,998	$ 383,511
Labor and health insurance expense	16,232	11,995	28,227
Pension expense	4,679	6,522	11,201
Other personnel expense	9,900	7,745	17,645
	$ 218,324	$ 222,260	$ 440,584

2019

	Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 137,622	$ 148,340	$ 285,962
Labor and health insurance expense	14,667	11,515	26,182

Pension expense	5,579	6,079	11,658
Other personnel expense	9,265	7,345	16,610
	$ 167,133	$ 173,279	$ 340,412

1. Where there are earnings in the final account, no less than 6% shall be allocated as employee compensation, either in cash or in shares, as resolved by the Board of Directors - employees qualified for such compensation include employees from affiliated companies who meet certain criteria; and 1%-2% shall be allocated as remuneration for directors and supervisors.
2. The estimated compensations for employees in 2020 and 2019 were $52,043 and $31,541, respectively. The estimated amount of compensations for the directors and supervisors were $13,011 and $7,885; respectively. The aforesaid amount is accounted for in the salary expense account.

   The employee remuneration as well as director and supervisor remuneration in 2020 were estimated at 6% and 1.5%, respectively, based on the profit status of the current period. The actual distribution amounts resolved by the board of directors were $52,043 and $13,011, of which employee remuneration was be paid in cash.

   The amount of the accrued employee compensation and directors' and supervisors' remuneration for 2019 as had been resolved by the Board of Directors was the same as the amount recognized in the financial statements for 2019.

   The amounts of employee compensation and directors' and supervisors' remuneration approved by the Board of Directors and resolved by the shareholders' meeting can be found on the Market Observation Post System of TWSE.

(23) Income tax

1. Income tax expense

   (1) Income tax expense components:

	2020	2019
Current tax:		
Tax attributable to taxable income of the period	$ 71,800	$ 43,118
Additional levy on unappropriated earnings	5,396	6,133
Over-estimate of income tax of the previous period	(10,506)	(6,988)
Total current tax	66,690	42,263
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	974	4,572
Income tax expenses	$ 67,664	$ 46,835

   (2) Income tax expense amount related to other comprehensive income: None.
   (3) Income tax amount directly debited or credited to equity: None.

2. Relationship between income tax expenses and accounting profit

	2020	2019
Income tax derived from applying the statutory tax rate to income before tax	$ 160,467	$ 97,250
Impacts on income tax items that must be adjusted according to the tax law	(83,424)	(50,690)
Temporary differences not recognized as deferred tax assets	81	-
Tax effects of investment deductibles	(3,422)	-

Change in estimation of probability of realizing deferred tax assets	-	(309)
Tax effects of temporary differences	(928)	1,439
Income tax under (over) estimates of previous years	(10,506)	(6,988)
Additional levy on unappropriated earnings	5,396	6,133
Income tax expenses	$ 67,664	$ 46,835

3. The amount of each deferred income tax asset or liability arising from temporary differences is as follows:

	2020		
	January 1	Recognized in P/L	December 31
Deferred tax assets			
-Temporary differences:			
Unrealized gains from disposal	$ 6,223	($ 974)	$ 5,249
Deferred tax liabilities			
Reserve for land revaluation increment tax	($ 28,572)	$ -	($ 28,572)
Total	($ 22,349)	($ 974)	($ 23,323)

	2019		
	January 1	Recognized in P/L	December 31
Deferred tax assets			
-Temporary differences:			
Unrealized gains from disposal	$ 10,795	($ 4,572)	$ 6,223
Deferred tax liabilities			
Reserve for land revaluation increment tax	($ 28,572)	$ -	($ 28,572)
Total	($ 17,777)	($ 4,572)	($ 22,349)

4. Deductible temporary differences that are not recognized as deferred income tax assets

	December 31, 2020	December 31, 2019
Deductible temporary differences:	$ 32,331	$ 31,927

5. The company did not recognize deferred income tax liabilities for temporary taxable differences related to investments for certain subsidiaries. The amount of temporary differences in the unrecognized deferred income tax liabilities on December 31, 2020 and December 31, 2019 were $338,075 and $244,676, respectively.
6. The Company's for-profit business income tax has been approved by the Revenue Service Office until 2018.

(24) Earnings per share (EPS)

2020		
Post-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (EPS) (NT$)

Basic earnings per share			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	$ 734,671	91,000	$ 8.07
Diluted earnings per share			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	$ 734,671	91,000	
Dilutive effects of the potential common shares			
Employee compensation	-	770	
Net Profit of the Current Parent Company Shareholders and the Impact of Potential Ordinary Shares	$ 734,671	91,770	$ 8.01

	2019		
	Post-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (EPS) (NT$)
Basic earnings per share			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	$ 439,416	91,000	$ 4.83
Diluted earnings per share			
Net Profit Attributable to the Ordinary Shareholders of the Parent Company	$ 439,416	91,000	
Dilutive effects of the potential common shares			
Employee compensation	-	1,213	
Net Profit of the Current Parent Company Shareholders and the Impact of Potential Ordinary Shares	$ 439,416	92,213	$ 4.77

(25) Additional Information on Cash Flows

Investing activities partially involving cash payments:

	2020	2019
Acquisition of property, plant, and equipment	$ 190,480	$ 215,659

Plus: Equipment payable at the beginning of the period		33,499		27,254
Plus: Equipment payable at the end of the period	(	54,796)	(	33,499)
Less: Notes payable at the end of the period	(	45,604)		-
Cash paid in the period	$	123,579	$	209,414

(26) Changes in Liabilities Arising from Financing Activities

	Short-term borrowings	bills payable	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1, 2020	$ 425,000	$ 120,000	$ 325,286	$ 9,139	$ 879,425
Changes from financing cash flows	115,895	10,000	11,714	(2,980)	134,629
Other non-cash changes	-	-	-	1,274	1,274
December 31, 2020	$ 540,895	$ 130,000	$ 337,000	$ 7,433	$ 1,015,328

	Short-term borrowings	bills payable	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1, 2019	$ 430,000	$ 150,000	$ 149,666	$ 8,415	$ 738,081
Changes from financing cash flows	(5,000)	(30,000)	175,620	(3,152)	137,468
Other non-cash changes	-	-	-	3,876	3,876
December 31, 2019	$ 425,000	$ 120,000	$ 325,286	$ 9,139	$ 879,425

