

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Report of Independent
Accountants
2021 and the First Quarter of 2020
(Stock Code: 3357)

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

Consolidated Financial Statements and Report of Independent Accountants for 2021 and the First Quarter of

2020

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Report of Independent Accountants

(2021) Cai-Shen-Bao-Zi No. 21000149

To the Board of Directors and Shareholders of Tai-Tech Advanced Electronics Co., Ltd.

Introduction

We have audited the consolidated financial statements of Tai-Tech Advanced Electronics and Subsidiaries (hereinafter referred to as the "Group"), which comprise the consolidated balance sheets as of March 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years January 1 through March 31, 2021 and 2020 ended and the notes to the consolidated financial statements, including a summary of significant accounting policies. 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 International Accounting Standard 34 "Interim Financial Reporting." Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performance by the Independent Auditor of the Entity." A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group for 2021 and as of March 31, 2020 as well as their consolidated financial performances and consolidated cash flows for 2020 and from January 1, 2020 to March 31, 2021 according the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" approved by the Financial Supervisory Commission.

PricewaterhouseCoopers (PwC) 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

May 4, 2021

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

Consolidated Balance Sheet

March 31, 2021, December 31, 2020, and March 31, 2020

(The consolidated balance sheet for 2021 and as of March 31, 2020 is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT\$ thousand

Assets	Note	March 31, 2021		December 31, 2020		March 31, 2020		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6 (1)	\$ 680,039	10	\$ 767,619	12	\$ 686,554	13
1136	Financial assets measured at amortized cost—	6 (1)						
	current		166,745	2	167,040	3	30,225	1
1150	Notes receivable, net	6 (2)	27,735	-	28,906	-	56,182	1
1170	Accounts receivable, net	6 (2)	1,866,815	28	1,637,463	27	1,256,272	24
1180	Accounts receivable from related parties, net	6 (2) and 7	141,054	2	114,791	2	101,968	2
1200	Other receivables	7	34,199	1	14,168	-	11,725	-
130X	Inventory	6 (3)	596,788	9	588,302	10	540,775	10
1410	Pre-payments		39,201	1	22,641	-	24,297	-
1470	Other current assets		-	-	6	-	25	-
11XX	Total current assets		<u>3,552,576</u>	<u>53</u>	<u>3,340,936</u>	<u>54</u>	<u>2,708,023</u>	<u>51</u>
Non-current assets								
1517	Financial assets at fair value through other	6 (4) and 12						
	comprehensive income - non-current	(3)	204,964	3	191,847	3	143,360	3
1600	Property, plant and equipment	6 (5) and 8	2,810,097	42	2,539,871	41	2,380,069	45
1755	Right-of-use assets	6 (6), 7, and						
		8	43,160	1	36,211	1	37,431	1
1780	Intangible assets		19,308	-	17,530	-	13,011	-
1840	Deferred income tax assets		11,267	-	8,514	-	33,115	-
1900	Other non-current assets	6 (7)	81,295	1	40,936	1	9,480	-
15XX	Total non-current assets		<u>3,170,091</u>	<u>47</u>	<u>2,834,909</u>	<u>46</u>	<u>2,616,466</u>	<u>49</u>
1XXX	Total assets		<u>\$ 6,722,667</u>	<u>100</u>	<u>\$ 6,175,845</u>	<u>100</u>	<u>\$ 5,324,489</u>	<u>100</u>

(Continued)

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

Consolidated Balance Sheet

March 31, 2021, December 31, 2020, and March 31, 2020

(The consolidated balance sheet for 2021 and as of March 31, 2020 is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT\$ thousand

Liabilities and equity	Note	March 31, 2021		December 31, 2020		March 31, 2020		
		Amount	%	Amount	%	Amount	%	
Current liabilities								
2100	Short-term borrowings	6 (8)	\$ 686,898	10	\$ 697,535	11	\$ 660,418	12
2110	Short-term notes and bills payable	6 (9)	110,000	2	130,000	2	140,000	3
2150	Notes payable		144,230	2	56,755	1	66,656	1
2170	Accounts payable		618,519	9	568,295	9	408,063	8
2180	Accounts payable - related parties	7	2,532	-	3,124	-	25,307	1
2200	Other payables	6 (10) and 7	710,326	11	581,267	10	396,698	7
2230	Current income tax liabilities	6 (23)	106,340	2	60,210	1	48,865	1
2280	Lease liabilities - current	7	6,213	-	3,575	-	3,336	-
2300	Other current liabilities	6 (11)	67,000	1	67,000	1	64,964	1
21XX	Total current liabilities		<u>2,452,058</u>	<u>37</u>	<u>2,167,761</u>	<u>35</u>	<u>1,814,307</u>	<u>34</u>
NONCURRENT LIABILITIES								
2540	Long-term borrowings	6 (11)	262,000	4	270,000	5	237,893	5
2570	Deferred income tax liabilities		130,728	2	138,855	2	116,641	2
2580	Lease liabilities - non-current	7	8,534	-	3,940	-	5,497	-
2640	Net defined benefit liabilities — non-current		14,722	-	14,652	-	8,064	-
2670	Other non-current liabilities - others		14,154	-	14,753	-	15,964	-
25XX	Total non-current liabilities		<u>430,138</u>	<u>6</u>	<u>442,200</u>	<u>7</u>	<u>384,059</u>	<u>7</u>
2XXX	Total liabilities		<u>2,882,196</u>	<u>43</u>	<u>2,609,961</u>	<u>42</u>	<u>2,198,366</u>	<u>41</u>
Equity attributable to shareholders of the parent								
Share capital								
3110	Common shares	6 (14)	910,000	13	910,000	15	910,000	17
Capital surplus								
3200	Capital surplus	6 (15)	168,173	3	123,523	2	214,523	4
Retained earnings								
3310	Legal reserve	6 (16)	360,404	5	360,404	6	316,130	6
3320	Special reserve		89,991	1	89,991	1	76,642	2
3350	Unappropriated earnings		2,327,143	35	2,096,231	34	1,722,892	32
Other equity								
3400	Other equity	6 (17)	(15,240)	-	(14,265)	-	(114,064)	(2)
3XXX	Total equity		<u>3,840,471</u>	<u>57</u>	<u>3,565,884</u>	<u>58</u>	<u>3,126,123</u>	<u>59</u>
Significant Commitments or Contingencies								
3X2X	Total liabilities and equity	9	<u>\$ 6,722,667</u>	<u>100</u>	<u>\$ 6,175,845</u>	<u>100</u>	<u>\$ 5,324,489</u>	<u>100</u>

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

2021 and January 1 to March 31, 2020

(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT\$ thousand

(Except Earnings Per Share in New Taiwan Dollars)

	Item	Note	January 1 to March 31, 2021		January 1, to March 31, 2020	
			Amount	%	Amount	%
4000	Operating revenue	6 (18) and 7	\$ 1,374,114	100	\$ 876,461	100
5000	Operating costs	6 (3) (21) (22) and 7	(915,912)	(67)	(596,899)	(68)
5900	Gross profit		458,202	33	279,562	32
	Operating expenses	6 (21) (22) and 7				
6100	Selling and marketing expenses		(96,668)	(7)	(63,198)	(7)
6200	General and administrative expenses		(76,385)	(6)	(40,521)	(5)
6300	Research and development expenses		(32,915)	(2)	(23,462)	(3)
6450	Expected credit impairment gain	12 (2)	-	-	4,226	1
6000	Total operating expenses		(205,968)	(15)	(122,955)	(14)
6900	Operating gains		252,234	18	156,607	18
	Non-operating income and expenses					
7100	Interest income		1,109	-	546	-
7010	Other income	6 (19) and 7	19,022	2	1,556	-
7020	Other gains and losses	6 (20)	1,069	-	12,718	2
7050	Financial costs	6 (8) (9) (11)	(2,269)	-	(3,576)	-
7000	Total non-operating incomes and expenses		18,931	2	11,244	2
7900	Income before income tax		271,165	20	167,851	20
7950	Income tax expenses	6 (23)	(40,253)	(3)	(25,247)	(3)
8200	Net profit (loss) for current period		\$ 230,912	17	\$ 142,604	17
	Other comprehensive income (loss), net of income tax					
	Components of other comprehensive income that will not be reclassified to profit or loss	6 (17)				
8316	Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	6 (4)	\$ 13,081	1	(\$ 8,414)	(1)
8310	Total components of other comprehensive income that will not be reclassified to profit or loss		13,081	1	(8,414)	(1)
	Items that may be reclassified subsequently to profit or loss	6 (17)				
8361	Exchange differences on translating the financial statements of foreign operations		(14,056)	(1)	(15,659)	(2)
8360	Total of items that may be reclassified subsequently to profit or loss		(14,056)	(1)	(15,659)	(2)
8300	Other comprehensive income (loss), net of income tax		(\$ 975)	-	(\$ 24,073)	(3)
8500	Total comprehensive income (loss) for the current period		\$ 229,937	17	\$ 118,531	14
	Net income attributable to:					
8610	shareholders of the parent		\$ 230,912	17	\$ 142,604	17
	Total comprehensive income (loss) attributable to:					
8710	shareholders of the parent		\$ 229,937	17	\$ 118,531	14

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
2021 and January 1 to March 31, 2020

(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

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

	Earnings per share (EPS)	6 (24)		
9750	Basic earnings per share attributable to shareholders of the parent		<u>\$ 2.54</u>	<u>\$ 1.57</u>
9850	Diluted earnings per share attributable to shareholders of the parent		<u>\$ 2.53</u>	<u>\$ 1.55</u>

