Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

Consolidated 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. and Subsidiaries

2020 and 2019 Consolidated Financial Statements and Auditors' Report

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Tai-Tech Advanced Electronics Co., Ltd.

Consolidated Financial Statements of Affiliated Enterprises

In 2020 (from January 1, 2020 to December 31, 2020), the related entities that are required to be included in the preparation of the consolidated financial statements of the Company, under the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those defined in International Financial Reporting Standards (IFRS) No. 10 "Consolidated Financial Statements." In addition, the information which shall be disclosed in the combined financial statements of affiliated companies is included in the consolidated financial statements of the parent company. Consequently, there will be no separate preparation of combined financial statements of affiliated companies.

Represented by

Company name: Tai-Tech Advanced Electronics Co., Ltd.

Responsible person: Ming-Yen Hsieh

March 2, 2021

CPA's Audit Report

(2021) Cai-Shen-Bao-Zi No. 20003532

To Tai-Tech Advanced Electronics Co., Ltd.

Audit Opinions

The audit of the Consolidated Balance Sheets for 2020 and as of December 31, 2019, as well as the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flow, and Consolidated Financial Statements for 2020 and from January 1, 2019, to December 31, 2019 (including the summary of major accounting policies) for Tai-Tech Advanced Electronics Co., Ltd. and its subsidiaries (hereafter “Tai-Tech Group”) has been completed by this CPA.

In our opinion, based on our audit, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group for 2020 and as of December 31, 2019, and its consolidated financial performance and consolidated cash flows for 2020 and from January 1, 2019, to December 31, 2019 were in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) that were endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 Consolidated Financial Statements” in our report. We are independent of the Group 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

The key audit items refer to the most important audit matters for the 2020 Consolidated Financial Statements of Tai-Tech Group under the professional judgment of this CPA. These matters were addressed in the context of our audit of the consolidated 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 Group's 2020 Consolidated Financial Statement are described as follows:

Evaluation of Loss Allowance due to Inventory Impairment

Description

Refer to Notes 4(12), 5(2), and 6(3) for the accounting policy, significant accounting estimates and assumptions, and details pertaining to inventory valuation. As of December 31, 2020, the balance of the Group's inventory and allowance for inventory valuation loss was NT$626,689 thousand and NT$38,387 thousand, respectively.

The Group 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 lifetime, 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 the 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. Assess the reasonableness of inventory allowance evaluation policies and procedures adopted by Tai-Tech Group and its subsidiaries according to our understanding of the Company, including determining the degree of inventory depletion and judging the rationality of the inventory allowance evaluation policy based on past historical data.
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.

Other Matters– Individual Financial Report

Tai-Tech Advanced Electronics Co., Ltd. has already formulated Independent Financial Statements for 2020 and 2019. The unqualified audit reports issued by this CPA regarding the statements are attached herein for reference.

The Responsibilities of the Management Level and Governance Units for the Consolidated Financial Statements

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

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

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

The CPA's Responsibilities during the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists in the consolidated 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 consolidated 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 and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.

(5) Evaluate the overall representation, structure, and content of the Consolidated Financial Statements (including the relevant notes) and determine whether the Consolidated Financial Statements have sufficiently expressed the relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated 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.

This accountant has decided the key audit items for the 2020 Consolidated Financial Statements of Tai-Tech Group based on the items communicated with the governance unit. 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. and Subsidiaries
Consolidated 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)	$ 767,619	12	$ 582,212	11
1136	Financial assets measured at amortized cost－current	6 (1)	167,040	3	-	-
1150	Notes receivable, net	6 (2)	28,906	-	53,226	1
1170	Accounts receivable, net	6 (2)	1,637,463	27	1,261,562	24
1180	Accounts receivable from related parties, net	6 (2) and 7	114,791	2	94,619	2
1200	Other receivables	7	14,168	-	11,292	-
130X	Inventory	6 (3)	588,302	10	509,749	10
1410	Pre-payments		22,641	-	37,796	1
1470	Other current assets		6	-	6	-
11XX	**Total current assets**		3,340,936	54	2,550,462	49
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6 (4) and 12 (3)	191,847	3	151,611	3
1600	Property, plant and equipment	6 (5) and 8	2,539,871	41	2,444,207	46
1755	Right-of-use assets	6(6), 7, and 8	36,211	1	38,686	1
1780	Intangible assets		17,530	-	13,304	-
1840	Deferred income tax assets	6 (22)	8,514	-	41,707	1
1900	Other non-current assets	6 (7)	40,936	1	4,758	-
15XX	**Total non-current assets**		2,834,909	46	2,694,273	51
1XXX	**Total assets**		$ 6,175,845	100	$ 5,244,735	100

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Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated 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 (8)	$ 697,535	11	$ 646,270	12
2110	Short-term notes and bills payable	6 (9)	130,000	2	120,000	2
2150	Notes payable		56,755	1	93,363	2
2170	Accounts payable		568,295	9	435,465	8
2180	Accounts payable - related parties	7	3,124	-	19,698	1
2200	Other payables	6 (10) and 7	581,267	10	413,310	8
2230	Current income tax liabilities	6 (22)	60,210	1	31,420	1
2280	Lease liabilities - current	7	3,575	-	3,422	-
2300	Other current liabilities	6 (11)	67,000	1	48,964	1
21XX	**Total current liabilities**		2,167,761	35	1,811,912	35
	NONCURRENT LIABILITIES					
2540	Long-term borrowings	6 (11)	270,000	5	276,322	5
2570	Deferred income tax liabilities	6 (22)	138,855	2	118,023	2
2580	Lease liabilities - non-current	7	3,940	-	6,283	-
2640	Net defined benefit liabilities－non-current	6 (12)	14,652	-	8,002	-
2670	Other non-current liabilities - others		14,753	-	16,601	1
25XX	**Total non-current liabilities**		442,200	7	425,231	8
2XXX	**Total liabilities**		2,609,961	42	2,237,143	43
	Equity attributable to shareholders of the parent					
	Share capital	6 (13)				
3110	Common shares		910,000	15	910,000	17
	Capital surplus	6 (14)				
3200	Capital surplus		123,523	2	214,523	4
	Retained earnings	6 (15)				
3310	Legal reserve		360,404	6	316,130	6
3320	Special reserve		89,991	1	76,642	2
3350	Unappropriated earnings		2,096,231	34	1,580,288	30
	Other equity	6 (16)				
3400	Other equity		(14,265)	-	(89,991)	(2)
3XXX	**Total equity**		3,565,884	58	3,007,592	57
	Significant Commitments or Contingencies	9				
	Significant Subsequent Events	11				
3X2X	**Total liabilities and equity**		$ 6,175,845	100	$ 5,244,735	100