VII. Related Party Transactions

(1) Name and Relationship of Related Party

Name of related party	Relationship with the Company
Best Bliss Investments Limited	Being the Company's subsidiary
North Star International Limited	Being the Company's subsidiary
Fixed Rock Holding Ltd.	Being the Company's subsidiary
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Being the Company's subsidiary
TAI-TECH Advanced Electronics (Kunshan)	Being the Company's subsidiary
Superworld Electronics (S) Pte Ltd	Other related party
TAI-TECH ADVANCED ELECTRONICS (S) PTE LTD	Other related party
Superworld Electronics Co., Ltd.	Other related party
Jui-hsia Tai	Immediate family member of the major management
Chang-i Hsieh	Immediate family member of the major management
Chairman, Supervisor, President, and Vice President	Major management of the Company

(2) Significant Transactions with Related Party

1. Operating revenue

	2020	2019
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	$ 471,784	$ 258,148
Subsidiary	120,771	228,141
Other related party	320,354	260,710
Total	$ 912,909	$ 746,999

When selling goods to a related party, the price is the same as that for an arm's length transaction, except the price for sales to a subsidiary, in which case the price is negotiated by the Company and the subsidiary. The payment terms also approximate those for ordinarily clients.

2. Purchase

	2020	2019
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	$ 1,212,092	$ 973,320
North Star International Limited	213,655	370,817
TAI-TECH Advanced Electronics (Kunshan)	455,830	28,680
Other related party	3,213	4,448
Total	$ 1,884,790	$ 1,377,265

(1) The price of commodities purchased by the Company from related parties shall be handled according to general transaction procedures except unless otherwise negotiated by both parties. The payment terms shall be similar to those of general suppliers.
(2) In 2020, the Company indirectly purchased the inventory of TAIPAQ Electronic Components (Si-Hong) Co., Ltd., North Star International Limited, and TAI-TECH Advanced Electronics (Kunshan), of which $122,196, $20,781, and $155,016 were the goods that the Company had previously sold to them. Such amounts were not included in the Company's sales revenue or cost of sale.
(3) In 2019, the Company indirectly purchased the inventory of TAIPAQ Electronic Components (Si-Hong) Co., Ltd., North Star International Limited, and TAI-TECH Advanced Electronics (Kunshan), of which $119,928, $51,483, and $14,722 were the goods that the Company had previously sold to them. Such amounts were not included in the Company's sales revenue or cost of sale.

3. Other costs

	2020	2019
Subsidiary	$ 3	$ -
Other related party	(284)	2,010
	($ 281)	$ 2,010

4. Lease transactions - lessee

(1) The Group leased buildings from the immediate family members of the major management, with the lease term due between 2018 and 2023 and the rental paid on a monthly basis.
(2) Obtain Right-of-use Assets
Due to the application of IFRS 16, the Group increased the right-of-use assets by $6,572 on January 1, 2019.
(3) Rental expense

	2020	2019
Other related party	$ 3	$ -

(4) Lease liabilities
Balance at the end of the period:

	December 31, 2020	December 31, 2019
Jui-hsia Tai	$ 1,844	$ 2,607
Chang-i Hsieh	1,752	2,477
	$ 3,596	$ 5,084

5. Accounts receivables due from related party

	December 31, 2020	December 31, 2019
Accounts receivable:		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	$ 223,479	$ 141,123
North Star International Limited	-	38,460
Subsidiary	92,963	66,415
Other related party	114,730	94,586
Sub-total	431,172	340,584
Other receivables:		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	$ 32,661	$ 1,979
Subsidiary	-	-
Other related party	1,324	46
Sub-total	33,985	2,025
Total	$ 465,157	$ 342,609

6. Accounts payables due to related party

	December 31, 2020	December 31, 2019
Accounts payable:		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	$ 410,255	$ 392,654
North Star International Limited	-	125,870
TAI-TECH Advanced Electronics (Kunshan)	295,807	20,878
Other related party	1,302	18,054
Sub-total	$ 707,364	$ 557,456
Other payables:		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	$ 170	$ 151
Subsidiary	1,546	-
Other related party	2	358
Sub-total	$ 1,718	$ 509
Total	$ 709,082	$ 557,965

7. Fund loan to related parties (no such transaction in 2020.)

(1) Loans to related parties (account for other receivables - related parties)
Balance at the end of the period:

December 31, 2019

Fixed Rock Holding Ltd.	$ -
Best Bliss Investments Limited	-
Total	$ -

(2) Interest income

	2019
Fixed Rock Holding Ltd.	$ 411
Subsidiary	42
Total	$ 453

The Company's loans to subsidiaries are charged at an annual interest rate of 1.2%.

8. Asset Transactions

(1) Disposal of real estate, plant, and equipment:

	2020		2019	
	Disposal proceeds	Disposal gain (loss)	Disposal proceeds	Disposal gain (loss)
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	$ 33,884	$ 88	$ 125,833	$ 194

(2) Acquisition of property, plant, and equipment:

	2020	2019
Subsidiary	$ 3,596	$ 10,284

9. The management level of the Company was the joint guarantor for its short-term loans and bills for 2020 and as of December 31, 2019.

10. Status of endorsement guarantee for related parties

	December 31, 2020	December 31, 2019
Fixed Rock Holding Ltd.	$ 199,360	$ 398,734
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	284,800	299,800
Total	$ 484,160	$ 698,534

(3) Remuneration to Major Management

	2020	2019
Short-term employee benefits	$ 65,035	$ 48,531
Post-retirement benefits	1,284	1,145
Total	$ 66,319	$ 49,676

VIII. Pledged Assets

Assets pledged as collaterals were as follows:

Type of asset	December 31, 2020	December 31, 2019	Purpose of collateral
Property, plant and equipment			
- Land	$ 85,828	$ 85,828	Short and long-term borrowing

- Buildings and structures	22,738	26,414	Short and long-term borrowing
- Machinery	276,834	302,060	Long-term borrowings

IX. Significant Commitments or Contingencies

(1) Contingencies

None.