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
2021 and January 1 to March 31, 2020

(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT\$ thousand

Note	Equity attributable to shareholders of the parent										Total equity
	Capital surplus				Retained earnings			Other equity			
	Common shares	Capital surplus - additional paid-in capital	Capital surplus - Recognized change in ownership interests in subsidiaries	Capital surplus - net assets from merger	Capital surplus - employee stock options	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	
<u>January 1 to March 31, 2020</u>											
	\$ 910,000	\$ 200,124	\$ 12,353	\$ 2,046	\$ -	\$ 316,130	\$ 76,642	\$ 1,580,288	(\$ 214,279)	\$ 124,288	\$ 3,007,592
	-	-	-	-	-	-	-	142,604	-	-	142,604
Other Comprehensive Gains & Losses from January 1 to March 31, 2020	6 (17)	-	-	-	-	-	-	-	(15,659)	(8,414)	(24,073)
Total Comprehensive Profits & Losses from January 1 to March 31, 2020		-	-	-	-	-	-	142,604	(15,659)	(8,414)	118,531
Balance on March 31, 2020	\$ 910,000	\$ 200,124	\$ 12,353	\$ 2,046	\$ -	\$ 316,130	\$ 76,642	\$ 1,722,892	(\$ 229,938)	\$ 115,874	\$ 3,126,123
<u>January 1 to March 31, 2021</u>											
Balance as of January 1, 2021	\$ 910,000	\$ 109,124	\$ 12,353	\$ 2,046	\$ -	\$ 360,404	\$ 89,991	\$ 2,096,231	(\$ 180,156)	\$ 165,891	\$ 3,565,884
Net income for January 1 to March 31, 2021	-	-	-	-	-	-	-	230,912	-	-	230,912
Other comprehensive income for January 1 to March 31, 2021	6 (17)	-	-	-	-	-	-	-	(14,056)	13,081	(975)
Total comprehensive income for January 1 to March 31, 2021		-	-	-	-	-	-	230,912	(14,056)	13,081	229,937
Compensation costs - the portion of common shares issuance reserved for employee subscription	6 (13)	-	-	-	44,650	-	-	-	-	-	44,650
Balance as of March 31, 2021	\$ 910,000	\$ 109,124	\$ 12,353	\$ 2,046	\$ 44,650	\$ 360,404	\$ 89,991	\$ 2,327,143	(\$ 194,212)	\$ 178,972	\$ 3,840,471

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

2021 and January 1 to March 31, 2020

(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT\$ thousand

	Note	January 1 to March 31, 2021		January 1 to March 31, 2020
<u>Cash Flow from Operating Activities</u>				
Income before income tax		\$ 271,165	\$	167,851
Adjustments				
Adjustments for income and expenses				
Expected credit impairment reversal gain	12 (2)	-	(	4,226)
Depreciation (including right-of-use assets)	6 (21)	83,928		75,489
Amortization	6 (21)	627		313
Gains on disposal of property, plant and equipment	6 (20)	(25 )	(	36)
Interest income		(1,109 )	(	546)
Interest expenses		2,269		3,576
Compensation costs - share-based payments	6 (13)	44,650		-
Changes in operating assets and liabilities				
Changes in operating assets, net changes				
Notes receivable		1,171	(	2,956)
Accounts Receivable		(229,346)		9,466
Accounts receivable due from related parties		(26,263 )	(	7,267)
Other receivables		(20,031 )	(	433)
Inventory		(8,486 )	(	31,026)
Pre-payments		(16,560)		13,499
Other current assets		6	(	19)
Changes in operating liabilities, net				
Notes payable		(583 )	(	26,707)
Accounts payable		50,224	(	27,402)
Accounts payables to related parties		(592)		5,609
Other payables		(8,647)		5,885
Net defined benefit liabilities		70		62
Other non-current liabilities		(599 )	(	637)
Cash generated from operating activities		141,869		180,495
Interest paid		(2,269 )	(	3,576)
Income taxes paid		(4,324)		-
Net cash inflow from operating activities		135,276		176,919

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

Consolidated Statement of Cash Flow

2021 and January 1 to March 31, 2020

(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

Unit: NT\$ thousand

	Note	January 1 to March 31, 2021	January 1 to March 31, 2020
<u>Cash Flow from Investment Activities</u>			
Interests received		\$ 1,109	\$ 546
Increase in financial assets measured at amortized cost		-	(30,225)
Acquisition of property, plant and equipment	6 (24)	(134,762)	(43,368)
Proceeds from disposal of property, plant and equipment		25	36
Acquisition of intangible assets		(2,400)	-
Increase in other non-current assets		(40,359)	(4,722)
Net cash flows used in investing activities		(176,387)	(77,733)
<u>Cash Flow from Financing Activities</u>			
Increase in short-term borrowings		684,360	580,113
Repayments for short-term borrowings		(695,299)	(567,400)
Increase (decrease) in short-term bills payable		(20,000)	20,000
Repayment of the principal portion of lease liabilities		(1,473)	(870)
Increase in long-term borrowings		-	30,000
Repayment for long-term borrowings		(8,000)	(52,429)
Net cash generated from (used in) financing activities		(40,412)	9,414
Exchange rate adjustments		(6,057)	(4,258)
Increase (decrease) in cash and cash equivalents for the period		(87,580)	104,342
Cash and cash equivalents - beginning balance		767,619	582,212
Cash and cash equivalents - ending balance		\$ 680,039	\$ 686,554

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
2021 and the First Quarter of 2020

(The consolidated statement of comprehensive income is reviewed, but not audited according to the Generally Accepted Auditing Standards)

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. The Company's shares were listed on Taipei Exchange for trading on April 27, 2021.

II. Approval Date and Procedure of the Financial Statements

The Consolidated Financial Statements has passed the board of directors resolution and were published on May 4, 2021.

III. Application of New Standards, Amendments and Interpretations

- (I) 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)

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	January 1, 2021
Amendments to the IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 "Interest Rate Benchmark Reform - Phase 2."	January 1, 2021
Amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021 Note: The FSC permits early application starting from January 1, 2021.	April 1, 2021 (Note)

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.

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

None.

- (III) 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:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date announced by IASB</u>
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 decided 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: price before reaching 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.

(I) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC.

(II) 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. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of SIC (SIC) (collectively referred to hereinafter as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) 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:

Investor name	Subsidiary name	Business nature	Shareholding percentage			Remarks
			2021 March 31	2020 December 31	2020 March 31	
The Company	North Star International Limited	Buying and selling of electronic components	100%	100%	100%	
The Company	Best Bliss Investments Limited	Invested business	100%	100%	100%	
Best Bliss Investments Limited	TAI-TECH Advanced Electronics (Kunshan)	Production, processing and sale of electronic components	100%	100%	100%	
Best Bliss Investments Limited	Fixed Rock Holding Ltd.	Invested business	100%	100%	100%	
Best Bliss Investments Limited	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	7.71%	7.71%	7.71%	
Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Production, processing and sale of electronic components	92.29%	92.29%	92.29%	

3. Subsidiaries not included in the consolidated financial statements

None.

4. Adjustments for subsidiaries with different accounting periods

None.

5. Major restrictions

Cash and short-term deposits of RMB¥90,533 thousand are deposited in mainland China and are subject to local 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.

(IV) 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.

(V) 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.

(VI) 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.

(VII) 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 (a) the Group's right to the dividends is established; (b) the economic benefits associated with dividends are probable to flow to the Group; and (c) such dividends can be reliably measured.

(VIII) 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.

(IX) 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.

(X) 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.

(XI) Derecognition of Financial Assets

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

(XII) 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.

(XIII) 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

(XIV) 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.

(XV) 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.

(XVI) 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.

(XVII) 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.

(XVIII) 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.

(XIX) Derecognition of Financial Liabilities

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

(XX) 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.
- D. The pension cost of interim period is calculated based on the pension cost actuarially determined according to the end date of the previous fiscal year for the period from the beginning of the year to the end of the period. In case where there is any material market fluctuation or material reduction, repayment or other material one-time events after the end date, adjustments are made and relevant information is disclosed according to the aforementioned policy.

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.

(XXI) Employees share-based payments

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall

reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(XXII) 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.
7. The tax expense of interim period is calculated based on the estimated annual average effective tax rate applied to the income before tax up to the interim period and relevant information is disclosed according to the aforementioned policy.
8. When there is tax rate change occurred during the interim period, the Group recognizes the change impact at once during the period of occurrence. Items related to the income tax not recognized in profit or loss, the change impact is recognized in the other comprehensive income or equity item. For items related to the income tax recognized in profit or loss, the change impact is recognized in profit or loss.

(XXIII) 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.

(XXIV) 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.

(XXV) 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.

(XXVI) 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.

(XXVII) 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 statement, 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:

(I) Significant Judgments in Applying Accounting Policies

None.

(II) 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 March 31, 2021, the carrying amount of the Group's inventories is \$596,788.

VI. Description of Significant Accounts

(I) Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cash on hand and revolving funds	\$ 1,170	\$ 2,133	\$ 893
Checking deposits and demand deposits	534,466	665,658	579,873
Time deposits	<u>144,403</u>	<u>99,828</u>	<u>105,788</u>
Total	<u>\$ 680,039</u>	<u>\$ 767,619</u>	<u>\$ 686,554</u>

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. As of March 31, 2021, December 31, 2020, and March 31, 2020, the Group recognized \$166,745, \$167,040, and \$30,225, respectively, for time deposits originally due within three months that are presented as “financial assets measured at amortized cost – current.”