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

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
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 (17) and 7	$ 4,478,004	100	$ 3,351,915	100
5000	Operating costs	6(3) (20) (21) and 7	(3,018,511)	(67)	(2,358,857)	(70)
5900	Gross profit		1,459,493	33	993,058	30
	Operating expenses	6 (20) (21) and 7				
6100	Selling and marketing expenses		(291,798)	(6)	(243,633)	(7)
6200	General and administrative expenses		(179,335)	(4)	(169,696)	(5)
6300	Research and development expenses		(113,933)	(3)	(93,125)	(3)
6450	Expected credit impairment gain	12 (2)	15,107	-	15,511	-
6000	Total operating expenses		(569,959)	(13)	(490,943)	(15)
6900	Operating gains		889,534	20	502,115	15
	Non-operating income and expenses					
7100	Interest income		3,076	-	3,310	-
7010	Other income	6 (18) and 7	47,541	1	45,344	1
7020	Other gains and losses	6 (19)	(60,158)	(2)	(11,619)	-
7050	Financial costs	6 (8) (9) (11)	(10,575)	-	(17,513)	-
7000	Total non-operating incomes and expenses		(20,116)	(1)	19,522	1
7900	**Income before income tax**		869,418	19	521,637	16
7950	Income tax expenses	6 (22)	(134,747)	(3)	(82,221)	(3)
8200	**Net profit (loss) for current period**		$ 734,671	16	$ 439,416	13
	Other comprehensive income (loss), net of income tax					
	Components of other comprehensive income that will not be reclassified to profit or loss	6 (16)				
8311	Remeasurement of defined benefit plans	6 (12)	($ 6,405)	-	$ 3,330	-
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6 (4)	41,603	1	27,063	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 (16)				
8361	Exchange differences on translating the financial statements of foreign operations		34,123	1	(95,019)	(3)
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	18	$ 374,790	11
	Net income attributable to:					
8610	shareholders of the parent		$ 734,671	16	$ 439,416	13
	Total comprehensive income (loss) attributable to:					
8710	shareholders of the parent		$ 803,992	18	$ 374,790	11

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

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

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

	Earnings per share (EPS)	6 (23)		
9750	Basic earnings per share attributable to shareholders of the parent		$ 8.07	$ 4.83
9850	Diluted earnings per share attributable to shareholders of the parent		$ 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. and Subsidiaries
Consolidated Statement of Changes in Equity
2020 and January 1, 2019, to December 31, 2019

Unit: NT$ thousand

		Equity attributable to shareholders of the parent									
			Capital surplus			Retained earnings			Other equity		
	Note	Common shares	additional paid-in capital	Recognized change in ownership interests in subsidiaries	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 equity
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 (16)	-	-	-	-	-	-	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 (15)										
Legal reserve		-	-	-	-	50,027	-	(50,027)	-	-	-
Cash dividends		-	-	-	-	-	-	(136,500)	-	-	(136,500)
Capital surplus distributed in cash	6 (14)	-	(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 (16)	-	-	-	-	-	-	(6,405)	34,123	41,603	69,321
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR 2020		-	-	-	-	-	-	728,266	34,123	41,603	803,992
Appropriation and distribution of earnings:	6 (15)										
Legal reserve		-	-	-	-	44,274	-	(44,274)	-	-	-
Special reserve		-	-	-	-	-	13,349	(13,349)	-	-	-
Cash dividends		-	-	-	-	-	-	(154,700)	-	-	(154,700)
Capital surplus distributed in cash	6 (14)	-	(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. and Subsidiaries
Consolidated Statement of Cash Flow
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		$ 869,418	$ 521,637
Adjustments			
Adjustments for income and expenses			
Expected credit impairment reversal gain	12 (2)	(15,107)	(15,511)
Depreciation expenses (including right-of-use assets)	6 (20)	304,725	279,567
Amortization	6 (20)	1,843	1,266
Loss (gain) on disposal of property, plant and equipment	6 (19)	(909)	3,621
Impairment loss recognized on property, plant, and equipment	6 (19)	3,889	-
Interest income		(3,076)	(3,310)
Dividends income	6 (18)	(12,849)	(11,605)
Interest expenses		10,575	17,513
Changes in operating assets and liabilities			
Net changes in operating assets			
Notes receivable		24,320	(17,620)
Accounts Receivable		(363,109)	(28,470)
Accounts receivable due from related parties		(19,595)	13,883
Other receivables		(2,876)	(316)
Inventory		(78,553)	14,474
Pre-payments		15,155	13,108
Other current assets		-	114
Changes in operating liabilities, net			
Notes payable		(82,212)	(18,745)
Accounts payable		132,830	73,375
Accounts payables to related parties		(16,574)	(12,138)
Other payables		140,261	(50,439)
Net defined benefit liabilities		245	273
Other non-current liabilities		(1,848)	(2,848)
Cash generated from operating activities		906,553	777,829
Interest paid		(10,575)	(17,513)
Income taxes paid		(53,759)	(92,513)
Net cash inflow from operating activities		842,219	667,803

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Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flow
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 Investment Activities			
Interests received		$ 3,076	$ 3,310
Dividends received		12,849	11,605
Acquisition of financial assets at fair value through other comprehensive income		-	(13,972)
Capital surplus with distribution of cash for financial assets at fair value through other comprehensive income		378	-
(Increase) decrease in financial assets measured at amortized cost		(167,040)	15,664
Acquisition of property, plant and equipment	6 (24)	(304,937)	(417,807)
Proceeds from disposal of property, plant and equipment		1,544	6,357
Acquisition of intangible assets		(4,296)	(914)
Decrease in refundable deposits		-	164
(Increase) decrease of other current assets		(36,178)	34,089
Net cash flows used in investing activities		(494,604)	(361,504)
Cash Flow from Financing Activities			
Increase in short-term borrowings		2,277,656	3,665,064
Repayments for short-term borrowings		(2,216,901)	(3,766,061)
Increase (decrease) in short-term bills payable		10,000	(30,000)
Repayment of the principal portion of lease liabilities		(3,464)	(3,655)
Increase in long-term borrowings		120,000	216,286
Repayment for long-term borrowings		(108,286)	(40,666)
Cash dividends appropriated	6 (15)	(154,700)	(136,500)
Capital surplus distributed in cash	6 (15)	(91,000)	(154,700)
Net cash used in financing activities		(166,695)	(250,232)
Exchange rate adjustments		4,487	(38,928)
Increase in cash and cash equivalents for the period		185,407	17,139
Cash and cash equivalents - beginning balance		582,212	565,073
Cash and cash equivalents - ending balance		$ 767,619	$ 582,212

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

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
2020 and 2019

Unit: NT$ thousand
(unless otherwise specified)

I. Company History and Business Scope

Tai-Tech Advanced Electronics (hereinafter referred to as the "Company") was incorporated on November 2, 1992. The Company and its subsidiaries (hereinafter collectively referred to as the "Group") mainly engages in manufacturing and processing of electronic parts, magnet cores, multilayer wire-wound and other wire-wound products and acts 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

This consolidated financial report was has passed the Board of Directors resolution and was published on March 2, 2021.

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 Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group'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 Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group'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 8 "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 Group has assessed the aforementioned standards and interpretations and concluded that they do not have significant effects on the Group's financial position and financial performance.

IV. Summary of Significant Accounting Policies

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

(1) Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, as well as the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of SIC (SIC) (collectively, the "IFRSs") to the extent endorsed by the FSC.

(2) Basis of Preparation

1. Except for the following significant accounts, the consolidated financial statements have been prepared under the historical cost convention:

   (1) Financial assets at fair value through other comprehensive income.

   (2) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

2. Preparing financial reports in conformity with the IFRSs endorsed by the FSC requires using some important accounting estimates. The management level's judgments were needed when applying the Group's accounting policies. Please refer to Note 5 for items involving high levels of judgment or complexity or significant assumptions and estimates of consolidated financial reports.