(2) Commitments

Capital expenditures committed but not yet incurred

	December 31, 2020	December 31, 2019
Property, plant and equipment	$ 142,130	$ 11,114

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

1. On March 2, 2021, the Company's board of directors resolved to increase capital by cash, and issued 12,134 thousand new shares with the face value of NT$10 per share and the issuance price of NT$88 per share.
2. On March 2, 2021, the Company's board of directors proposed to distribute a cash dividend of NT$4.1 per share, totaling $373,100.

XII. Others

1. Capital Management

The purposes of the Company's capital management are to ensure that the Company continues as a going concern, to maintain an optimal capital structure to lower financing costs, and to provide returns of investment to shareholders. For the purpose of maintaining an optimal capital structure, the Company may adjust the amount of dividends paid to shareholders, or may issue new shares.

2. Financial Instrument

1. Type of financial instrument

	December 31, 2020	December 31, 2019
Financial Assets		
Financial assets at fair value through other comprehensive income		
Financial Assets		
Financial assets in equity instruments investment of which the fair value is designated to be recognized in other comprehensive income	$ 54,858	$ 25,460
Financial assets at amortized cost		
Cash and cash equivalents	$ 361,312	$ 298,258
Notes receivable, net	14,384	15,527
Accounts receivable, net (including those due from related party)	1,301,860	1,001,300
Other receivables (including those due from related party)	45,680	12,575
Refundable deposits (recognized under other noncurrent assets)	1,260	1,584
	$ 1,724,496	$ 1,329,244

Financial Liabilities

Financial liabilities at amortized cost		
Short-term borrowings	$ 540,895	$ 425,000
Short-term notes and bills payable	130,000	120,000
Notes payable	56,755	93,363
Accounts payable (including related party)	849,813	674,641
Other payables (including those due to related party)	285,439	186,200
Long-term borrowings (including the portion with maturity in one year)	337,000	325,286
	$ 2,199,902	$ 1,824,490
Lease liabilities	$ 7,433	$ 9,139

2. Risk management policy

(1) The Company's daily operations are subject to several financial risks, including market risks (including exchange rate, interest rate, and price risks), credit risks, and liquidity risks. The Company's risk management policy focuses on the unpredictable market events in order to minimize their potentially adverse impacts on the Company's financial position and financial performance.

(2) The board of directors shall review important financial activities of the Company according to the relevant norms and internal control systems. The Company strictly abides by relevant financial operating procedures during the implementation of financial plans.

3. Nature and degree of significant financial risks

(1) Market risk

Foreign currency risk

A. The Company operates internationally and so is subject to the exchange rate risk of different currencies, particularly the USD and RMB. Relevant exchange rate risk arises from future business transactions and the recognized assets and liabilities.

B. The management level of the Company has established policies to regulate each company's exchange rate risk concerning its functional currency. Foreign exchange risk arises when future business transactions or recognized assets or liabilities are denominated in a currency other than the entity's functional currency.

C. The Company's business involves a number of non-functional currencies (the Company's functional currency is NTD, and the functional currency of some subsidiaries is either RMB or USD). So the information on foreign currency assets and liabilities affected by major exchange rate fluctuations due to the exchange rate fluctuation is as follows:

	December 31, 2020		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (New Taiwan Dollars)
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD:NTD	$ 48,532	28.48	$ 1,382,191
RMB:NTD	9,964	4.36	43,443

Non-monetary items			
USD:NTD	98,558	28.48	2,806,933
Financial Liability			
Monetary items			
USD:NTD	$ 33,205	28.48	$ 945,678

	December 31, 2019		
(Foreign currency: functional currency)	Foreign currency (in thousands)	Exchange rate	Carrying amount (New Taiwan Dollars)
Financial Assets			
Monetary items			
USD:NTD	$ 39,493	29.98	$ 1,184,000
RMB:NTD	822	4.30	3,535
Non-monetary items			
USD:NTD	78,050	29.98	2,339,940
Financial Liabilities			
Monetary items			
USD:NTD	$ 19,257	29.98	$ 577,325

D. For monetary items that would be significantly impacted by foreign exchange rate changes, the Company recognized an exchange loss (realized and unrealized) in the amount equal to $22,717 and $4,186 for 2020 and from January 1, 2019 to December 31, 2019, respectively. Since the Company's transactions involve multiple currencies that have significant foreign exchange impacts, they are disclosed as a whole.

E. The Company's analysis of the foreign currency market affected by significant exchange rate fluctuations is as follows:

	2020		
	Sensitivity Analysis		
(Foreign currency: functional currency)	Fluctuation	Effects on P/L	Impact on other comprehensive income
Financial Assets			
Monetary items			
USD:NTD	1%	$ 13,822	$ -
RMB:NTD	1%	434	-
Non-monetary items			
USD:NTD	1%	-	28,069
Financial Liability			
Monetary items			
USD:NTD	1%	9,457	-

	2019		
	Sensitivity Analysis		
	Fluctuation	Effects on P/L	Impact on other comprehensive income
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD:NTD	1%	$ 11,840	$ -
RMB : NTD	1%	35	-
Non-monetary items			
USD:NTD	1%	-	23,399
Financial Liabilities			
Monetary items			
USD:NTD	1%	5,773	-

Price risk

A. Since the investments held by the Company are classified as financial assets measured at fair value through other comprehensive income in the balance sheet, the Company is exposed to equity instrument price risks.

B. The Company mainly invests in equity instruments issued by domestic and foreign companies. The prices of these equity instruments will be affected by future investment target value uncertainties. Suppose the price of these equity instruments increases or decreases by 1%, and all other factors remain unchanged. In that case, the gains or losses on other comprehensive profit and loss classified as equity investments measured at fair value for 2020 and from January 1, 2019 to December 31, 2019 through other comprehensive income would increase or decrease by $549 and $255, respectively.

Cash flow and fair value interest rate risk

A. The company's interest rate risk mainly comes from short-term and long-term loans issued at floating rates. It exposes the Company to cash flow interest rate risks, part of which is offset by cash held at floating rates. For 2020 and from January 1,2019 to December 31, 2019, the Company's loans issued at floating rates are mainly valuated in NTD.

B. When the NTD borrowing rate increases or decreases by 1% and all other factors remain unchanged, the post-tax net profit for 2020 and from January 1,2019 to December 31, 2019 would decrease or increase by $7,023 and $6,002, respectively, mainly due to interest expense changes caused by floating rate loans.