(II) Notes and Accounts Receivable

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Notes receivable	\$ 27,735	\$ 28,906	\$ 56,182
Accounts Receivable	\$ 1,873,428	\$ 1,640,982	\$ 1,268,407
Less: Allowance for bad debt	(1,747)	(1,753)	(12,135)
Allowance for sales returns and discounts	(4,866)	(1,766)	-
	<u>\$ 1,866,815</u>	<u>\$ 1,637,463</u>	<u>\$ 1,256,272</u>
Accounts receivable due from related parties	\$ 141,143	\$ 114,880	\$ 102,552
Less: Allowance for bad debt	(89)	(89)	(584)
	<u>\$ 141,054</u>	<u>\$ 114,791</u>	<u>\$ 101,968</u>

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

	<u>March 31, 2021</u>		<u>December 31, 2020</u>		<u>March 31, 2020</u>	
	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>Accounts Receivable</u>	<u>Notes receivable</u>
Not yet due	\$1,995,080	\$ 27,735	\$1,745,811	\$ 28,906	\$1,352,197	\$ 56,182
Within 30 days	16,758	-	9,595	-	17,873	-
31~90 days	2,733	-	456	-	889	-
91~180 days	-	-	-	-	-	-
Over 181 days	-	-	-	-	-	-
	<u>\$2,014,571</u>	<u>\$ 27,735</u>	<u>\$1,755,862</u>	<u>\$ 28,906</u>	<u>\$1,370,959</u>	<u>\$ 56,182</u>

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

2. The accounts and notes receivables as of March 31, 2021, December 31, 2020, and March 31, 2020 all came from contracts with clients. In addition, the accounts receivable arising from contracts with clients as of January 1, 2020 was \$1,426,384.
3. Without considering the collaterals or other credit enhancements held, the amounts most representative of the credit risk exposed to the Group’s notes receivable as of March 31, 2021, December 31, 2020, and March 31, 2020 were \$27,735, \$28,906, and \$56,182, respectively, and the amounts most representative of the credit risk exposed to the Group’s accounts receivable as of March 31, 2021, December 31, 2020 and March 31, 2020 were \$2,007,869, \$1,752,254, and \$1,358,240, respectively.
4. On March 31, 2021, December 31, 2020, and March 31, 2020, the Group paid \$0, \$0, and \$8,096 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).

(III) Inventory

	<u>March 31, 2021</u>		
	<u>Cost</u>	<u>Allowance for inventory valuation</u>	<u>Carrying amount</u>
Raw materials	\$ 140,897	(\$ 10,851)	\$ 130,046
Supplies	24,307	(2,089)	22,218
Work in process	226,541	(7,911)	218,630
Finished products	203,987	(11,344)	192,643
Goods	<u>36,798</u>	<u>(3,547)</u>	<u>33,251</u>
Total	<u>\$ 632,530</u>	<u>(\$ 35,742)</u>	<u>\$ 596,788</u>

	<u>December 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for inventory valuation</u>	<u>Carrying amount</u>
Raw materials	\$ 114,669	(\$ 9,928)	\$ 104,741
Supplies	19,092	(2,142)	16,950
Work in progress	217,500	(9,253)	208,247
Finished products	223,335	(13,328)	210,007
Goods	<u>52,093</u>	<u>(3,736)</u>	<u>48,357</u>
Total	<u>\$ 626,689</u>	<u>(\$ 38,387)</u>	<u>\$ 588,302</u>

	<u>March 31, 2020</u>		
	<u>Cost</u>	<u>Allowance for inventory valuation</u>	<u>Carrying amount</u>
Raw materials	\$ 84,970	(\$ 8,333)	\$ 76,637
Supplies	20,128	-	20,128
Work in process	236,277	(11,845)	224,432
Finished products	196,760	(12,095)	184,665
Goods	<u>38,824</u>	<u>(3,911)</u>	<u>34,913</u>
Total	<u>\$ 576,959</u>	<u>(\$ 36,184)</u>	<u>\$ 540,775</u>

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

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
Cost of inventory sold	\$ 917,080	\$ 589,513
Gain from price recovery of inventory	(2,515)	(2,221)
Others	<u>1,347</u>	<u>9,607</u>
	<u>\$ 915,912</u>	<u>\$ 596,899</u>

The net realizable value increased due to a constant digestion of inventory for 2021 and from January 1 to March 31, 2020.

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

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Non-current:			
Equity instruments			
Shares listed on the stock exchange or the OTC market	\$ 7,156	\$ 7,156	\$ 7,534
Shares not traded on the stock exchange, the OTC market, or the emerging stock market	<u>18,836</u>	<u>18,800</u>	<u>19,951</u>
	25,992	25,956	27,485
Adjustments for change in value	<u>178,972</u>	<u>165,891</u>	<u>115,875</u>
Total	<u>\$ 204,964</u>	<u>\$ 191,847</u>	<u>\$ 143,360</u>

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 as of March 31, 2021, December 31, 2020, and March 31, 2020 were amounted to \$204,964, \$191,847, and \$143,360, respectively.
2. Financial assets at fair value through other comprehensive income recognized in profit and loss/comprehensive income are as follows:

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Changes in fair value recognized in other comprehensive gains or losses	<u>\$ 13,081</u>	<u>(\$ 8,414)</u>

3. Without considering the collateral held or other credit enhancements, the most representative of the financial assets held by the Group measured at FVTOCI. The amounts of risk exposures with the largest credit risks on March 31, 2021, December 31, 2020, and March 31, 2020 were NT\$204,964, NT\$191,847, and NT\$143,360, respectively.
4. The Group did not pledge any financial assets at fair value through other comprehensive income as collaterals.

(V) Property, plant and equipment

2021

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Utilities equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment pending for inspection</u>	<u>Total</u>
January 1									
Cost	\$ 96,495	\$ 507,421	\$ 3,853,572	\$ 19,443	\$ 9,544	\$ 40,702	\$ 211,387	\$ 72,486	\$ 4,811,050
Accumulated depreciation and impairment	<u>-</u>	<u>(205,217)</u>	<u>(1,873,639)</u>	<u>(15,069)</u>	<u>(7,113)</u>	<u>(28,919)</u>	<u>(141,222)</u>	<u>-</u>	<u>(2,271,179)</u>
	<u>\$ 96,495</u>	<u>\$ 302,204</u>	<u>\$ 1,979,933</u>	<u>\$ 4,374</u>	<u>\$ 2,431</u>	<u>\$ 11,783</u>	<u>\$ 70,165</u>	<u>\$ 72,486</u>	<u>\$ 2,539,871</u>
January 1	\$ 96,495	\$ 302,204	\$ 1,979,933	\$ 4,374	\$ 2,431	\$ 11,783	\$ 70,165	\$ 72,486	\$ 2,539,871
Addition	-	1,269	11,269	-	-	174	11,491	336,323	360,526
Disposal	-	-	-	-	-	-	-	-	-
Reclassification	-	-	290,610	-	-	1,140	3,617	(295,367)	-
Depreciation expenses	-	(5,887)	(67,870)	(193)	(338)	(883)	(7,147)	-	(82,318)
Net exchange differences	<u>-</u>	<u>(1,352)</u>	<u>(5,928)</u>	<u>(1)</u>	<u>(2)</u>	<u>(29)</u>	<u>(236)</u>	<u>(434)</u>	<u>(7,982)</u>
March 31	<u>\$ 96,495</u>	<u>\$ 296,234</u>	<u>\$ 2,208,014</u>	<u>\$ 4,180</u>	<u>\$ 2,091</u>	<u>\$ 12,185</u>	<u>\$ 77,890</u>	<u>\$ 113,008</u>	<u>\$ 2,810,097</u>
March 31									
Cost	\$ 96,495	\$ 506,691	\$ 4,144,355	\$ 19,439	\$ 9,096	\$ 41,823	\$ 225,743	\$ 113,008	\$ 5,156,650
Accumulated depreciation and impairment	<u>-</u>	<u>(210,457)</u>	<u>(1,936,341)</u>	<u>(15,259)</u>	<u>(7,005)</u>	<u>(29,638)</u>	<u>(147,853)</u>	<u>-</u>	<u>(2,346,553)</u>
	<u>\$ 96,495</u>	<u>\$ 296,234</u>	<u>\$ 2,208,014</u>	<u>\$ 4,180</u>	<u>\$ 2,091</u>	<u>\$ 12,185</u>	<u>\$ 77,890</u>	<u>\$ 113,008</u>	<u>\$ 2,810,097</u>