(3) Basis of Consolidation

1. Principles for preparing the consolidated financial statements

   (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the

Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries in the financial statements begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(2) Inter-company transactions, balances, and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

2. Subsidiaries included in the consolidated financial statements:

			Shareholding percentage		
Investor name	Subsidiary name	Business nature	December 31, 2020	December 31, 2019	Remarks
The Company	North Star International Limited	Buying and selling of electronic components	100%	100%	
The Company	Best Bliss Investments Limited	Invested business	100%	100%	
Best Bliss Investments Limited	TAI-TECH Advanced Electronics (Kunshan)	Production, processing and sale of electronic components	100%	100%	
Best Bliss Investments Limited	Fixed Rock Holding Ltd.	Investment in related businesses and purchase and sale of electronic parts	100%	100%	
Best Bliss Investments Limited	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	7.71%	7.71%	Note 1
Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	92.29%	92.29%	Note 2

Note 1: Best Bliss Investments Limited increased investment in TAIPAQ Electronics (Si-Hong) Co., Ltd. for a total of US$2,556 thousand in June 2019.

Note 2: In July 2019, Fixed Rock Holding Ltd. injected US$4,000 thousand into TAIPAQ Electronic Components (Si-Hong) Co., Ltd.

3. Subsidiaries not included in the consolidated financial statements

None.

4. Adjustments for subsidiaries with different accounting periods

None.

5. Major restrictions

The Group's cash and short-term deposits in the amount of RMB 89,476 thousand were deposited in China and subject to local foreign exchange control. Such foreign exchange control restricts fund from remitting out from China (except for regular dividends).

6. Subsidiaries with significant non-controlling interest for the Group

None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (hereinafter referred to as the "functional currency"). The consolidated financial statements are presented in "New Taiwan Dollars," which is the Group'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 Group 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.

(5) 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.

Assets that do not meet the above criteria are classified as non-current assets by the Group.

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.

Liabilities that do not meet the above criteria are classified as non-current liabilities by the Group.

(6) 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.

(7) 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 Group's financial assets measured at fair value through other comprehensive income according to the trading conventions are accounted for on the trade date..
3. They are measured initially at the fair value plus transaction costs and subsequently at fair value. If they are equity instruments, their fair value changes are recognized in other comprehensive income; upon derecognition, the accumulated gains or losses in other comprehensive income are not transferred to profit or loss, but to retained earnings. The Group recognizes dividend income in profit or loss when the Group's right to the dividends is established; the economic benefits associated with dividends are probable to flow to the Group; and such dividends can be reliably measured.

(8) Financial assets at amortized cost

1. Financial assets that simultaneously satisfy the following criteria are classified in this category:
   (1) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.
   (2) The contractual terms of the financial assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.
2. The Group recognizes its time deposits not qualified as cash equivalents at the investment amount because they are held for a short period of time and so have insignificant discount effect.

(9) 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 Group measures short-term accounts receivable and notes receivables that do not bear an interest at the invoice value because they have insignificant discount effect.

(10) Impairment of Financial Assets

At the end of each reporting period, the Group considers financial assets at amortized cost, investments in debt instruments that are measured at fair value through other comprehensive income, 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 Group recognizes an allowance equal to 12-month expected credit losses; for financial assets of which the credit risk significantly increases since initial recognition, the Group recognizes an allowance equal to the lifetime expected credit loss; for accounts receivables that do not contain significant financial components or plan assets, the Group recognizes an allowance equal to the lifetime expected credit loss.

(11) Derecognition of Financial Assets

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

(12) 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.

(13) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. 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 assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors," from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Building and structures	5~50 years
Machinery	2~17 years
Utilities equipment	5~15 years
Transportation equipment	4~5 years
Office equipment	4~10 years
Other equipment	2~12 years

(14) 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. The Group measures its lease liability at commencement date by discounting future lease payments using its incremental borrowing interest rate. Lease payments include:

   Fixed payments, less any lease incentives receivable 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.

(15) 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.

(16) Impairment of Financial Assets

1. The Group assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. 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.

(17) 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.

(18) 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. The Group measures short-term accounts receivable and notes receivable that do not bear an interest at the invoice value because they have insignificant discount effect.

(19) Derecognition of Financial Liabilities

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

(20) 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.

(21) 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 current income tax charge is calculated by applying the taxable income to the tax rate specified in the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates. 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 stockholders resolve to retain the earnings.
3. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheets. If there is a temporary difference arising from investing in a subsidiary, the Group can control the timing of the temporary difference, and the temporary difference is likely to not be recognized 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.

(22) 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.

(23) 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.

(24) Recognition of revenue

Sale of goods

1. The Group manufactures and sells electronic parts, magnet cores, multilayer wire-wound and other wire-

wound products. Sales revenue is recognized when the control of products is transferred to clients, i.e., when products are delivered to clients to be handled at their discretion and the Group has no unperformed further obligation that may impact clients from accepting the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the 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. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(25) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(26) Operating segments

The information on operating segments is reported in a manner consistent with the way the internal management report is provided to management. The key operating decision makers are responsible for allocating resources to operating segments and evaluate their performance. The Group identifies the Board of Directors as its key operating decision markers.

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

When preparing this consolidated 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 sheets 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 Group needs to exercise judgment and estimates to determine the net realizable value of inventory at the balance sheet date. Since the value of inventory is subject to market price fluctuation and its lifetime, the Group evaluates the market selling price and value lost due to obsolescence of inventory at the balance sheet date, and writes down inventory costs to net realization 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 Group's inventories is $588,302.

VI. Description of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and revolving funds	$ 2,133	$ 2,011
Checking deposits and demand deposits	665,658	550,221
Time deposits	99,828	29,980
Total	$ 767,619	$ 582,212

1. Since the Group corresponds with multiple financial institutions with good credit quality to diversify credit

risks, the risk of default is expected to be low.

2. The Group did not pledge any cash and cash equivalents as collaterals.
3. For 2020 and as of December 31, 2019, the Group recognized $167,040 and $0, respectively, for time deposits originally due within three months that are presented as "financial assets measured at amortized cost - current."