(2) Credit risk

A. The Company's credit risk is the financial loss risk due to the inability of the client's counterparty or financial instrument to perform its contractual obligations. It is mainly because the counterparty cannot pay off the accounts payable according to payment terms.

B. The Company has established credit risk management from the Company’s perspective. As the internal credit approval policy stipulates, an operating entity within the Company shall manage and analyze the credit risk of a new client before proposing terms and conditions pertaining to payments and delivery of goods. Internal risk control is achieved by evaluating a client’s credit quality against the client’s financial position, credit records, and other factors. The limit on individual risk is set by the management by referring to internal or external ratings. The status of utilization of credit lines is regularly monitored.

C. The Company adopts IFRS 9 to provide prerequisite assumptions. When the contract payment is more than 30 days overdue according to the agreed payment terms, the financial asset credit risk is deemed to have increased significantly since the original recognition.

D. When the counterparty has a significant delay in repayment, it is deemed to have breached the contract according to the Company's credit risk management procedures.

E. After the recourse procedures, the Group writes off financial assets that could not be reasonably expected to be recovered. Nonetheless, the Group will continue the recourse legal procedures to secure its right to the debt. The Group's creditor's rights that have been written off and recourse activities still available were $0 for 2020 and as of December 31, 2019.

F. The Company shall divide the clients' accounts receivable into groups based on rating features. The simplified method is to prepare a matrix to estimate the expected credit losses.

G. The Company incorporates perspective considerations for future specific periods and the loss rate established by the current information in order to estimate the allowance for receivables. The preparation matrix for 2020 and December 31, 2019 is as follows:

	Individual disclosure	Not yet due	Within 30 days past due	Overdue 31 ~ 90 days	Overdue 91 ~ 180 days	Over 181 days overdue	Total
December 31, 2020							
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	100.00%	
Total carrying amount	$ 1,252	$ 1,315,103	$ 3,462	$ 328	$ -	$ -	$1,320,145
Loss allowance	$ 1,252	$ 737	$ 127	$ 19	$ -	$ -	$ 2,135

	Individual disclosure	Not yet due	Within 30 days past due	Overdue 31 ~ 90 days	Overdue 91 ~ 180 days	Over 181 days overdue	Total
December 31, 2019							
Expected loss (%)	100.00%	0.70%	25.40%	61.11%	100.00%	100.00%	
Total carrying amount	$ 1,252	$ 1,021,225	$ 1,168	$ 110	$ -	$ 1	$1,023,756
Loss allowance	$ 1,252	$ 5,312	$ 297	$ 67	$ -	$ 1	$ 6,929

H. The table of changes in the allowance for losses of accounts receivable adopted by the Company's simplified approach is as follows:

2020	Notes receivable	Accounts Receivable	Uncollectible overdue receivables	Total
January 1	$ -	$ 5,677	$ 1,252	$ 6,929
Impairment loss reversed	-	(4,794)	-	(4,794)
December 31	$ -	$ 883	$ 1,252	$ 2,135

2019	Notes receivable	Accounts Receivable	Uncollectible overdue receivables	Total
January 1	$ -	$ 3,442	$ 1,252	$ 4,694
Impairment Loss List	-	2,235	-	2,235
December 31	$ -	$ 5,677	$ 1,252	$ 6,929

(3) Liquidity risk

A. Cash flow forecasting is performed by individual operating entities within the Company and is aggregated by the Company's management department. Administration Department of the Company monitors the forecast of the Company's liquidity needs, so as to ensure that it has sufficient fund to meet operating needs and maintains sufficient unused loan commitments so that it won't default on any borrowing limits or terms. Such a forecast takes into account the Company's debt financing plan, compliance with provisions of debt instruments, fulfillment of the financial ratio targets on the balance sheet, and conformity with external regulatory requirements, such as foreign exchange control.

B. The table below shows the Company's non-derivative financial liabilities groups according to the relevant maturity dates. The non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The table below disclosed the contractual cash flows not discounted.

Non-derivative financial liabilities :

December 31, 2020	Less than 1 year	1~2 years	2~5 years
Short-term borrowings	$ 540,895	$ -	$ -
Short-term notes and bills payable	130,000	-	-
Notes payable	56,755	-	-
Accounts payable	142,449	-	-
Accounts payables to related parties	707,364	-	-
Other payables	285,439	-	-
Lease liability	3,493	2,693	1,247
Long-term borrowings (including the portion with maturity in one year)	69,884	183,529	88,659

Non-derivative financial liabilities:

December 31, 2019	Less than 1 year	1~2 years	2~5 years
Short-term borrowings	$ 425,000	$ -	$ -
Short-term notes and bills payable	120,000	-	-
Notes payable	93,363	-	-
Accounts payable	117,185	-	-
Accounts payables to related parties	557,456	-	-
Other payables	186,200	-	-
Lease liabilities	2,937	2,794	3,408
Long-term borrowings (including the portion with maturity in one year)	48,964	193,822	82,500

C. The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at a significantly different amount.

(3) Fair Value Information

1. Below are the definitions assigned to each level of valuation technique used to measure the fair value of financial and non-financial assets.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed shares is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. This includes the equity instruments without active market investment by the Company.

2. Financial instruments not measured at fair values

   Management of the Company thinks that the carrying amount of cash and cash equivalents, notes receivable, accounts receivables, other receivables, and long-term borrowings (including the portion with maturity in one year), is the reasonable approximation of their fair value.

3. The Company classifies the financial and non-financial instruments measured at fair value based on the assets and liabilities' nature, characteristics, risks, and fair value levels. The relevant information is as follows:

   (1) The Company is classified according to the nature of its assets and liabilities. The relevant information is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through other comprehensive income				
Equity-based securities	$ 54,858	$ -	$ -	$ 54,858

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				
Financial assets at fair value through other comprehensive income				
Equity-based securities	$ 25,460	$ -	$ -	$ 25,460

   (2) The methods and assumptions used by the Company to measure fair value are as follows:

   A. The company uses the market price as the fair value input value (i.e., Level 1) according to the features of the tool as follows:

	Listed shares
Market quotation	Closing price

   B. Except for financial instruments with an active market, the fair value of other financial instruments is obtained either based on the valuation technique or by reference to the quotes from counter-parties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, or by using other valuation technique, e.g. the one that applies market information available on the balance sheet date to a pricing model for calculation.