2020

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery</u>	<u>Utilities equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment pending for inspection</u>	<u>Total</u>
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	<u>-</u>	<u>(180,245)</u>	<u>(1,637,091)</u>	<u>(14,458)</u>	<u>(5,705)</u>	<u>(26,817)</u>	<u>(117,212)</u>	<u>-</u>	<u>(1,981,528)</u>
	<u>\$ 96,495</u>	<u>\$ 320,092</u>	<u>\$ 1,931,435</u>	<u>\$ 5,139</u>	<u>\$ 3,748</u>	<u>\$ 8,434</u>	<u>\$ 57,490</u>	<u>\$ 21,374</u>	<u>\$ 2,444,207</u>
January 1	\$ 96,495	\$ 320,092	\$ 1,931,435	\$ 5,139	\$ 3,748	\$ 8,434	\$ 57,490	\$ 21,374	\$ 2,444,207
Addition	<u>-</u>	<u>-</u>	<u>10,128</u>	<u>-</u>	<u>-</u>	<u>212</u>	<u>2,260</u>	<u>8,271</u>	<u>20,871</u>
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Reclassification	<u>-</u>	<u>-</u>	<u>9,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>145</u>	<u>(9,241)</u>	<u>-</u>
Depreciation expenses	<u>-</u>	<u>(5,806)</u>	<u>(61,574)</u>	<u>(192)</u>	<u>(341)</u>	<u>(642)</u>	<u>(5,891)</u>	<u>-</u>	<u>(74,446)</u>
Net exchange differences	<u>-</u>	<u>(2,029)</u>	<u>(8,112)</u>	<u>(2)</u>	<u>(5)</u>	<u>(36)</u>	<u>(280)</u>	<u>(99)</u>	<u>(10,563)</u>
March 31	<u>\$ 96,495</u>	<u>\$ 312,257</u>	<u>\$ 1,880,973</u>	<u>\$ 4,945</u>	<u>\$ 3,402</u>	<u>\$ 7,968</u>	<u>\$ 53,724</u>	<u>\$ 20,305</u>	<u>\$ 2,380,069</u>

March 31

Cost	\$ 96,495	\$ 497,540	\$ 3,574,832	\$ 19,593	\$ 9,428	\$ 35,330	\$ 176,037	\$ 20,305	\$ 4,429,560
Accumulated depreciation and impairment	<u>-</u>	<u>(185,283)</u>	<u>(1,693,859)</u>	<u>(14,648)</u>	<u>(6,026)</u>	<u>(27,362)</u>	<u>(122,313)</u>	<u>-</u>	<u>(2,049,491)</u>
	<u>\$ 96,495</u>	<u>\$ 312,257</u>	<u>\$ 1,880,973</u>	<u>\$ 4,945</u>	<u>\$ 3,402</u>	<u>\$ 7,968</u>	<u>\$ 53,724</u>	<u>\$ 20,305</u>	<u>\$ 2,380,069</u>

1. The amount of interest capitalization for 2021 and from January 1 to March 31, 2021 was \$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.

(VI) 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:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Right-of-use land	\$ 28,418	\$ 28,739	\$ 28,598
Parking space	381	508	-
Buildings	11,445	3,596	4,712
Transportation equipment	1,724	2,079	3,255
Machinery and equipment	<u>1,192</u>	<u>1,289</u>	<u>866</u>
	<u>\$ 43,160</u>	<u>\$ 36,211</u>	<u>\$ 37,431</u>

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Right-of-use land	\$ 174	\$ 172
Parking space	127	-
Buildings	856	372
Transportation equipment	355	394
Machinery and equipment	<u>98</u>	<u>104</u>
	<u>\$ 1,610</u>	<u>\$ 1,042</u>

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

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
<u>Items that affect profit or loss</u>		
Expenses attributable to short-term lease contracts \$	3,642	\$ 2,624
Expenses attributable to low-value assets	16	16

5. The Group's right-of-use asset increased by \$8,705 and \$0 for 2021 and from January 1 to March 31, 2020, respectively.
6. The Group's cash used in lease contracts increased by \$5,131 and \$3,510 for 2021 and from January 1 to March 31, 2020, respectively.

(VII) Other non-current assets

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Refundable deposits	\$ 2,584	\$ 1,917	\$ 2,095
Prepayments for construction and equipment	78,711	39,019	7,385

Uncollectible overdue receivables	1,252	1,252	1,252
Allowance for uncollectible overdue receivables	(<u>1,252</u>)	(<u>1,252</u>)	(<u>1,252</u>)
	<u>\$ 81,295</u>	<u>\$ 40,936</u>	<u>\$ 9,480</u>

(VIII) Short-term borrowings

Nature of borrowings	March 31, 2021	Interest rate range	Collaterals
Bank loan			
Secured loan	\$ 50,000	0.94%	Land and plant
Credit loan	636,898	0.71%~0.95%	-
	<u>\$ 686,898</u>		

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%	-
	<u>\$ 697,535</u>		

<u>Nature of borrowings</u>	<u>March 31, 2020</u>	<u>Interest rate range</u>	<u>Collaterals</u>
Bank loan			
Secured loan	\$ 40,000	1.06%	Land and plant
Credit loan	<u>620,418</u>	0.88%~1.51%	-
	<u>\$ 660,418</u>		

For 2021 and from January 1 to March 31, 2020, the interest expenses incurred by short-term borrowings recognized in income were \$1,402 and \$2,478, respectively.

(IX) Short-term notes and bills payable

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Commercial paper	<u>\$ 110,000</u>	<u>\$ 130,000</u>	<u>\$ 140,000</u>
Loan period	Feb. 2021 - Apr. 2021	Dec. 2020 - Feb. 2021	Mar. 2020 - Jun. 2020
Interest rate range	0.90%	0.9%~0.99%	1.01%~1.09%

For 2021 and from January 1 to March 31, 2020, the interest expenses recognized in income for short-term bills payable were \$106 and \$185, respectively.

(X) Other payables

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Salary and bonus payables	\$ 111,317	\$ 148,627	\$ 85,274
Social benefits liabilities payable	111,187	109,784	92,283
Employee compensation and directors' and supervisors' remuneration payable	85,628	65,054	52,273
Construction and equipment payable	221,500	83,794	33,601

Others	<u>180,694</u>	<u>174,008</u>	<u>133,267</u>
	<u>\$ 710,326</u>	<u>\$ 581,267</u>	<u>\$ 396,698</u>

(XI) Long-term borrowings

<u>Nature of borrowings</u>	<u>Loan period and means of repayment</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>March 31, 2021</u>
Credit loan	Principal and interest are paid quarterly from May 2020 to May 2023.	0.98%	-	\$ 45,000
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	23,500
Secured loan	From June 2020 to June 2025, installment repayment and monthly repayment of principal and interest	0.95%	Land, Housing and Construction	<u>25,500</u>
				329,000
Less: current portion of long-term loans				<u>(67,000)</u>
				<u>\$ 262,000</u>

	<u>Loan period and means of repayment</u>	<u>Interest rate range</u>	<u>Collaterals</u>	<u>December 31, 2020</u>
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	<u>27,000</u>
				337,000
Less: current portion of long-term loans				<u>(67,000)</u>
				<u>\$ 270,000</u>

Nature of borrowings	Loan period and means of repayment	Interest rate range	Collaterals	March 31, 2020	
Credit loan	Repayment due from July 2019 to July 2021.	0.88%	-	\$	120,000
Secured loan	Repayment in installments from July 2019 to December 2023, with principal repayment every six months	1.13%~1.29%	Machinery		135,000
Credit loan	Principal and interest are repaid monthly from May 2016 to April 2021 (Note 1).	1.20%	-		8,357
Secured loan	Repayment in installments from February 2020 to February 2025, monthly repayment of principal and interest	1.20%	Land, Housing and Construction		29,500
Credit loan	Repayment due from July 2019 to February 2021 (Note 2)	1.30%	-		10,000
					302,857
Less: current portion of long-term loans				(	64,964)
				\$	237,893

Note 1: Early repayment made in full in December 2020.

Note 2: Early repayment made in full in January - May 2020.

For 2021 and from January 1 to March 31, 2020, the interest expenses incurred by long-term borrowings recognized in income were \$761 and \$913, respectively.

(XII) 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.

2(1) In 2021 and from January 1 to March 31, 2020, the pension costs recognized in the manner specified

above were \$70 and \$62, respectively.

3(1) The Company is expected to pay a contribution of \$0 to the retirement plan for 2021.

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. contribute a certain percentage of a local employee's monthly salary, as required by the People's Republic of China, to the endowment insurance system. For 2021 and from January 1 to March 31, 2020, the contribution percentages were 16% and 16%, respectively. The pension for employees is managed independently by the government. Except for making monthly contribution, the Group has no further obligation.

(3) In 2021 and from January 1 to March 31, 2020, the pension costs recognized in the manner specified above were \$15,225 and \$10,235, respectively.

(XIII) Share-based payments

1. The Group's share-based payment arrangements from January 1 to March 31, 2021 are as follows: (no such transactions from January 1, 2020 to March 31, 2020)

<u>Type of agreement</u>	<u>Date granted</u>	<u>Quantity granted</u>	<u>Contract period</u>	<u>Vesting conditions</u>
The portion of common shares issuance reserved for employee subscription	March 29, 2021	1,467 thousand shares	NA	Immediate vesting

The said share-based payment arrangements are settled with equity.

2. The Group adopted the Black-Scholes option pricing model to evaluate the fair value of its employee stock options granted under share-based payment arrangements, stated as follows:

<u>Type of agreement</u>	<u>Date granted</u>	<u>Share price</u>	<u>Exercise Price</u>	<u>Expected volatility</u>	<u>Expected life</u>	<u>Expected dividends</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
The portion of common shares issuance reserved for employee subscription	March 29, 2021	NT\$149	NT\$118.78	47.21%	0.07 years	-	0.34%	NT\$30.4361

3. Expenses incurred by share-based payment transactions were as follows:

	<u>January 1 to March 31, 2021</u>
Equity settlement	<u>\$ 44,650</u>

(XIV) Share capital

1. For 2021 and as of March 31, 2020, 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.

2. On March 2, 2021, the Board of Directors resolved to issue new shares before being initially listed on Taipei Exchange. A total of 12,134 thousand shares with the face value of NT\$10 were issued. The public offering price was NT\$118.78 per share. The record date for such capital increase was set on April 23, 2021, which was

already modified and registered with the competent authority.