(2) Notes and Accounts Receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 28,906	$ 53,226
Accounts Receivable	$ 1,640,982	$ 1,277,873
Less: Allowance for bad debt	(1,753)	(16,311)
Allowance for sales returns and discounts	(1,766)	-
	$ 1,637,463	$ 1,261,562
Accounts receivable due from related parties	$ 114,880	$ 95,285
Less: Allowance for bad debt	(89)	(666)
	$ 114,791	$ 94,619

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	$ 1,745,811	$ 28,906	$ 1,345,532	$ 53,226
Within 30 days	9,595	-	26,085	-
31~90 days	456	-	1,536	-
91~180 days	-	-	4	-
Over 181 days	-	-	1	-
	$ 1,755,862	$ 28,906	$ 1,373,158	$ 53,226

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

2. The accounts and bills receivables in 2020 and as of December 31, 2019 were all due to client contracts, and the balance of receivables from client contracts as of January 1, 2019 was $1,395,678.
3. Without considering the collateral held or other credit enhancements; the maximum exposure amounts for credit risks that can best represent the Group' bills receivable in 2020 and as of December 31, 2019 were $28,906 and $53,226, respectively; and the maximum credit risk amounts that can best represent the Group's accounts receivable in 2020 and as of December 31, 2019 were $1,752,254 and $1,356,181, respectively.
4. For 2020 and December 31, 2019, the Group paid $0 and $21,857 in bills receivable, respectively. If the invoicer refuses to pay when it is due, the Group is obliged to pay it off. But under normal circumstances, the Group does not expect the invoicer to refuse to pay. Therefore, the part where the Group paid the loan with bills receivable is still listed as accounts payable.
5. 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	$	114,669	($	9,928)	$	104,741
Work in process		217,500	(	9,253)		208,247
Finished products		223,335	(	13,328)		210,007
Goods		52,093	(	3,736)		48,357
Supplies		19,092	(	2,142)		16,950
Total	$	626,689	($	38,387)	$	588,302

	December 31, 2019					
	Cost		Allowance for inventory valuation		Carrying amount	
Raw materials	$	73,713	($	9,644)	$	64,069
Work in process		228,109	(	11,371)		216,738
Finished products		221,781	(	13,111)		208,670
Goods		24,690	(	4,418)		20,272
Total	$	548,293	($	38,544)	$	509,749

1. The inventory costs recognized as expenses by the Group in this period:

	2020		2019	
Cost of inventory sold	$	3,003,836	$	2,318,828
Inventory valuation decline (reversal gain)	(	539)	(	109)
Others		15,214		40,138
	$	3,018,511	$	2,358,857

The net realizable value increased due to a constant digestion of inventory in 2020 and 2019.

2. The Group did not pledge any inventory as collaterals.

(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
Shares not traded on the stock exchange, the OTC market, or the emerging stock market		18,800		19,789
		25,956		27,323
Adjustments for change in value		165,891		124,288
Total	$	191,847	$	151,611

1. The Group's choice will be a strategic investment in the shares of All Ring Tech Co., Ltd. and Superworld Holding (S) PTE. LTD. shares are categorized as financial assets at fair value through other comprehensive income (FVTOCI), and the fair value of such investment for 2020 and as of December 31, 2019 were $191,847 and $151,611, respectively.
2. The detailed breakdown of financial assets measured at fair value through other comprehensive income is as

follows:

	2020	2019
Equity instruments measured at fair value through other comprehensive income		
Changes in fair value recognized in other comprehensive income	$ 41,603	$ 27,063
Dividend income recognized in profit or loss held at end of year	$ 12,849	$ 11,605

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$191,847 and NT$151,611, respectively.
4. The Group did not pledge any financial assets at fair value through other comprehensive income as collaterals.

(5) 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	$ 500,337	$ 3,568,526	$ 19,597	$ 9,453	$ 35,251	$ 174,702	$ 21,374	$ 4,425,735
Accumulated depreciation and impairment	-	(180,245)	(1,637,091)	(14,458)	(5,705)	(26,817)	(117,212)	-	(1,981,528)
	$ 96,495	$ 320,092	$ 1,931,435	$ 5,139	$ 3,748	$ 8,434	$ 57,490	$ 21,374	$ 2,444,207
January 1	$ 96,495	$ 320,092	$ 1,931,435	$ 5,139	$ 3,748	$ 8,434	$ 57,490	$ 21,374	$ 2,444,207
Addition	-	403	106,976	-	34	5,194	32,465	233,165	378,237
Disposal	-	-	(635)	-	-	-	-	-	(635)
Reclassification (Note)	-	682	175,855	-	-	896	3,392	(182,723)	(1,898)
Depreciation expenses	-	(23,080)	(248,492)	(768)	(1,357)	(2,839)	(23,999)	-	(300,535)
Impairment	-	-	(3,889)	-	-	-	-	-	(3,889)
Net exchange differences	-	4,107	18,683	3	6	98	817	670	24,384
December 31	$ 96,495	$ 302,204	$ 1,979,933	$ 4,374	$ 2,431	$ 11,783	$ 70,165	$ 72,486	$ 2,539,871
December 31									
Cost	$ 96,495	$ 507,421	$ 3,853,572	$ 19,443	$ 9,544	$ 40,702	$ 211,387	$ 72,486	$ 4,811,050
Accumulated depreciation and	-	(205,217)	(1,873,639)	(15,069)	(7,113)	(28,919)	(141,222)	-	(2,271,179)

impairment									
	$ 96,495	$ 302,204	$ 1,979,933	$ 4,374	$ 2,431	$ 11,783	$ 70,165	$ 72,486	$ 2,539,871

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	$ 515,678	$ 3,147,858	$ 19,627	$ 8,500	$ 35,765	$ 174,209	$ 263,811	$ 4,261,943
Accumulated depreciation and impairment	-	(159,898)	(1,529,490)	(13,701)	(4,490)	(26,551)	(116,148)	-	(1,850,278)
	$ 96,495	$ 355,780	$ 1,618,368	$ 5,926	$ 4,010	$ 9,214	$ 58,061	$ 263,811	$ 2,411,665
January 1	$ 96,495	$ 355,780	$ 1,618,368	$ 5,926	$ 4,010	$ 9,214	$ 58,061	$ 263,811	$ 2,411,665
Addition	-	467	110,721	-	115	1,868	13,552	253,696	380,419
Disposal	-	-	(9,839)	-	-	(6)	(133)	-	(9,978)
Reclassification	-	-	483,596	-	986	249	10,891	(495,722)	-
Depreciation expenses	-	(24,402)	(223,042)	(774)	(1,330)	(2,670)	(22,979)	-	(275,197)
Net exchange differences	-	(11,753)	(48,369)	(13)	(33)	(221)	(1,902)	(411)	(62,702)
December 31	$ 96,495	$ 320,092	$ 1,931,435	$ 5,139	$ 3,748	$ 8,434	$ 57,490	$ 21,374	$ 2,444,207

December 31

Cost	$ 96,495	$ 500,337	$ 3,568,526	$ 19,597	$ 9,453	$ 35,251	$ 174,702	$ 21,374	$ 4,425,735
Accumulated depreciation and impairment	-	(180,245)	(1,637,091)	(14,458)	(5,705)	(26,817)	(117,212)	-	(1,981,528)
	$ 96,495	$ 320,092	$ 1,931,435	$ 5,139	$ 3,748	$ 8,434	$ 57,490	$ 21,374	$ 2,444,207

1. The amounts of interest capitalization in 2020 and 2019 were $0.
2. The Group's significant components of buildings and structures, including buildings and engineering systems, are depreciated over 20~50 years and 5~20 years, respectively.
3. For information on pledged property, plant and equipment, refer to Note 8.