C. Outputs from the valuation models are estimates, and valuation techniques may not be able to reflect all relevant factors of the financial and non-financial instruments held by the Company. Therefore, when needed, estimates from the valuation model would be adjusted for additional parameters, *e.g.,* model risk or liquidity risk.

4. There has been no transfer between the Level 1 and the Level 2 in 2020 and 2019.
5. There was no transfer in or out from Level 3 in 2020 and 2019.
6. The Group elects to adopt valuation models and valuation parameters under prudential consideration. As such, the fair value measured is fairly reasonable. Nonetheless, this does not preclude the differences arising from adoption of different valuation models or parameters.

XIII. Additional Disclosures

(1) Information on Significant Transactions

1. Loaning Funds to Others: Refer to Table 1.
2. Provision of Endorsements and Guarantees: refer to Table 2.
3. Marketable Securities Held at the End of the Period (Excluding Investment in Subsidiaries, Affiliated Companies and the Control Portion in a Joint Venture): refer to Table 3.
4. Accumulative Purchase of Disposal of the Same Marketable Securities that Reaches NT$300 Million or 20% or More of Paid-in Capital: None.
5. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: none.
6. Disposal of Real Property That Reaches NT$300 Million or 20% or More of Paid-in Capital: none.
7. Transaction with Related Party That Reaches NT$100 Million or 20% or More of Paid-in Capital: refer to Table 4.
8. Receivables Due from Related Party That Reach NT$100 Million or 20% or More of Paid-in Capital: refer to Table 5.
9. Engagement in Derivatives Trading: none.
10. Significant Inter-company Transactions during the Reporting Period. Refer to Table 6 for details.

(2) Information on Indirect Investment

Names and Location of Investees (Excluding Those in Mainland China): refer to Table 7.

(3) Investment in Mainland China

1. Basic Information: refer to Table 8.
2. Significant transactions that occurred directly or indirectly through third-region enterprises and investee companies and were reinvested in mainland China: refer to Table 6

XIV. Segment Information

Not applicable.

Tai-Tech Advanced Electronics Co., Ltd.

Loans of funds to others

From January 1, 2020 to December 31, 2020

Table 1

Unit: NT$ thousand

(unless otherwise specified)

No.	Lending company	Borrowing party	Transaction item	Whether it is a related party	Highest balance of current period	Ending balance	Amount actually drawn	Interest rate range	Nature of loaning of funds	Business transaction amount	Reason for necessary short-term financing	Allowance for impairment Loss	Collaterals Name	Collaterals Value	Loan and limit for individual borrower (Note)	Total limit of loaning of funds to others (Note)	Remarks
1	Fixed Rock Holding LTD	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	$ 272,250 (USD 9,000 thousand)	$ 56,960 (USD 2,000 thousand)	$ 37,024 (USD 1,300 thousand)	2.40%	Short-term financing fund		Business revolving fund	$ -	-	$ -	$ 1,773,946	$ 1,773,946	
1	Fixed Rock Holding LTD	TAI-TECH Advanced Electronics (Kunshan)	Other receivables	Yes	$ 87,300 (USD 3,000 thousand)	$ 85,440 (USD 3,000 thousand)	$ 56,960 (USD 2,000 thousand)	1.00%	Short-term financing fund		Business revolving fund	$ -	-	$ -	$ 1,773,946	$ 1,773,946	
2	Best Bliss Investments LTD	TAI-TECH Advanced Electronics (Kunshan)	Other receivables	Yes	$ 60,500 (USD 2,000 thousand)				Short-term financing fund		Business revolving fund	$ -	-	$ -	$ 2,821,398	$ 2,821,398	
3	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	$87,592 (RMB 20,000 thousand)	$87,296 (RMB 20,000 thousand)	$87,296 (RMB 20,000 thousand)	3.80%	Short-term financing fund		Business revolving fund	$ -	-	$ -	$ 750,179	$ 750,179	

Note: The total amount of loaning of funds to others of the Company shall not exceed 40% of the net worth of the Company, and the amount of loaning of fund to an individual company or firm shall not exceed 20% of the net worth of the Company. Fund lending between subsidiaries whereby the Company directly and indirectly holding 100% of the voting shares is not subject to the restriction that the total amount is capped at 40% of the net value.

Tai-Tech Advanced Electronics Co., Ltd.

Endorsements/guarantees

From January 1, 2020 to December 31, 2020

Table 2

Unit: NT$ thousand

(unless otherwise specified)

		Enosred/guaranteed party name												
No.	Endorsement/guarantee provider	provider	Relationship	Limits on endorsement/guarantee amount provided to each guaranteed party (Note)	Balance of maximum amount of endorsement/guarantee of the period	Ending balance of endorsement/guarantee	Amount Amount	Amount of endorsement/guarantee collateralized by properties	Ratio of accumulated endorsement/guarantee to net equity per latest financial statements	Maximum amount of endorsement/guarantee allowance (Note)	Endorsement/ guarantee provided by parent company to subsidiary	Endorsement/ guarantee provided by parent company to subsidiary	Endorsement/guarantee provided to Mainland China	Remarks
0	Tai-Tech Advanced Electronics Co., Ltd.	Fixed Rock Holding Ltd.	Subsidiary	$ 1,426,354	$552,477 (USD 18,300 thousand)	$199,360 (USD7,000 thousand)	$ 56,960 (USD2,000 thousand)	$ -	5.59%	$ 1,782,942	Yes	No	No	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Subsidiary	$ 1,426,354	$302,500 (USD10,000 thousand)	$284,800 (USD10,000 thousand)	$99,680 (USD3,500 thousand)	-	7.99%	$ 1,782,942	Yes	No	Yes	

Note: The total amount of endorsements/guarantees shall not exceed 50% of the net worth of the Company. The amount of endorsements/guarantees made for one single enterprise shall not exceed 40% of the net worth of the Company.

Tai-Tech Advanced Electronics Co., Ltd.