(XV) 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.

	<u>2021</u>	Employees	All changes in the subsidiaries'	
	<u>additional paid-in capital</u>	<u>employee stock options</u>	<u>Total changes in equity</u>	<u>net assets from merger</u>
January 1	\$ 109,124	\$ -	\$ 12,353	\$ 2,046
Compensation costs - the portion of common shares issuance reserved for employee subscription	-	44,650	-	-
March 31	<u>\$ 109,124</u>	<u>\$ 44,650</u>	<u>\$ 12,353</u>	<u>\$ 2,046</u>

	<u>2020</u>	Changes in ownership interests in subsidiaries	net assets from merger
	<u>additional paid-in capital</u>	<u>subsidaries</u>	<u>from merger</u>
January 1 (same as March 31)	<u>\$ 200,124</u>	<u>\$ 12,353</u>	<u>\$ 2,046</u>

(XVI) 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(1) According to law, the Company may appropriate earnings only after it has provided special reserve under the debit balance of other equity on the balance sheet date. If subsequently the debit balance of other equity is reversed, the reversed amount may be used as appropriable earnings.
- (2) As for the special reserves provided upon initial application of IFRSs to satisfy the requirements specified in the official letter Jin-Guan-Zheng-Fa-Zi No. 1010012865 dated April 6, 2012, the Company may reverse them to the extent of their original provision ratio if subsequently the Company intends to use, dispose of or reclassify related assets. If the said related assets are investment property relating to land, such assets are reversed upon disposal or reclassification; if the said related assets are investment property other than land,

such assets are reversed gradually over the use period.

5. 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.
6. At the board of directors' meeting dated March 2, 2021, the board of directors originally proposed to appropriate common-share dividends in the amount of \$373,100(NT\$4.1 per share) with the earning made in 2020. However, the capital amount increased due to issuance of new shares. As such, at the board of directors' meeting dated April 29, 2021, the board of directors proposed to appropriate common-share dividends in the amount of \$422,849 (NT\$4.1 per share) with the earnings made in 2020.

(XVII) Other equity items

	<u>2021</u>	<u>Foreign currency</u>	<u>Total</u>
	<u>Unrealized gains</u>	<u>translation</u>	
	<u>(losses)</u>		<u>Total</u>
January 1	\$ 165,891	(\$ 180,156)	(\$ 14,265)
Valuation of financial assets at fair value through other comprehensive income:			
- Group	13,081	-	13,081
Exchange differences: - Group			
- Group	-	(14,056)	(14,056)
March 31	<u>\$ 178,972</u>	<u>(\$ 194,212)</u>	<u>(\$ 15,240)</u>

	<u>2020</u>	<u>Foreign currency</u>	<u>Total</u>
	<u>Unrealized gains</u>	<u>translation</u>	
	<u>(losses)</u>		<u>Total</u>
January 1	\$ 124,288	(\$ 214,279)	(\$ 89,991)
Valuation of financial assets at fair value through other comprehensive income:			
- Group	(8,414)	-	(8,414)
Exchange differences: - Group			
- Group	-	(15,659)	(15,659)
March 31	<u>\$ 115,874</u>	<u>(\$ 229,938)</u>	<u>(\$ 114,064)</u>

(XVIII) Operating revenue

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
Revenue from contracts with clients	<u>\$ 1,374,114</u>	<u>\$ 876,461</u>

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

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
Wire-wound products	\$ 894,705	\$ 632,736
Multilayer products	255,261	163,544
LAN transformers	216,007	74,831

Other	<u>8,141</u>	<u>5,350</u>
Total	<u>\$ 1,374,114</u>	<u>\$ 876,461</u>

(XIX) Other income

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
Rental income	\$ 144	\$ 15
Subsidies income	18,597	1,370
Miscellaneous income	<u>281</u>	<u>171</u>
Total	<u>\$ 19,022</u>	<u>\$ 1,556</u>

Government subsidy income is recognized by the Group primarily as a result of the industrial project investment applications in the Si-Hong Economic Development Zone, provincial-level industrial and information industry transformation and upgrading special fund projects, labor employment management office skill improvement training subsidy, etc.

(XX) Other gains and losses

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
Gains on disposal of property, plant and equipment	\$ 25	\$ 36
Exchange gains, net	1,045	13,150
Miscellaneous expenses	<u>(1)</u>	<u>(468)</u>
	<u>\$ 1,069</u>	<u>\$ 12,718</u>

(XXI) Additional Information on the Nature of Expenses

	<u>January 1 to March 31, 2021</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Employee benefits expense	\$ 218,719	\$ 130,909	\$ 349,628
Depreciation expenses of property, plant and equipment	75,720	6,598	82,318
Depreciation of right-of-use assets	551	1,059	1,610
Amortization	174	453	627

	<u>January 1 to March 31, 2020</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Employee benefits expense	\$ 144,217	\$ 67,894	\$ 212,111
Depreciation expenses of property, plant and equipment	68,192	6,254	74,446
Depreciation expenses of right-of-use assets	90	952	1,042
Amortization expenses	107	206	313

(XXII) Employee benefit expense

January 1 to March 31, 2021

	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Salary and wages	\$ 185,691	\$ 119,610	\$ 305,301
Labor and health insurance expense	5,112	3,756	8,868
Pension expense	12,064	3,231	15,295
Other personnel expense	<u>15,852</u>	<u>4,312</u>	<u>20,164</u>
	<u>\$ 218,719</u>	<u>\$ 130,909</u>	<u>\$ 349,628</u>

	<u>January 1 to March 31, 2020</u>		
	<u>Attributable to operating costs</u>	<u>Attributable to operating expenses</u>	<u>Total</u>
Salary and wages	\$ 124,095	\$ 59,263	\$ 183,358
Labor and health insurance expense	3,886	3,127	7,013
Pension expense	7,779	2,518	10,297
Other personnel expense	<u>8,457</u>	<u>2,986</u>	<u>11,443</u>
	<u>\$ 144,217</u>	<u>\$ 67,894</u>	<u>\$ 212,111</u>

- 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.
- For 2021 and from January 1 to March 31, 2020, the employee compensation recognized by the Company were \$16,459 and \$10,278, respectively; and the directors' and supervisors' remunerations recognized were \$4,115 and \$2,569, respectively, which were presented under salary and wages.

The employee compensation and directors' and supervisors' remuneration for 2021 and from January 1 to March 31, 2020 were estimated at 6% and 1.5%, respectively, of the earnings at the end of the period.

The amount of the accrued employee compensation and directors' and supervisors' remuneration for 2020 as had been resolved by the Board of Directors was the same as the amount recognized in the financial statements for 2020.

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.

(XXIII) Income tax

1. Income tax expense

(1) Income tax components:

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
Current tax:		
Tax attributable to taxable income of the period	\$ <u>50,642</u>	\$ <u>17,573</u>
Income tax		
Total current tax	<u>50,642</u>	<u>17,573</u>
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	<u>(10,389)</u>	<u>7,674</u>
Income tax expenses	<u>\$ 40,253</u>	<u>\$ 25,247</u>

(2) Income tax associates with other comprehensive income: None.

(3) Income tax directly debited or credited in equity: None.

2. The Company's for-profit business income tax has been approved by the Revenue Service Office until 2018.

(XXIV) Earnings per share (EPS)

	<u>January 1 to March 31, 2021</u>		Earnings per share (EPS)
	<u>Post-tax amount</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>(NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	<u>\$ 230,912</u>	<u>91,000</u>	<u>\$ 2.54</u>
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 230,912	91,000	
Dilutive effects of the potential common shares			
Employee compensation	<u>-</u>	<u>386</u>	
Profit attributable to shareholders of common shares of the parent plus potentially dilutive ordinary shares effect	<u>\$ 230,912</u>	<u>91,386</u>	<u>\$ 2.53</u>

	<u>January 1 to March 31, 2020</u>		Earnings per share (EPS)
	<u>Post-tax amount</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>(NT\$)</u>
<u>Basic earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	<u>\$ 142,604</u>	<u>91,000</u>	<u>\$ 1.57</u>
<u>Diluted earnings per share</u>			
Profit attributable to shareholders of common shares of the parent	\$ 142,604	91,000	
Dilutive effects of the potential common shares			
Employee compensation	<u>-</u>	<u>1,251</u>	
Profit attributable to shareholders of common shares of the parent plus potentially dilutive ordinary shares effect	<u>\$ 142,604</u>	<u>92,251</u>	<u>\$ 1.55</u>

(XXV) Additional Information on Cash Flows

Investing activities partially involving cash payments:

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
Acquisition of property, plant, and equipment	\$ 360,526	\$ 20,871

Add: Construction and equipment payable at the beginning of the period		83,794		56,098
Notes payable at the beginning of the period		45,604		-
Less: Construction and equipment payable at the end of the period	(	221,500)	(	33,601)
Notes payable at the end of the period	(	133,662)		-
Cash paid in the period	\$	<u>134,762</u>	\$	<u>43,368</u>