(6) Lease transactions - lessee

1. The underlying assets of the Group's lease include land use right, parking space, buildings, company cars and multi-function peripherals. The lease duration usually lasts 1 to 50 years. Lease contracts are agreed upon individually and contain different terms and conditions. Except for land use right, leased assets shall not be used as collaterals and are not restricted in any way.
2. The lease term of the buildings and warehouses leased by the Group is less than 12 months. The low-value underlying asset of the Group'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	
Right-of-use land	$	28,739	$	28,981
Parking space		508		-
Buildings		3,596		5,084
Transportation equipment		2,079		3,652
Machinery and equipment		1,289		969
	$	36,211	$	38,686

	2020		2019	
	Depreciation expenses		Depreciation expenses	
Right-of-use land	$	683	$	715
Parking space		43		-
Buildings		1,488		1,488
Transportation equipment		1,573		1,752
Machinery and equipment		403		415
	$	4,190	$	4,370

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	$	13,451	$	18,672
Expenses attributable to low-value assets		61		32

5. The Group's right-of-use asset increased by $1,293 and $3,876 for 2020 and 2019, respectively.
6. The Group's cash used in lease contracts increased by $16,976 and $22,359 for 2020 and 2019, respectively.

(7) Other non-current assets

	December 31, 2020		December 31, 2019	
Refundable deposits	$	1,917	$	2,159

	December 31, 2020	December 31, 2019
Prepayments for construction and equipment	39,019	2,599
Uncollectible overdue receivables	1,252	1,252
Allowance for uncollectible overdue receivables	(1,252)	(1,252)
	$ 40,936	$ 4,758

(8) 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	647,535	0.64%~0.95%	-
	$ 697,535		

Nature of borrowings	December 31, 2019	Interest rate range	Collaterals
Bank loan			
Secured loan	$ 89,066	1.06%~3.80%	Land, plant, and land use rights
Credit loan	557,204	1.05%~2.44%	-
	$ 646,270		

In 2020 and 2019, the interest expenses recognized in profit or loss for short-term borrowings were $6,509 and $14,238, respectively.

(9) Short-term notes and bills payable

	December 31, 2020	December 31, 2019
Commercial paper	$ 130,000	$ 120,000
Loan period	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.

(10) Other payables

	December 31, 2020	December 31, 2019
Salary and bonus payables	$ 148,627	$ 107,403
Social benefits liabilities payable	109,784	89,656

Employee compensation and directors' and supervisors' remuneration payable	65,054	39,426
Construction and equipment payable	83,794	56,098
Others	174,008	120,727
	$ 581,267	$ 413,310

(11) Long-term borrowings

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	December 31, 2020
Credit loan	Principal and interest are paid quarterly from May 2020 to May 2023.	0.98%	-	$ 50,000
Credit loan	Repayment due from April 2020 to April 2022	0.91%	-	100,000
Secured loan	Principal and interest are repaid every six months from April 2020 to December 2023.	0.91%	Machinery	135,000
Secured loan	Repayment in installments from February 2020 to February 2025, monthly repayment of principal and interest	0.95%	Land, Housing and Construction	25,000
Secured loan	From June 2020 to June 2025, installment repayment and monthly repayment of principal and interest	0.95%	Land, Housing and Construction	27,000
				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	Principal and interest are repaid monthly from May 2016 to April 2021 (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: Early repayment made in full in January ~ May 2020.

Note 2: Early loan repayment made in full in December 2020.

In 2020 and 2019, the interest expenses recognized in profit or loss for long-term borrowings were $3,418 and $2,533, respectively.

(12) 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:

2020	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
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 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
Current service costs	163	-	163
Interest expenses (income)	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	($ 1,777)	$ 1,861	$ 1,709	($ 1,644)

obligations

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.

The manner adopted for conducting sensitivity analysis is the same as that adopted for sensitivity analysis in the previous period.

(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) On July 1, 2005, the Company established its own pension regulations applicable to Taiwanese nationals in accordance with the "Labor Pension Act." Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(2) TAI-TECH Advanced Electronics (Kunshan) and TAIPAQ Electronic Components (Si-Hong) Co., Ltd. have paid the monthly pension insurance according to a certain percentage of the total salary of local employees according to the pension insurance system stipulated by the People's Republic of China, and the allocation ratios for 2020 and 2019 were 16% and 16%~19%, respectively. The pension for employees is managed independently by the government. Except for making monthly contribution, the Group has no further obligation.

(3) In 2020 and 2019, the pension costs recognized by the Group according to the pension scheme were NT$50,466 and NT$42,255, respectively.

(13) Share capital

For 2020 and as of March 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.

(14) 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		
	All changes in the subsidiaries'	
additional paid-in capital	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

(15) 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.

(16) 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 through other comprehensive income:			
- Group	41,603	-	41,603
Exchange differences: - Group			

- Group	-	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 through other comprehensive income:			
- Group	27,063	-	27,063
Exchange differences: - Group			
- Group	-	(95,019)	(95,019)
December 31	$ 124,288	($ 214,279)	($ 89,991)

(17) Operating revenue

	2020	2019
Revenue from contracts with clients	$ 4,478,004	$ 3,351,915

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

	2020	2019
Wire-Wound Products	$ 3,064,957	$ 2,403,086
Multilayer Products	901,111	747,863
LAN transformers	480,948	163,554
Other	30,988	37,412
Total	$ 4,478,004	$ 3,351,915

(18) Other income

	2020	2019
Rental income	$ 125	$ 150
Dividends income	12,849	11,605
Subsidies income	27,883	31,008
Other revenue- others	6,684	2,581
Total	$ 47,541	$ 45,344

The Group recognized government subsidy income mainly due to the incentive policy application in Mainland China - incentive funds for high-quality industrial economy development, investment in industrial projects within Si-Hong Economic Development Zone.

(19) Other gains and losses

	2020	2019

Loss (gain) on disposal of property, plant and equipment	$ 909	($ 3,621)
Exchange losses, net	(54,952)	(6,570)
Impairment loss recognized on property, plant, and equipment	(3,889)	-
Miscellaneous expenses	(2,226)	(1,428)
	($ 60,158)	($ 11,619)

(20) Additional Information on the Nature of Expenses

	2020 Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 706,518	$ 301,166	$ 1,007,684
Depreciation expenses of property, plant and equipment	275,259	25,276	300,535
Depreciation of right-of-use assets	351	3,839	4,190
Amortization	493	1,350	1,843

	2019 Attributable to operating costs	Attributable to operating expenses	Total
Employee benefits expense	$ 551,273	$ 241,614	$ 792,887
Depreciation expenses of property, plant and equipment	248,907	26,290	275,197
Depreciation expenses of right-of-use assets	188	4,182	4,370
Amortization expenses	508	758	1,266

(21) Employee benefit expense

	2020 Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 606,820	$ 264,673	$ 871,493
Labor and health insurance expense	16,232	11,995	28,227
Pension expense	40,071	10,640	50,711
Other personnel expense	43,395	13,858	57,253
	$ 706,518	$ 301,166	$ 1,007,684

	2019 Attributable to operating costs	Attributable to operating expenses	Total
Salary and wages	$ 466,427	$ 208,878	$ 675,305
Labor and health insurance expense	14,667	11,515	26,182
Pension expense	33,415	9,113	42,528
Other personnel expense	36,764	12,108	48,872
	$ 551,273	$ 241,614	$ 792,887

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 Board of Directors determined to appropriate $52,043 and $13,011 as dividends; employee compensation was appropriated 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.

(22) Income tax

1. Income tax expense

   (1) Income tax expense components:

	2020	2019
Current tax:		
Tax attributable to taxable income of the period	$ 87,659	$ 60,410
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	82,549	59,555
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	52,198	22,666
Income tax expenses	$ 134,747	$ 82,221

   (2) Income tax expense amount related to other comprehensive income: None.