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

December 31, 2020

Table 3

Unit: NT$ thousand

(unless otherwise specified)

Holding company name	Marketable securities types and name	Relationship with issuer	Financial statement account	End of period Number of shares (thousand shares)	Carrying amount	Shareholdings Percentage	Faur value per unit	Remarks
Tai-Tech Advanced Electronics Co., Ltd.	All Ring Tech Co., Ltd.	None	Financial assets at fair value through other comprehensive income acquired - non-current	615	$ 54,858	1%	$ 54,858	Unpledged
Best Bliss Investments Limited	Superworld Holding (S) PTE. LTD.	Other related party	Financial assets at fair value through other comprehensive income acquired - non-current	2,000	136,989	10%	136,989	Unpledged

Tai-Tech Advanced Electronics Co., Ltd.

Transaction with Related Party That Reaches NT$100 Million or 20% or More of Paid-in Capital

From January 1, 2020 to December 31, 2020

Table 4

Unit: NT$ thousand

(unless otherwise specified)

			Transaction Details				Abnormal Transaction and Reason		Notes/Accounts Receivable (Payable)		
Company of purchase (sale)	Transaction party name	Relationship	Purchase (Sale)	Amount	Percentage of total purchase (sale)	Payment terms	Unit price	Payment terms	Balance	Percentage of total notes/accounts receivable (payable)	Remarks
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Sales	(471,784)	14%	Note 1	Note 1	-	223,479	17%	
Tai-Tech Advanced Electronics Co., Ltd.	Superworld Electronics (S) Pte Ltd	Other related party	Sales	(222,194)	7%	Note 2	Note 2	-	84,051	6%	
North Star International Limited	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sales	(213,655)	56%	Note 1	Note 1	-	-	0%	
TAI-TECH Advanced Electronics (Kunshan)	North Star International Limited	Associate	Sales	(304,103)	22%	Note 1	Note 1	-	-	0%	
TAI-TECH Advanced Electronics (Kunshan)	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sales	(455,830)	34%	Note 1	Note 1	-	295,807	52%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sales	(1,212,092)	41%	Note 1	Note 1	-	410,255	35%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Associate	Sales	(560,399)	19%	Note 1	Note 1	-	256,512	22%	

Note 1: Transaction price adopts the general rules for the payment receipt period agreed by both parties.

Note 2: Transaction price and the payment receipt period adopts the general rules.

Tai-Tech Advanced Electronics Co., Ltd.

Receivables Due from Related Party That Reach NT$100 Million or 20% or More of Paid-in Capital

December 31, 2020

Table 5

Unit: NT$ thousand

(unless otherwise specified)

Company of accounts receivable recognized	Transaction party name	Relationship	Balance of accounts receivables due from related party	Turnover rate	Overdue amount of accounts receivable from related party		Amounts received in subsequent period	Allowance for Impairment Loss
					Amount	Treatment method		
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	223,479	2.59	$ -	-	$ 140,270	$ -
TAI-TECH Advanced Electronics (Kunshan)	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	295,807	2.88	-	-	137,119	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	410,255	3.02	-	-	203,833	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Associate	256,512	2.92	-	-	121,154	-

Tai-Tech Advanced Electronics Co., Ltd.

Significant inter-company transactions during the reporting periods and their business relationships.

December 31, 2020

Table 6

Unit: NT$ thousand

(unless otherwise specified)

No. (Note 1)	Name of transaction party	Transaction party	Relationship with transaction party (Note 2)	Transaction details: Item	Transaction details: Amount	Transaction details: Transaction terms	Transaction details: Percentage of consolidated total revenue or total assets
0	Tai-Tech Advanced Electronics Co., Ltd.	North Star International Limited	1	Sales revenue	$ 30,068	Note 3	1%
0	〃	〃	1	Purchase	213,655	Note 3	5%
0	〃	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sales revenue	471,784	Note 3	11%
0	〃	〃	1	Accounts Receivable	223,479	Note 3	4%
0	〃	〃	1	Other receivables	32,661	Note 3	1%
0	〃	〃	1	Sale of fixed Asset	33,884	Note 3	1%
0	〃	〃	1	Accounts payable	410,255	Note 3	7%
0	〃	〃	1	Purchase	1,212,092	Note 3	27%
0	〃	TAI-TECH Advanced Electronics (Kunshan)	1	Sales revenue	90,703	Note 3	2%
0	〃	〃	1	Purchase	455,830	Note 3	10%
0	〃	〃	1	Accounts Receivable	92,963	Note 3	2%
0	〃	〃	1	Accounts payable	295,807	Note 3	5%
1	North Star International Limited	TAI-TECH Advanced Electronics (Kunshan)	2	Sales revenue	56,308	Note 3	1%
1	〃	〃	2	Purchase	304,103	Note 3	7%
2	Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Other receivables	37,745	Note 3	1%
	〃	TAI-TECH Advanced Electronics (Kunshan)	2	Other receivables	57,074	Note 3	1%
3	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Purchase	560,399	Note 3	13%
3	〃	〃	2	Accounts payable	256,512	Note 3	4%
3	〃	〃	2	Other receivables	88,923	Note 3	1%

Note 1: The business dealing information between the parent company and subsidiary shall be, respectively, indicated in the numbering column and there are two types of number filling methods as follows:

(1) Fill in “0” for the parent company.

(2) Subsidiaries are listed sequentially, starting from the Arabic number “1.”

Note 2: There are two types of relationship with the transaction party as follows:

(1) Parent to subsidiary.

(2) Subsidiary to parent company.

Note 3: Transaction price adopts the general rules for the payment receipt period agreed by both parties.

Note 4: The disclosure standard for the business relationship and material transaction details between the parent and subsidiary for the period of January 1, 2020, to December 31, 2020 is NT$10 million and higher.

Tai-Tech Advanced Electronics Co., Ltd.

Name, location, and other related Information of the investees (not including investees in Mainland China)

From January 1, 2020 to December 31, 2020

Table 7

Unit: NT$ thousand

(unless otherwise specified)

Name of Investor	Name of Investee	Location	Main business	Initial investment amount: End of current period	Initial investment amount: End of last year	End of term holding: Number of shares (in thousands)	End of term holding: percentage	End of term holding: Carrying amount	Current profit/loss of investee	Current investment profit/loss recognized	Remarks
Tai-Tech Advanced Electronics Co., Ltd.	North Star International Limited	SAMOA	Buying and selling of electronic components	$ 3,283	$ 3,283	100	100%	$ 80,606	$ 6,492	$ 6,492	
Tai-Tech Advanced Electronics Co., Ltd.	Best Bliss Investments Limited	Cayman Islands	Re-invested business	1,113,277	1,113,277	34,250	100%	2,726,327	420,032	410,063	
Best Bliss Investments Limited	Fixed Rock Holding Ltd.	Mahe Seychelles	Re-invested business	862,944 (USD 28,784 thousand)	862,944 (USD 28,784 thousand)	25,450	100%	1,776,349	325,473	325,473	

Tai-Tech Advanced Electronics Co., Ltd.