(XXVI) Changes in Liabilities Arising from Financing Activities

	<u>2021</u>				Total liabilities from financing activities
	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	
January 1	\$ 697,535	\$ 130,000	\$ 337,000	\$ 7,515	\$ 1,172,050
Changes from financing cash flows	(10,939)	(20,000)	(8,000)	(1,473)	(40,412)
Effects of exchange rate changes	302	-	-	-	302
Other non-cash changes	-	-	-	8,705	8,705
March 31	<u>\$ 686,898</u>	<u>\$ 110,000</u>	<u>\$ 329,000</u>	<u>\$ 14,747</u>	<u>\$ 1,140,645</u>
	<u>2020</u>				
	<u>Short-term borrowings</u>	<u>Short-term notes and bills payable</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	Total liabilities from financing activities
January 1	\$ 646,270	\$ 120,000	\$ 325,286	\$ 9,705	\$ 1,101,261
Changes from financing cash flows	12,713	20,000	(22,429)	(870)	9,414
Effects of exchange rate changes	<u>1,435</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>1,433</u>
March 31	<u>660,418</u>	<u>\$ 140,000</u>	<u>\$ 302,857</u>	<u>\$ 8,833</u>	<u>\$ 1,112,108</u>

VII. Related Party Transactions

(I) Name and Relationship of Related Party

<u>Name of related party</u>	<u>Relationship with the Group</u>
Superworld Electronics (S) Pte Ltd.	Other related party
TAI-TECH ADVANCED ELECTRONICS (S) PTE LTD	Other related party
Superworld Electronics Co., Ltd.	Other related party

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

(II) Significant Transactions with Related Party

1. Operating revenue

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
Sale of goods:		
Other related party	\$ <u>84,722</u>	\$ <u>67,145</u>

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

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
Purchase of goods:		
Other related party	\$ <u>1,986</u>	\$ <u>1,113</u>

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 ordinary suppliers.

3. Freight expenses and miscellaneous expenses

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
Other related party	\$ <u>105</u>	\$ <u>124</u>

4. Lease transactions - lessee

(1) The Group leased buildings from the immediate family members of the major management, with the lease term due between 2018 and 2023 and the rental paid on a monthly basis.

(2) Rental expense

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
Other related party	\$ <u>42</u>	\$ <u>101</u>

(3) Lease liabilities

Balance at the end of the period:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Jui-hsia Tai	\$ 1,653	\$ 1,844	\$ 2,416
Chang-i Hsieh	<u>1,571</u>	<u>1,752</u>	<u>2,296</u>
	<u>\$ 3,224</u>	<u>\$ 3,596</u>	<u>\$ 4,712</u>

5. Accounts receivables due from related party

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts receivable:			
Other related party	<u>\$ 141,054</u>	<u>\$ 114,791</u>	<u>\$ 101,968</u>
Other receivables:			
Other related party	<u>1,327</u>	<u>1,324</u>	<u>51</u>
Total	<u>\$ 142,381</u>	<u>\$ 116,115</u>	<u>\$ 102,019</u>

6. Accounts payables due to related party

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Accounts payable:			
Other related party	<u>\$ 2,532</u>	<u>\$ 3,124</u>	<u>\$ 25,307</u>
Other payables:			
Other related party	<u>103</u>	<u>18</u>	<u>156</u>
Total	<u>\$ 2,635</u>	<u>\$ 3,142</u>	<u>\$ 25,463</u>

7. The Group's long- and short-term loans on March 31, 2021, December 31, 2020, and March 31, 2020 are jointly and severally guaranteed by the key management of the Group.

(III) Remuneration to Major Management

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
Short-term employee benefits	\$ 19,857	\$ 16,618
Post-retirement benefits	311	308
Share-based payments	<u>6,361</u>	<u>-</u>
Total	<u>\$ 26,529</u>	<u>\$ 16,926</u>

VIII. Pledged Assets

The Group's assets pledged as collateral are as follows:

<u>Type of asset</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>	<u>Purpose of collateral</u>
Property, plant and equipment				
-Land	\$ 85,828	\$ 85,828	\$ 85,828	Short and long-term borrowings
- Buildings and structures	23,483	22,738	242,337	Short and long-term borrowings
- Machinery	270,395	276,834	296,153	Long-term borrowings
Right-of-use asset- land use rights	-	-	4,650	Short-term borrowings

IX. Significant Commitments or Contingencies

(I) or Contingencies

None.

(II) Commitments

Capital expenditures committed but not yet incurred

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Property, plant and equipment	<u>\$ 674,081</u>	<u>\$ 218,945</u>	<u>\$ 99,082</u>
Computer software	<u>\$ 1,490</u>	<u>\$ -</u>	<u>\$ -</u>
Patent rights	<u>\$ 13,333</u>	<u>\$ -</u>	<u>\$ -</u>

X. Significant Disaster Losses

None.

XI. Significant Subsequent Events

None.

XII. Others

(I) 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.

(II) Financial Instrument

1. Type of financial instrument

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
<u>Financial Assets</u>			
Financial assets measured at FVTOCI			
Equity instrument specified and selected			
Investment	<u>\$ 204,964</u>	<u>\$ 191,847</u>	<u>\$ 143,360</u>
Financial assets measured at amortized cost			
Cash and cash equivalents	\$ 680,039	\$ 767,619	\$ 686,554
Financial assets measured			
Financial Assets	166,745	167,040	30,225
Notes receivable, net	27,735	28,906	56,182
at cost after amortization (including related parties)	2,007,869	1,752,254	1,358,240
Other receivables	34,199	14,168	11,725
Refundable deposits (recognized under other non-current assets)	<u>2,584</u>	<u>1,917</u>	<u>2,095</u>
	<u>\$ 2,919,171</u>	<u>\$ 2,731,904</u>	<u>\$ 2,145,021</u>
	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>

Financial Liabilities

Financial assets measured at amortized cost			
Short-term borrowings	\$ 686,898	\$ 697,535	\$ 660,418
Short-term notes and bills payable	110,000	130,000	140,000
Notes payable	144,230	56,755	66,656
Accounts payable (including related party)	621,051	571,419	433,370
Other payables	710,326	581,267	396,698
Long-term borrowings (including those due within 1 year)	329,000	337,000	302,857
	<u>\$ 2,601,505</u>	<u>\$ 2,373,976</u>	<u>\$ 1,999,999</u>
Lease liabilities (including those due to related parties)	<u>\$ 14,747</u>	<u>\$ 7,515</u>	<u>\$ 8,833</u>

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

- D. 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.
- E. 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.
- F. Since the Group engages in business involving multiple functional currencies (e.g., the Company's functional currency is NTD while some subsidiaries' functional currencies are either USD or RMB), the Group is subject to fluctuation in foreign exchange rates. Foreign-currency-denominated assets and liabilities having significant impacts if foreign exchange rates change were as follows:

<u>March 31, 2021</u>			
(Foreign currency: functional currency)	<u>Foreign currency</u>		Carrying amount
	<u>(in thousands)</u>	<u>Exchange rate</u>	<u>(New Taiwan Dollars)</u>
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD : NTD	\$ 46,391	28.54	\$ 1,323,999
RMB : NTD	71,487	4.34	310,254

USD : RMB	32,320	6.57	212,342
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD : NTD	\$ 38,751	28.54	\$ 1,105,954
RMB : NTD	32	4.34	139
USD : RMB	15,576	6.57	102,334
<u>December 31, 2020</u>			
			Carrying amount
	<u>Foreign currency</u>		
	<u>(in thousands)</u>	<u>Exchange rate</u>	<u>(New Taiwan Dollars)</u>
(Foreign currency: functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
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
<u>Financial Liability</u>			
<u>Monetary items</u>			
USD:NTD	\$ 33,205	28.48	\$ 945,678
RMB:NTD	15	4.36	65
USD:RMB	20,630	6.52	134,508
<u>March 31, 2020</u>			
			Carrying amount
	<u>Foreign currency</u>		<u>(New Taiwan</u>
	<u>(in thousands)</u>	<u>Exchange rate</u>	<u>Dollars)</u>
(Foreign currency: functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 42,679	30.23	\$ 1,290,186
RMB:NTD	806	4.27	3,442
USD:RMB	26,074	7.09	184,865
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 19,985	30.23	\$ 604,147
RMB:NTD	7	4.27	30
USD:RMB	17,988	7.09	127,535

G. The Group's monetary items have a significant impact due to exchange rate fluctuations. The aggregate amount of all exchange incomes (including realized and unrealized) recognized in 2021 and from January 1 to March 31, 2020 were exchange gains of NT\$1,045 and profits of NT\$13,150,

respectively. Since the Group's transactions involve multiple currencies that have significant foreign exchange impacts, they are disclosed as a whole.

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

<u>January 1 to March 31, 2021</u>			
<u>Sensitivity Analysis</u>			
	<u>Fluctuation</u>	<u>Effects on P/L</u>	<u>Impact on other comprehensive income</u>
(Foreign currency: functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 13,240	\$ -
RMB : NTD	1%	3,103	-
USD:RMB	1%	2,123	-
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	11,060	-
USD:RMB	1%	1,023	-

<u>January 1 to March 31, 2020</u>			
<u>Sensitivity Analysis</u>			
	<u>Fluctuation</u>	<u>Effects on P/L</u>	<u>Impact on other comprehensive income</u>
(Foreign currency: functional currency)			
<u>Financial Assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 12,902	\$ -
RMB : NTD	1%	34	-
USD:RMB	1%	1,849	-
<u>Financial Liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	6,041	-
USD:RMB	1%	1,275	-

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 these equity instruments increases or decreases by 1% and all other factors remain unchanged, the gains or losses on other comprehensive income classified as equity investments

measured at fair value in 2021 and from January 1 to March 31, 2020 through other comprehensive income would increase by NT\$2,050 and decrease by NT\$1,434, respectively.