   (3) Income tax directly debited or credited in 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 (note)	$ 238,686	$ 148,268
Impacts on income tax items that must be adjusted according to the tax law	(96,237)	(59,867)
Temporary differences not recognized as deferred tax assets	1,758	-
Tax effects of investment deductibles	(3,422)	-
Tax effects of temporary differences	(928)	1,439
Change in estimation of probability of realizing deferred tax assets	-	(6,764)
Over-estimate of income tax of the previous period	(10,506)	(6,988)

Additional levy on unappropriated earnings	5,396	6,133
Income tax expenses	$ 134,747	$ 82,221

Note: The tax rate is calculated based on the tax rate applicable to incomes in the relevant country.

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	Exchange differences	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealized gains from disposal	$ 6,201	($ 588)	$ 5	$ 5,618
Others	2,513	(392)	34	2,155
Loss carryforwards	32,993	(32,153)	(99)	741
Sub-total	41,707	(33,133)	(60)	8,514
-Deferred tax liabilities:				
Reserve for land revaluation increment tax	(28,572)	-	-	(28,572)
Appreciation book-tax differences	(89,451)	(19,065)	(1,767)	(110,283)
Sub-total	(118,023)	(19,065)	(1,767)	(138,855)
Total	($ 76,316)	($ 52,198)	($ 1,827)	($ 130,341)

	2019 January 1	Recognized in P/L	Exchange differences	December 31
Temporary differences:				
- Deferred tax assets:				
Unrealized gains from disposal	$ 10,795	($ 4,594)	$ -	$ 6,201
Others	3,719	(1,105)	(101)	2,513
Loss carryforwards	21,062	13,317	(1,386)	32,993
Sub-total	35,576	7,618	(1,487)	41,707
-Deferred tax liabilities:				
Reserve for land revaluation increment tax	(28,572)	-	-	(28,572)
Appreciation book-tax differences	(62,915)	(30,284)	3,748	(89,451)
Sub-total	(91,487)	(30,284)	3,748	(118,023)
Total	($ 55,911)	($ 22,666)	$ 2,261	($ 76,316)

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

	December 31, 2020	December 31, 2019
Deductible temporary differences:	$ 169,666	$ 154,063

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.

(23) 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			
Profit attributable to shareholders of common shares of the parent	$ 734,671	91,000	$ 8.07
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 734,671	91,000	
Dilutive effects of the potential common shares			
Employee compensation	-	770	
Profit attributable to shareholders of common shares of the parent plus potentially dilutive ordinary shares effect	$ 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			
Profit attributable to shareholders of common shares of the parent	$ 439,416	91,000	$ 4.83
Diluted earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 439,416	91,000	
Dilutive effects of the potential common shares			
Employee compensation	-	1,213	
Profit attributable to shareholders of common shares of the parent plus potentially dilutive ordinary shares effect	$ 439,416	92,213	$ 4.77

(24) Additional Information on Cash Flows

Investing activities partially involving cash payments:

	2020	2019
Acquisition of property, plant, and equipment	$ 378,237	$ 380,419
Add: Construction and equipment payable at the beginning of the period	56,098	93,486
Less: Construction and equipment payable at the end of the period	(83,794)	(56,098)
Less: Notes payable at the end of the period	(45,604)	-
Cash paid in the period	$ 304,937	$ 417,807

(25) Changes in Liabilities Arising from Financing Activities

2020

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	$ 646,270	$ 120,000	$ 325,286	$ 9,705	$ 1,101,261
Changes from financing cash flows	60,755	10,000	11,714	(3,464)	79,005
Effects of exchange rate changes	(9,490)	-	-	-	(9,490)
Other non-cash changes	-	-	-	1,274	1,274
December 31	$ 697,535	$ 130,000	$ 337,000	$ 7,515	$ 1,172,050

2019

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	$ 752,814	$ 150,000	$ 149,666	$ 9,519	$ 1,061,999
Changes from financing cash flows	(106,544)	(30,000)	175,620	(3,655)	35,421
Effects of exchange rate changes	-	-	-	(35)	(35)
Cash flows changes	-	-	-	3,876	3,876
December 31	$ 646,270	$ 120,000	$ 325,286	$ 9,705	$ 1,101,261

VII. Related Party Transactions

(1) Name and Relationship of Related Party

Name of related party	Relationship with the Group
Superworld Electronics (S) Pte Ltd.	Other related party
Superworld Holdings (S) Pte. Ltd.	Other related party
TAI-TECH ADVANCED ELECTRONICS (S) PTE	Other related party

LTD

Superworld Electronics Co., Ltd.	Other related party
Superworld Electronics (Dongguan) 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 Group

(2) Significant Transactions with Related Party

1. Operating revenue

	2020	2019
Sale of goods:		
Other related party	$ 320,567	$ 260,837

The price of goods sold to related party by the Group is the same as that for an arm's length transaction; the payment terms also approximate those for ordinarily clients.

2. Purchase

	2020	2019
Purchase of goods:		
Other related party	$ 7,486	$ 6,165

The price of goods purchased from related party by the Group is the same as that for an arm's length transaction; the payment terms also approximate those for ordinarily suppliers.

3. Freight expenses and miscellaneous expenses

	2020	2019
Other related party	($ 272)	$ 2,023

4. Rental income

	2020	2019
Superworld Electronics (Dongguan) Co., Ltd.	$ -	$ 90

The rent mentioned above is the general rent for renting out offices. The rent is determined with reference to the general market price and is charged on a monthly basis.

5. Other income

	2020	2019
Other related party	$ 22	$ -

6. 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	$ 325	$ 384

(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

7. Accounts receivables due from related party

	December 31, 2020	December 31, 2019
Accounts receivable:		
Other related party	$ 114,791	$ 94,619
Other receivables:		
Other related party	1,324	54
Total	$ 116,115	$ 94,673

8. Accounts Payable to Related Party

	December 31, 2020	December 31, 2019
Accounts payable:		
Other related party	$ 3,124	$ 19,698
Other payables:		
Other related party	18	395
Total	$ 3,142	$ 20,093

9. Property transaction (there was no such transaction for 2020)

Acquisition of financial assets

				2019
	Accounting items	Number of share transactions	Transaction targets	Acquisition prices
Other related party	Financial assets at fair value through other comprehensive income	109,167	Superworld Holdings (S) Pte. Ltd.	$ 13,972

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

(3) Remuneration to Major Management

	2020	2019
Short-term employee benefits	$ 71,977	$ 53,683
Post-retirement benefits	1,284	1,145
Total	$ 73,261	$ 54,828

VIII. Pledged Assets

The Group's assets pledged as collateral are 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 borrowings
- Buildings and structures	22,738	248,220	Short and long-term borrowings
- Machinery	276,834	302,060	Long-term borrowings
Right-of-use asset- land use rights	-	4,710	Short-term borrowings

IX. Significant Commitments or Contingencies

(I) Contingency

None.