Information on Investments in Mainland China - Basic Information

From January 1, 2020 to December 31, 2020

Table 8

Unit: NT$ thousand

(unless otherwise specified)

Name of investee in Mainland China	Main business	Paid-in capital	Investment method	Accumulated outward remittance for investment from Taiwan at beginning of the current period	Outward remittance or repatriation of investment amount of the current period: Outward remittance	Outward remittance or repatriation of investment amount of the current period: Repatriation	Accumulated outward remittance for investment from Taiwan at end of the current period (Note 7)	Current profit/loss of investee	Ownership percentage of direct or indirect investment	Current Investment profit/loss recognized (Note 3)	Carrying amount at end of the period (Note 3)	Accumulated repatriation of investment income as of end of current period	Remarks
TAI-TECH Advanced Electronics (Kunshan)	Production, processing, and sale of electronic components	USD11,935 thousand	Set up companies via third-region investments and then reinvest companies in mainland China (Note 1)	$ 352,249 (USD10,914 thousand)	$ -	$ -	$ 352,249 (USD10,914 thousand)	$ 54,316	100%	$ 55,345	$ 750,179	$ -	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing, and sale of electronic components	USD33,156 thousand	Set up companies via third-region investments and then reinvest companies in mainland China (Note 2)	600,232 (USD18,821 thousand)	-	-	600,232 (USD18,821 thousand)	351,655	100%	351,655	1,879,061	-	

Company name	Accumulated outward remittance for investment in China region at end of the period (Note 4, Note 5)	Investment amount approved by Investment Commission, MOEA (Note 6)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Tai-Tech Advanced Electronics Co., Ltd.	$ 1,384,982 (USD 43,343 thousand)	$ 1,262,889 (USD 44,343 thousand)	$ 2,139,531

Note 1: 100% invested by Best Bliss Investments Limited 100%.

Note 2: Best Bliss Investments Limited and Fixed Rock Holding Ltd. hold 7.71% and 92.29%, respectively.

Note 3: The parent company's CPA in Taiwan audited the financial report.

Note 4: The Company liquidated TAI-TECH Advanced Electronics (Dongguan) in 2015 and the accumulated investment loss amount is USD 1,513 thousand.

Note 5: NTD is calculated based on the historical exchange rate.

Note 6: NTD is calculated based on rate of the balance sheet date

Note 7: The third-place proprietary fund and debt-equity swap investment amount are excluded.

Tai-Tech Advanced Electronics Co., Ltd.
Cash and cash equivalents
December 31, 2020

Schedule 1 Unit: NT$ thousand

Items	Summary	Amount	Remarks
Petty cash		$ 394	
Bank deposits			
Time deposits - NTD		141,857	
Time deposits - Foreign currency	USD 7,639 thousand exchange rate 28.48	217,511	
	HKD 153 thousand exchange rate 3.67	556	
	RMB 270 thousand exchange rate 4.36	994	
Total		$ 361,312	

Tai-Tech Advanced Electronics Co., Ltd.
Accounts Receivable
December 31, 2020

Schedule 2 Unit: NT$ thousand

Client name	Amount	Remarks
Accounts Receivable		
B.I.	$ 118,748	
P.C.	85,934	
C.I.	75,591	
Others	592,976	The balance of each sporadic customer does not exceed 5% of the subject amount
	873,249	
Less: Allowance for bad debt	(795)	
Allowance for sales returns and discounts	(1,766)	
	870,688	
Accounts receivable due from related parties		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	223,479	
TAI-TECH Advanced Electronics (Kunshan)	92,963	
Superworld Electronics (S) Pte Ltd	84,109	
Others	30,709	The balance of each sporadic customer does not exceed 5% of the subject amount
	431,260	
Less: Allowance for bad debt	(88)	
	431,172	
	$ 1,301,860	

Tai-Tech Advanced Electronics Co., Ltd.
Inventory
December 31, 2020

Schedule 3 Unit: NT$ thousand

Item	Amount Cost	Market price	Remarks
Raw material	$ 16,940	$ 12,388	
Materials	2,687	2,540	
Work in progress	48,242	99,539	
Finished goods	13,181	20,395	
Products	164,089	189,197	
Subtotal	245,139	$ 324,059	
Less: allowance for loss for market price decline and obsolete and slow-moving inventories	(14,216)		The lower cost and net realizable value method is adopted for item-by-item comparison.
Total	$ 230,923		

Tai-Tech Advanced Electronics Co., Ltd.
Investment accounted for using the equity method
January 1, 2020 to December 31, 2020

Schedule 4

Unit: NT$ thousand

name	Beginning balance		Current period increase		Current period decrease		Ending balance			Net worth	
	Number of shares (thousand shares)	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares (thousand shares)	Shareholdings Percentage	Amount	Unit (NTD)	Total price
Best Bliss Investments Limited	34,250	$ 2,262,829	-	$ 463,498	-	$ -	34,250	100%	$ 2,726,327	82	$ 2,821,398
North Star International Limited	100	77,111	-	3,495	-	-	100	100%	80,606	806	80,649
		$ 2,339,940		$ 466,993		$ -			$ 2,806,933		

Tai-Tech Advanced Electronics Co., Ltd.
Accounts payable
December 31, 2020

Schedule 5 | Unit: NT$ thousand

Manufacturer name	Amount	Remarks
Accounts payable		
Others	$ 142,449	
Accounts payables to related parties		
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	410,255	
TAI-TECH Advanced Electronics (Kunshan)	295,807	
Others	1,302	Average balance for each sporadic manufacturer does not exceed 5% of the subject amount
	707,364	
	$ 849,813	

Tai-Tech Advanced Electronics Co., Ltd.
Operating revenue
January 1, 2020 to December 31, 2020