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. For 2021 and from January 1, 2020 to March 31, 2020, the Group's borrowings bearing a floating interest rate are denominated in NTD and USD.
- B. When the NTD borrowing rate increases or decreases by 1% and all other factors remain unchanged, the post-tax net profit for 2021 and from January 1 to March 31, 2020 would decrease or increase by \$2,032 and \$1,927, 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. As of March 31, 2021, December 31, 2020, and March 31, 2020, the Group's debts that had been written off but were continually pursued were \$0, respectively.
- 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. By taking into account the forward-looking consideration that economic indicators hold, the Group adjusts the expected credit loss rate that was established based on historical or present information to estimate the allowance for accounts receivable, notes receivable and uncollectible overdue receivables. The preparation matrices as of March 31, 2021, December 31, 2020, and March 31, 2020 were as follows:

	<u>Individual disclosure</u>	<u>Not overdue</u>	<u>Overdue within 30 days</u>	<u>Overdue 31 ~ 90 days</u>	<u>Overdue 91 ~ 180 days</u>	<u>Overdue within 181 Over 181 days</u>	<u>Total</u>
<u>March 31, 2021</u>							
Expected loss (%)	100.00%	0.07%	5.44%	6.94%	100.00%	100.00%	
Total carrying amount	\$ 1,252	\$ 2,022,815	\$ 16,758	\$ 2,733	\$ -	\$ -	\$ 2,043,558
Loss allowance	\$ 1,252	\$ 1,228	\$ 581	\$ 27	\$ -	\$ -	\$ 3,088

	<u>Individual disclosure</u>	<u>Not overdue</u>	<u>Overdue within 30 days</u>	<u>Overdue 31 ~ 90 days</u>	<u>Overdue 91 ~ 180 days</u>	<u>Overdue within 181 Over 181 days</u>	<u>Total</u>
<u>December 31, 2020</u>							
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
	<u>Individual disclosure</u>	<u>Not overdue</u>	<u>Overdue within 30 days</u>	<u>Overdue 31 ~ 90 days</u>	<u>Overdue 91 ~ 180 days</u>	<u>Overdue within 181 Over 181 days</u>	<u>Total</u>
<u>March 31, 2020</u>							
Expected loss (%)	100.00%	0.57%	24.80%	65.88%	100.00%	100.00%	
Total carrying amount	\$ 1,252	\$ 1,408,379	\$ 17,873	\$ 889	\$ -	\$ -	\$ 1,428,393
Loss allowance	\$ 1,252	\$ 7,702	\$ 4,432	\$ 585	\$ -	\$ -	\$ 13,971

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

	<u>2021</u>			
	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>Uncollectible overdue receivables</u>	<u>Total</u>
January 1	\$ 1,842	\$ -	\$ 1,252	\$ 3,094
Exchange rate effects	(6)	-	-	(6)
March 31	\$ 1,836	\$ -	\$ 1,252	\$ 3,088
	<u>2020</u>			
	<u>Accounts Receivable</u>	<u>Notes receivable</u>	<u>Uncollectible overdue receivables</u>	<u>Total</u>
January 1	\$ 16,977	\$ -	\$ 1,252	\$ 18,229
Impairment loss reversed	(4,226)	-	-	(4,226)
Exchange rate effects	(32)	-	-	(32)
March 31	\$ 12,719	\$ -	\$ 1,252	\$ 13,971

(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:

March 31, 2021	Less than 1 year	1~2 years	2~5 years
----------------	------------------	-----------	-----------

Short-term borrowings	\$ 686,898	\$ -	\$ -
Short-term notes and bills payable	110,000	-	-
Notes payable	144,230	-	-
Accounts payable	618,519	-	-
Accounts payables to related parties	2,532	-	-
Other payables	710,326	-	-
Lease liabilities (including the portion with maturity in one year)	6,213	5,309	3,225
Long-term borrowings (including the portion with maturity in one year)	69,732	183,117	80,468

Non-derivative financial liabilities:

December 31, 2020	Less than 1 year	1~2 years	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 liability (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:

March 31, 2020	<u>Less than 1 year</u>	<u>1~2 years</u>	<u>2~5 years</u>
Short-term borrowings	\$ 660,418	\$ -	\$ -
Short-term notes and bills payable	140,000	-	-
Notes payable	66,656	-	-
Accounts payable	408,063	-	-
Accounts payables to related parties	25,307	-	-
Other payables	396,698	-	-
Lease liabilities (including the portion with maturity in one year)	3,336	2,777	2,720
Long-term borrowings (including the portion with maturity in one year)	67,843	48,976	190,653

- 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.

(III) 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

Management of the Group thinks that the carrying amount of financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivables, other receivables, lease liability and long-term borrowings (including the portion with maturity in one year), is the reasonable approximation of their fair value.

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:

March 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income				
Equity-based securities	<u>\$ 71,033</u>	<u>\$ -</u>	<u>\$ 133,931</u>	<u>\$ 204,964</u>
December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income				
Equity-based securities	<u>\$ 54,858</u>	<u>\$ -</u>	<u>\$ 136,989</u>	<u>\$ 191,847</u>
March 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through other comprehensive income				
Equity-based securities	<u>\$ 21,371</u>	<u>\$ -</u>	<u>\$ 121,989</u>	<u>\$ 143,360</u>

(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:

	<u>Listed shares</u>
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. For 2021 and from January 1 to March 31, 2020, there was no transfer between Level 1 and Level 2 fair value hierarchy.
5. Changes in Level 3 fair value hierarchy are stated as follows for 2021 and from January 1 to March 31, 2020:

	<u>2021</u> <u>Equity-based</u> <u>securities</u>	<u>2020</u> <u>Equity-based</u> <u>securities</u>
January 1	\$ 136,989	\$ 126,151
Gains or losses recognized in other comprehensive income		
Unrealized gains (losses) from investments in equity instruments at fair value through other comprehensive income recognized	(3,094)	(4,324)
Exchange rate effects	<u>36</u>	<u>162</u>
March 31	<u>\$ 133,931</u>	<u>\$ 121,989</u>

6. For 2021 and from January 1 to March 31, 2020, there was no transfer into or out of Level 3.
7. Valuation process regarding fair value Level 3 is conducted by the Group's Administration Department, which conducts an independent fair value verification through 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:

	<u>March 31, 2021</u> <u>Fair value per unit</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship of inputs and fair value</u>
Non-derivative equity instruments:					
Unlisted shares	\$ 133,931	Public company comparables	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value

	<u>December 31, 2020</u> <u>Fair value per unit</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship of inputs and fair value</u>
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

	<u>March 31, 2020</u> <u>Fair value per unit</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interval (weighted average)</u>	<u>Relationship of inputs and fair value</u>
Non-derivative equity instruments:					

Unlisted shares	\$ 121,989	Public company comparables	Discount for lack of marketability	25%	The higher the discount for lack of marketability, the lower the fair value
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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:

		<u>March 31, 2021</u>		<u>Recognized in other comprehensive income (OCI)</u>	
		<u>Recognized in P/L</u>		<u>Favorable</u>	<u>Unfavorable</u>
		<u>Favorable</u>	<u>Unfavorable</u>	<u>changes</u>	<u>changes</u>
	<u>Inputs</u>	<u>Changes</u>	<u>changes</u>	<u>changes</u>	<u>changes</u>
Financial Assets					
Equity instruments	\$ 178,578 ±1%		\$ - \$ -	\$ 1,712	(\$ 1,712)

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

		<u>March 31, 2020</u>		<u>Recognized in other comprehensive income (OCI)</u>	
		<u>Recognized in P/L</u>		<u>Favorable</u>	<u>Unfavorable</u>
		<u>Favorable</u>	<u>Unfavorable</u>	<u>changes</u>	<u>changes</u>
	<u>Inputs</u>	<u>Changes</u>	<u>changes</u>	<u>changes</u>	<u>changes</u>
Financial Assets					
Equity instruments	\$ 162,650 ±1%		\$ - \$ -	\$ 1,814	(\$ 1,814)

XIII. Additional Disclosures

(I) 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 or 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. The Business Relationship, Significant Transactions and Significant Transaction Amount between Parent and Subsidiaries or among Subsidiaries: refer to Table 6.

(II) Information on Indirect Investment

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

(III) 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

(I) 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.

(II) Segment Information

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

	<u>January 1 to March 31, 2021</u>	<u>January 1 to March 31, 2020</u>
Segment revenue	<u>\$ 1,374,114</u>	<u>\$ 876,461</u>
Segment gross profit	<u>\$ 458,202</u>	<u>\$ 279,562</u>
Segment profits or losses	<u>\$ 271,165</u>	<u>\$ 167,851</u>
Discount and amortization	<u>\$ 84,555</u>	<u>\$ 75,801</u>
Income tax expenses	<u>\$ 40,253</u>	<u>\$ 25,247</u>
	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Segment assets	<u>\$ 6,722,667</u>	<u>\$ 5,324,489</u>
Segment liabilities	<u>\$ 2,882,196</u>	<u>\$ 2,198,366</u>

(III) 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.