(II) Commitments

Capital expenditures committed but not yet incurred

	December 31, 2020	December 31, 2019
Property, plant and equipment	$ 218,945	$ 28,015

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 Group's capital management are to ensure that the Group continues as a going concern, to maintain an optimum capital structure to lower financing costs and to provide returns of investment to shareholders. For the purpose of maintaining an optimal capital structure, the Group 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	$	191,847	$	151,611
Financial assets at amortized cost				
Cash and cash equivalents	$	767,619	$	582,212
Financial assets at amortized cost		167,040		-
Notes receivable, net		28,906		53,226
Accounts receivable, net (including those due from related party)		1,752,254		1,356,181
Other receivables		14,168		11,292
Refundable deposits (recognized under other noncurrent assets)		1,917		2,159
	$	2,731,904	$	2,005,070
Financial Liabilities				
Financial liabilities at amortized cost				
Short-term borrowings	$	697,535	$	646,270
Short-term notes and bills payable		130,000		120,000
Notes payable		56,755		93,363
Accounts payable (including related party)		571,419		455,163
Other payables		581,267		413,310
Long-term borrowings (including the current portion)		337,000		325,286
	$	2,373,976	$	2,053,392
Lease liabilities	$	7,515	$	9,705

2. Risk management policy

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

(2) The Group's key financial activities are reviewed by the Board of Directors against relevant regulations and its 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 Group 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. In addition, the conversion from RMB to other currencies is subject to the foreign currency exchange control regulations imposed by China.

B. The Group's management has formulated relevant policy to require entities within the Group to manage the foreign exchange risks associated with their 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 Group's business involves a number of non-functional currencies (the functional currency of the company is NTD, 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
USD:RMB	26,861	6.52	175,134
Financial Liability			
Monetary items			
USD:NTD	$ 33,205	28.48	$ 945,678
RMB:NTD	15	4.36	65
USD:RMB	20,630	6.52	134,508

	December 31, 2019		
	Foreign currency (in thousands)	Exchange rate	Carrying amount (New Taiwan Dollars)
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD:NTD	$ 39,493	29.98	$ 1,184,000
RMB:NTD	822	4.30	3,535
USD:RMB	24,986	6.98	174,402
Financial Liabilities			
Monetary items			
USD:NTD	$ 19,257	29.98	$ 577,325
USD:RMB	16,721	6.98	116,713

D. For monetary items that would be significantly impacted by foreign exchange rate changes, the Group recognized an exchange gain or loss (realized and unrealized) in the amount equal to an exchange loss of $54,952 and $6,570, respectively, for 2020 and 2019. Since the Group's transactions involve multiple currencies that have significant foreign exchange impacts, they are disclosed as a whole.

E. Foreign exchange risks arising from significant exchange rate changes that the Group is exposed to were as follows:

	2020		
	Sensitivity Analysis		
	Fluctuation	Effects on P/L	Impact on other comprehensive income
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD:NTD	1%	$ 13,822	$ -
RMB : NTD	1%	434	-
USD:RMB	1%	1,751	-
Financial Liabilities			
Monetary items			
USD:NTD	1%	9,457	-
USD:RMB	1%	1,345	-

	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	-
USD:RMB	1%	1,744	-
Financial Liabilities			
Monetary items			
USD:NTD	1%	5,773	-
USD:RMB	1%	1,167	-

Price risk

A. Since the Group’s investment is classified as financial assets measured at fair value through other comprehensive income on the consolidated balance sheets, the Group is exposed to the risk of price changes in equity instrument.

B. The Group mainly invests in equity instruments issued by a domestic or foreign company. The price of such equity instruments can be affected by changes in future value of their investment targets. If the price of such equity instrument goes up or down by 1%, held other variables constant, the post-tax profit or loss for the years 2020 and 2019 would increase or decrease by $1,918 and $1,516, respectively, due to the increase or decrease in the fair value of financial assets measured at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

A. The Group's interest rate risks mainly come from short- and long-term borrowings issued at floating interest rates. Such exposure also means the Group is exposed to cash flow interest rate risks, though a portion of risks have been offset by the Group's holding of cash bearing a floating interest rate. In 2020 and 2019, the Group's loans issued at floating rates are mainly valuated in NTD and USD.

B. When the NTD and USD borrowing rate increases or decreases by 1% and all other factors remain unchanged, the post-tax net profit for 2020 and 2019 would decrease or increase by NT$8,276 and NT$7,772, respectively, mainly due to interest expense changes caused by floating rate loans.

(2) Credit risk

A. Credit risk refers to the risk of financial loss to the Group arising from default by clients, or by counter-parties of financial instruments on the contract obligations. Credit risk of the Group mainly comes from accounts receivable, notes receivable and the contractual cash flows of financial assets measured at amortized cost that are prone to default by counter-parties.

B. The Group establishes a framework for managing credit risks from a group's perspective. As the internal credit approval policy stipulates, an operating entity within the Group 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 Group applies the presumption of IFRS 9 and deems that the credit risk of a financial assets has significantly increased after initial recognition when the receivables obliged by the contractual terms are 30-days past due.

D. The Group's credit risk management procedures deem a default occurred when a counterparty is significantly delinquent on repayments.

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 Group classifies accounts receivable due from clients by the characteristics of their ratings, and adopts the simplified approach that measures expected credit losses based on the preparation matrix.

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

	Individual disclosure	Not yet due	Within 30 days past due	Overdue 31 ~ 90 days	Overdue by 91 ~ 180 days	Overdue by over 181 days	Total
December 31, 2020							
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	100.00%	
Total carrying amount	$ 1,252	$ 1,774,717	$ 9,595	$ 456	$ -	$ -	$ 1,786,020
Loss allowance	$ 1,252	$ 1,232	$ 583	$ 27	$ -	$ -	$ 3,094

	Individual disclosure	Not yet due	Within 30 days past due	Overdue 31 ~ 90 days	Overdue by 91 ~ 180 days	Overdue by over 181 days	Total
December 31, 2019							
Expected loss (%)	100.00%	0.70%	25.40%	61.11%	100.00%	100.00%	
Total carrying amount	$ 1,252	$ 1,398,758	$ 26,085	$ 1,536	$ 4	$ 1	$ 1,427,636
Loss allowance	$ 1,252	$ 9,408	$ 6,625	$ 939	$ 4	$ 1	$ 18,229

H. Changes in the loss allowances provided for accounts receivable using the simplified approach are as follows:

2020	Accounts Receivable	Notes receivable	Uncollectible overdue receivables	Total
January 1	$ 16,977	$ -	$ 1,252	$ 18,229
Impairment loss reversed	(15,107)	-	-	(15,107)
Exchange rate effects	(28)	-	-	(28)
December 31	$ 1,842	$ -	$ 1,252	$ 3,094

2019	Accounts Receivable	Notes receivable	Uncollectible overdue receivables	Total
January 1	$ 34,419	$ -	$ 1,252	$ 35,671
Impairment loss reversed	(15,511)	-	-	(15,511)
Written off amount due to failure of collection	(1,501)	-	-	(1,501)
Exchange rate effects	(430)	-	-	(430)
December 31	$ 16,977	$ -	$ 1,252	$ 18,229

(3) Liquidity risk

A. Cash flows forecast is done by each operating entity; the Administration Department of the Group is responsible only for summarizing the results. Administration Department of the Group monitors the forecast of the Group's liquidity needs to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused loan commitments so that it won't default on any borrowing limits or terms. Such a forecast takes into account the Group'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 listed the Group's non-derivative financial liabilities by maturity date. They were analyzed for the residual duration between the balance sheet date and the maturity date. The table below disclosed the contractual cash flows not discounted.