Schedule 6 | Unit: NT$ thousand

Items	Quantity	Amount	Remarks
Revenue from wire-wound products	2,313,740 thousand pieces	$ 2,382,130	
Revenue from multilayer products	7,125,368 thousand pieces	415,171	
Revenue from LAN transformer	532,050 thousand pieces	288,796	
Others		272,008	
		3,358,105	
Less: returned goods		(5,391)	
Sales discount		(38,313)	
Total		$ 3,314,401	

Tai-Tech Advanced Electronics Co., Ltd.
Operating costs
January 1, 2020 to December 31, 2020

Schedule 7 | Unit: NT$ thousand

Item	Amount
Goods at the beginning of the period	$ 124,940
Plus: Current period cargo entry	1,940,007
Goods transferred in	5,231
Less: Closing commodity	(164,089)
Transferred to expense	(1,015)
Others	(9)
Cost of purchase	1,905,065
Raw materials at the beginning of the period	16,318
Plus: Current feed	209,216
Less: Transfer to expense	(15,094)
Costs to sale of raw materials	(64,613)
Goods transferred in	(5,231)
Raw materials at the end of the period	(16,940)
Raw materials consumed	123,656
Supplies at the beginning of the period	-
Plus: Current feed	69,441
Less: Transfer to expense	(48,570)
Costs to sale of supplies	(18,184)
Supplies at the end of the period	(2,687)
Supplies consumed	-
Direct labor	150,937
Manufacturing overhead	382,238
manufacturing cost	656,831
Plus: Initial work in progress	50,497
Less: Transfer to expense	(1,679)
Costs to sale of work in progress	(71,797)
Others	(97,845)
Work in progress at the end of the period	(48,242)
Cost of finished products	487,765
Finished products at the beginning of the period	23,715
Less: Transfer to expense	(2,539)
Others	(4,028)
Finished products at the end of the period	(13,181)
Cost of goods sold	491,732

Tai-Tech Advanced Electronics Co., Ltd.
Operating costs (continued)
January 1, 2020 to December 31, 2020

Schedule 7 Unit: NT$ thousand

Other operating costs	
Plus: Raw material sales costs	64,613
Costs to sale of supplies	18,184
Costs to sale of work in progress	71,797
Reversal gain on market price decline and obsolete and slow-moving inventories	(4,970)
Others	6,177
Less: Scrape income	(920)
Operating costs	$ 2,551,678

Tai-Tech Advanced Electronics Co., Ltd.
Operating expenses
January 1, 2020 to December 31, 2020

Schedule 8 Unit: NT$ thousand

Items	Abstract	Amount	Remarks
Selling and marketing expenses			
Salary and wages expense		$ 90,192	
Freight expense		23,445	
Lease expenses		10,003	
Other expenses		59,266	
		182,906	
General and administrative expenses			
Salary and wages expense		77,789	
Professional service fees		9,293	
Others		24,520	
		111,602	
Research and development expenses			
Salary and wages expense		27,278	
Research and development expenses		8,423	
Depreciation		8,301	
Repair and maintenance expense		4,359	
Hydroelectric gas fees		4,028	
Other expenses		8,250	
		60,639	
Expected credit impairment gain		(4,794)	
Total operating expenses		$ 350,353	

Tai-Tech Advanced Electronics Co., Ltd.

Summary table by function of the occurred employee benefits, depreciation, depletion, and amortization

From January 1, 2020 to December 31, 2020

Detail 9

Unit: NT$ thousand

Function / Nature	2020			2019		
	Attributable to operating costs	Attributable to operating expenses	Total	Attributable to operating costs	Attributable to operating expenses	Total
Employee benefit expense						
Salary and wages	187,513	180,953	368,466	137,622	138,403	276,025
Labor and health insurance expense	16,232	11,995	28,227	14,667	11,515	26,182
Pension expense	4,679	6,522	11,201	5,579	6,079	11,658
Directors' remuneration	-	15,045	15,045	-	9,937	9,937
Other employee benefits expenses	9,900	7,745	17,645	9,265	7,345	16,610
Depreciation (including right-of-use assets)	95,546	17,148	112,694	76,238	15,085	91,323
Amortization expenses	493	1,350	1,843	508	758	1,266

Note:

1. The Company has 437 and 434 employees in the current and previous years, respectively. Among them, the number of directors not concurrently employees is 8 and 8, respectively.
2. A company whose stock is listed on a stock exchange or an OTC securities trading center shall additionally disclose the following information:
   (1) The average employee benefits expense for the year was $992 ("total amount of employee benefits expense for this year - the total amount of director's remuneration" / "number of employees for this year - number of directors who did not hold concurrent posts").
   The average employee benefits expense for previous year was $776 ("total amount of employee benefits expense in the previous year - the total amount of director's remuneration" / "number of employees in the previous year - number of directors who did not hold concurrent posts").
   (2) The average employee salary cost for this year is $859 (total salary cost for this year / "number of employees for this year - number of directors who are not also employees").
   The average employee salary cost in the previous year was $648 (total salary cost in the previous year / "number of employees in the previous year - number of directors who did not serve as employees concurrently").
   (3) The average employee salary cost adjustment change was 33% ("average employee salary expense for the current year - average employee salary expense for the previous year" / average employee salary expense for the previous year).
   (4) The Company has established an audit committee and does not appoint supervisors according to the law. The supervisor's remuneration for this year is NT$0, and the supervisor's remuneration for the previous year was NT$0.
   (5) Please describe the Company's remuneration policy (including directors, supervisors, managers, and employees).
      A. The remuneration of directors and supervisors includes remuneration, traveling expenses, business execution expenses, and remuneration for profit distribution. The remuneration for profit distribution is stipulated in the Company's articles of incorporation.
      B. The remuneration of general and deputy general managers includes salaries, bonuses, and employee remuneration, which shall be based on the position, responsibility, and contribution to the Company and are subject to discretion.
      C. The employee remuneration policy is determined based on personal ability, contribution to the Company, performance, and the Company's future operating risks. The Company shall allocate a fixed percentage of the pre-tax profit of the year to employees as employee remuneration according to the Company Act and the Company's articles of incorporation, and distribute it in the middle of the following year. A fixed percentage of the post-tax profit of the year shall be allocated to employees as year-end bonuses and distributed before the Lunar New Year, business performance or results shall be properly reflected in employee compensation.