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

Loans of funds to others

January 1 to March 31, 2021

Table 1

Unit: NT\$ thousand
(unless otherwise specified)

No.	Lending company	Borrowing party	Transaction item	Whether it is a related party	Highest balance		Amount actually drawn	Interest rate range	Nature of loaning of funds	Business transaction amount	Reason for necessary short-term financing	Allowance for impairment		Collaterals		Loan and limit for individual borrower (Note)	Total limit of loaning of funds to others (Note)	Remarks
					Maximum Amount	Ending balance						Loss		Name	Value			
1	Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	\$ 57,070 (USD 2,000 thousand)	\$ 57,070 (USD 2,000 thousand)	\$ 37,096 (USD 1,300 thousand)	2.40%	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	-	\$ 1,847,980	\$ 1,847,980	
1	Fixed Rock Holding Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Other receivables	Yes	\$ 85,605 (USD 3,000 thousand)	\$ 85,605 (USD 3,000 thousand)	\$ 57,070 (USD 2,000 thousand)	1.00%	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	-	\$ 1,847,980	\$ 1,847,980	
3	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Other receivables	Yes	\$87,747 (RMB 20,000 thousand)	\$86,847 (RMB 20,000 thousand)	\$86,847 (RMB 20,000 thousand)	3.80%	Short-term financing fund	\$ -	Business revolving fund	\$ -	-	\$ -	-	\$ 761,816	\$ 761,816	

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

January 1 to March 31, 2021

Table 2

Unit: NTS thousand

(unless otherwise specified)

No.	Endorsed/guaranteed party name			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
	Endorsement/guarantee provider	Provider	Relationship											
0	Tai-Tech Advanced Electronics Co., Ltd.	Fixed Rock Holding Ltd.	Subsidiary	\$ 1,536,189	\$199,745 (USD7,000 thousand)	\$171,210 (USD6,000 thousand)	\$57,070 (USD2,000 thousand)	\$ -	4.46%	\$ 1,920,236	Yes	No	No	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Subsidiary	\$ 1,536,189	\$285,350 (USD10,000 thousand)	\$199,745 (USD7,000 thousand)	\$99,873 (USD3,500 thousand)	\$ -	5.20%	\$ 1,920,236	Yes	No	Yes	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Subsidiary	\$ 1,536,189	\$57,070 (USD2,000 thousand)	\$57,070 (USD2,000 thousand)	-	\$ -	1.49%	\$ 1,920,236	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)

March 31, 2021

Table 3

Unit: NT\$ thousand

(unless otherwise specified)

<u>Holding company name</u>	<u>Marketable securities types and name</u>	<u>Relationship with issuer</u>	<u>Financial statement account</u>	<u>Number of shares (thousand shares)</u>	<u>End of period</u>		<u>Fair value per unit</u>	<u>Remarks</u>
					<u>Carrying amount</u>	<u>Shareholdings Percentage</u>		
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	\$ 71,033	1%	\$ 71,033	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	133,931	10%	133,931	Unpledged

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

Transaction with Related Party That Reaches NTS100 Million or 20% or More of Paid-in Capital

January 1 to March 31, 2021

Table 4

Unit: NTS thousand

(unless otherwise specified)

<u>Company of purchase (sale)</u>	<u>Transaction party name</u>	<u>Relationship</u>	<u>Transaction Details</u>			<u>Abnormal Transaction and Reason</u>			<u>Notes/Accounts Receivable (Payable)</u>		<u>Remarks</u>
			<u>Purchase (Sale)</u>	<u>Amount</u>	<u>Percentage of total purchase (sale)</u>	<u>Payment terms</u>	<u>Unit price</u>	<u>Payment terms</u>	<u>Balance</u>	<u>Percentage of total notes/accounts receivable (payable)</u>	
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	Sales	(140,406)	13%	Note 1	Note 1	-	232,600	14%	
TAI-TECH Advanced Electronics (Kunshan)	Tai-Tech Advanced Electronics Co., Ltd.	Associate	Sales	(217,565)	56%	Note 1	Note 1	-	291,956	52%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	Sales	(331,028)	41%	Note 1	Note 1	-	498,701	40%	
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Associate	Sales	(132,397)	16%	Note 1	Note 1	-	216,328	18%	

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

March 31, 2021

Table 5

Unit: NT\$ thousand

(unless otherwise specified)

<u>Company of accounts receivable recognized</u>	<u>Transaction party name</u>	<u>Relationship</u>	<u>Balance of accounts receivables</u>		<u>Overdue amount of accounts receivable from related party</u>		<u>Amounts received in subsequent period</u>	<u>Allowance for Impairment</u>	
			<u>due from related party</u>	<u>Turnover rate</u>	<u>Amount</u>	<u>Treatment method</u>		<u>Loss</u>	<u>Loss</u>
Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Parent-subsidiary	\$ 232,600	0.62	\$ -	-	\$ 46,736	\$ -	-
Tai-Tech Advanced Electronics Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Parent-subsidiary	142,945	1.78	-	-	21,705	-	-
TAI-TECH Advanced Electronics (Kunshan)	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	291,956	0.74	-	-	71,054	-	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	Tai-Tech Advanced Electronics Co., Ltd.	Parent-subsidiary	498,701	0.73	-	-	97,323	-	-
TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	TAI-TECH Advanced Electronics (Kunshan)	Associate	216,328	0.56	-	-	55,688	-	-
Tai-Tech Advanced Electronics Co., Ltd.	Superworld Electronics (S) Pte. Ltd.	Other related party	100,587	0.66	88	Subsequent payment collection	34,373	-	57

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

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

January 1 to March 31, 2021

Table 6

Unit: NTS thousand
(unless otherwise specified)

<u>No.</u> <u>(Note 1)</u>	<u>Name of transaction party</u>	<u>Transaction party</u>	<u>Relationship with transaction party</u> <u>(Note 2)</u>	<u>Item</u>		<u>Transaction details</u>		<u>Percentage of consolidated total revenue or total assets</u>
						<u>Amount</u>	<u>Transaction terms</u>	
0	Tai-Tech Advanced Electronics Co., Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Sales revenue	\$	140,406	Note 3	10%
0	"	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts Receivable		232,600	Note 3	3%
0	"	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Accounts payable		498,701	Note 3	7%
0	"	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	1	Purchase		331,028	Note 3	24%
0	"	TAI-TECH Advanced Electronics (Kunshan)	1	Sales revenue		52,532	Note 3	4%
0	"	TAI-TECH Advanced Electronics (Kunshan)	1	Purchase		217,565	Note 3	16%
0	"	TAI-TECH Advanced Electronics (Kunshan)	1	Accounts Receivable		142,945	Note 3	2%
0	"	TAI-TECH Advanced Electronics (Kunshan)	1	Accounts payable		291,956	Note 3	4%
1	Fixed Rock Holding Ltd.	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Other receivables		37,138	Note 3	1%
1	"	TAI-TECH Advanced Electronics (Kunshan)	2	Other receivables		57,327	Note 3	1%
2	TAI-TECH Advanced Electronics (Kunshan)	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Purchase		132,397	Note 3	10%
2	"	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Accounts payable		216,328	Note 3	3%
2	"	TAIPAQ Electronic Components (Si-Hong) Co., Ltd.	2	Other receivables		89,225	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 from January 1, 2021 to March 31, 2021 is higher than NTS10 million.

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

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

January 1 to March 31, 2021

Table 7

Unit: NTS thousand

(unless otherwise specified)

<u>Name of Investor</u>	<u>Name of Investee</u>	<u>Location</u>	<u>Main business</u>	<u>Initial investment amount</u>		<u>Number of shares (in thousands)</u>	<u>End of term holding</u>		<u>Carrying amount</u>	<u>Current profit/loss of investee</u>	<u>Current investment profit/loss recognized</u>	<u>Remarks</u>
				<u>End of current period</u>	<u>End of last year</u>		<u>percentage</u>	<u>percentage</u>				
Tai-Tech Advanced Electronics Co., Ltd.	North Star International Limited	SAMOA	Buying and selling of electronic components	\$ 3,283	\$ 3,283	100	100%	\$ 80,745	(\$ 27)	(\$ 27)		
Tai-Tech Advanced Electronics Co., Ltd.	Best Bliss Investments Limited	Cayman Islands	Re-invested business	1,113,277	1,113,277	34,250	100%	2,825,419	106,048	122,029		
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%	1,850,387	83,530	83,530		

Tai-Tech Advanced Electronics Co., Ltd. and Subsidiaries
Information on Investments in Mainland China - Basic Information
January 1 to March 31, 2021

Table 8

Unit: NT\$ thousand
(unless otherwise specified)

Name of investee in Mainland China	Main business	Paid-in capital	Investment method	Outward remittance or repatriation of investment amount of the current period		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
				Accumulated outward remittance for investment from Taiwan at beginning of the current period	Outward remittance								Repatriation
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)	\$ 15,617	100%	\$ 15,617	\$ 761,816	\$ -	
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)	90,419	100%	90,419	1,959,108	-	

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)	\$ 1,265,328 (USD 44,343 thousand)	\$ 2,304,283

- 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 financial statements audited by CPA retained by the parent company in Taiwan.
Note 4: The Company liquidated TAI-TECH Advanced Electronics (Dongguan) in 2015 and the accumulated investment loss amount is USD 1,513 thousand.
Note 5: NTD is calculated based on the historical exchange rate.
Note 6: NTD is calculated based on rate of the balance sheet date
Note 7: The third-place proprietary fund and debt-equity swap investment amount are excluded.