Non-derivative financial liabilities :

December 31, 2020	Less than 1 year	Within 1~2 years	Within 2~5 years
Short-term borrowings	$ 697,535	$ -	
Short-term notes and bills payable	130,000	-	
Notes payable	56,755	-	
Accounts payable	568,295	-	
Accounts payables to related parties	3,124	-	
Other payables	581,267	-	

Lease liabilities (including the portion with maturity in one year)	3,575	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	Within 1~2 years	Within 2~5 years
Short-term borrowings	$ 646,270	$ -	$ -
Short-term notes and bills payable	120,000	-	-
Notes payable	93,363	-	-
Accounts payable	435,465	-	-
Accounts payables to related parties	19,698	-	-
Other payables	413,312	-	-
Lease liabilities (including the portion with maturity in one year)	3,422	2,875	3,408
Long-term borrowings (including the portion with maturity in one year)	48,964	193,822	82,500

C. The Group does not expect a maturity analysis of which the cash flows timing would be significantly earlier or the actual amount would be significantly different.

(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 Group'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

The carrying amounts of cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables, and long-term borrowings (including those due within one year) are reasonable approximations of fair values.

3. Financial and non-financial assets at fair value are classified by nature, characteristic, risk and fair value level, stated as follows:

(1) The Group classifies its assets and liabilities by their function; stated as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value				

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity-based securities	$ 54,858	$ -	$ 136,989	$ 191,847

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	$ -	$ 126,151	$ 151,611

(2) The techniques and assumptions used to measure fair value are stated as follows:

A. Financial instruments of which the fair value is marked to market quotations (*i.e.,* level 1 inputs) are stated 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 consolidated balance sheets 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 Group. 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. The following table reflects Level 3 changes in 2020 and 2019.

	2020	2019
	Equity-based securities	Equity-based securities
January 1	$ 126,151	$ 85,012
Gains or losses recognized in other comprehensive income		
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income recognized	11,827	27,741
Purchase of current period	-	13,972
Exchange rate effects	(989)	(574)
December 31	$ 136,989	$ 126,151

6. There was no transfer in or out from Level 3 in 2020 and 2019.

7. Valuation process regarding fair value Level 3 is conducted by the Group's Administration Department, which conducts an independent fair value verification though use of independent data source in order to make the valuation results close to market conditions, and to ensure that the data source is independent, reliable and consistent with other sources, and that the fair value is adjusted where appropriate, thereby

ensuring a reasonable valuation result.

8. The quantitative information on, changes in, and sensitivity analysis of significant unobservable inputs used in Level 3 fair value measurement are stated as follows:

	December 31, 2020 per unit	Valuation technique	Significant unobservable inputs	Interval (weighted average)	Relationship of inputs and fair value
Non-derivative equity instruments:					
Unlisted shares	$ 136,989	Public company comparables	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value

	December 31, 2019 per unit	Valuation technique	Significant unobservable inputs	Interval (weighted average)	Relationship of inputs and fair value
Non-derivative equity instruments:					
Unlisted shares	$ 126,151	Public company comparables	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value

9. The Group elects to adopt valuation models and valuation parameters under prudential consideration. Nonetheless, this does not preclude the differences arising from adoption of different valuation models or parameters. If valuation parameters change, financial assets classified as Level 3 will have effects on other comprehensive income, stated as follows:

			December 31, 2020			
			Recognized in P/L		Recognized in other comprehensive income (OCI)	
	Inputs	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial Assets						
Equity instruments	182,651	±1%	$ -	$ -	$ 1,709	($ 1,709)

			December 31, 2019			
			Recognized in P/L		Recognized in other comprehensive income (OCI)	
	Inputs	Changes	Favorable changes	Unfavorable changes	Favorable changes	Unfavorable changes
Financial Assets						
Equity instruments	168,200	±1%	$ -	$ -	$ 1,799	($ 1,799)

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

(1) General Information

The Group engages in a single industry; the Group's Board of Directors evaluates the performance of and allocates resources to the Group as a whole. As such, the Group identifies itself to be a single reporting segment.

(2) Segment Information

Information on reportable segment provided to the main operating decision makers:

	2020	2019
Segment revenue	$ 4,478,004	$ 3,351,915
Segment gross profit	$ 1,459,493	$ 993,058
Segment profits or losses	$ 869,418	$ 521,637
Discount and amortization	$ 306,568	$ 279,567
Income tax expenses	$ 134,747	$ 82,221

	December 31, 2020	December 31, 2019
Segment assets	$ 6,175,845	$ 5,244,735

	$ 2,609,961	$ 2,237,143

Segment liabilities

(3) Reconciliation of Segment Profit or Loss

Reconciliation is not required because the profit or loss information on the reporting segment that was provided to the main operating decision makers is consistent with that prepared and disclosed in the financial statements.

(4) Product and Labor Information

Revenue from external customers mainly derives from sale of products, e.g. electronic parts, magnet cores, multilayer wire-wound and other wire-wound products; components of revenue are presented as follows:

	2020	2019
Wire-Wound Products	$ 3,064,957	$ 2,403,086
Multilayer Products	901,111	747,863
LAN transformers	480,948	163,554
Other	30,988	37,412
Total	$ 4,478,004	$ 3,351,915

(5) Regional Information

The regional difference information for the Group for 2020 and 2019 is as follows:

	2020		2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 952,402	$ 1,044,408	$ 747,499	$ 996,350
Mainland China	2,735,124	1,588,223	1,968,879	1,504,605
Hong Kong	352,226	-	135,361	-
Singapore	137,892	-	295,640	-
Others	300,360	-	204,536	-
Total	$ 4,478,004	$ 2,632,631	$ 3,351,915	$ 2,500,955

Note: Revenue is attributable to countries based on the origin of the shipment.

(6) Important Customer Information

The key customer information of the Group for 2020 and 2019 is as follows:

2020			2019		
Name of Clients	Amount	%	Name of Clients	Amount	%
Client A	$ 479,082	11	Client A	$ 394,683	12

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

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 Maximum Amount	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 Limited	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. and Subsidiaries

Endorsements/guarantees

From January 1, 2020 to December 31, 2020

Table 2

Unit: NT$ thousand

(unless otherwise specified)

No.	Endorsement/guarantee provider	Enosred/guaranteed party name 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. and Subsidiaries

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)

				End of period				
Holding company name	Marketable securities types and name	Relationship with issuer	Financial statement account	Number of shares (thousand shares)	Carrying amount	Shareholdings Percentage	Fair 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. and Subsidiaries

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. and Subsidiaries

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. and Subsidiaries

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

From January 1, 2020 to 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	Amount	Transaction terms	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%
2	〃	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 March 31, 2020 is NT$10 million and higher.

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries

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. and Subsidiaries

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	Investment in Mainland China companies through a company invested and established in a third region (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	Investment in Mainland China companies through a company invested and established in a third region (Note 2)	600,232 (USD18,821 thousand)	-	-	600,232 (USD18,821 thousand)	351,655	100%	351,655	1,879,061	-	

provider	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 43,343 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 2020 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.