Pan-International Industrial Corp.
Parent Company Only Financial Statements and Auditors' Report
2020 and 2019
(Stock code 2328)

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version, or any difference in the interpretation between the two versions, the Chinese language auditors' report and financial statements shall prevail.

Pan-International Industrial Corp.
2020 and 2019 Parent Company Only Financial Statements and Auditors' Report
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Auditors' Report

(2021) Cai-Shen-Bao-Zi. No. 20003400

To Pan-International Electronics Inc.

Audit Opinions

We have audited the parent company only Balance Sheet of Pan-International Industrial Corp. of December 31, 2020 and 2019, and the Separate Comprehensive Income Statement, Separate Statement of Changes in Shareholders Equity, the Separate Statement of Cash Flows, and the Notes to Separate Financial Statements (including the summary of significant accounting policies) covering the period of January 1 to December 31, 2020 and 2019.

In our opinion, on the basis of the result of our audit and the audit reports presented by other accountants (please refer to additional information section), all the material items prepared in these separate separate financial statements are in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Therefore, they are able to properly express the separate financial position of Pan-International Industrial Corp. as of December 31, 2020 and 2019, and the separate financial performance and separate cash flows from January 1 to December 31, 2020 and 2019.

Basis of our opinions

We conducted our audits in accordance with the Rules Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the generally accepted auditing standards in the Republic of China for the statements of 2020, and the Regulations Governing the Audit and Attestation of Financial Statements by Certified Public Accountants, "Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25,2020", and the auditing principles generally accepted in the Republic of China for the statements of 2019. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Separate Financial Statements. We are independent of Pan-International Group in accordance with the CPA Code of Professional Ethics of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. On the basis of the result of our audit and the audit reports presented by other certified public accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of Pan-International Industrial Corp. in 2020. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters in the 2020 Separate Financial Statements of Pan-International Industrial Corp. are specified below:

Assessment of the provision for valuation loss on inventory

Description

For information on the accounting policy of valuation of inventory, refer to Note 4 (13) of the Notes to Separate Financial Statements. The accounting estimate, and the uncertainty of assumption of the valuation of inventory is specified in Note 5 (2) of the Notes to Separate Financial Statements. The inventory items are specified in Note 6 (3) of the Notes to Separate Financial Statements. As of December 31, 2020, the balance of inventory and provision for valuation loss for Pan-International Industrial Corp. amounted to NT$207,250,000 and NT$50,976,000, respectively. The balance of inventory and provision for evaluation loss as stated in the consolidated financial statements of the same date amounted to NT$2,163,387 and NT$196,191,000, respectively.

The main product line marketed by Pan-International Industrial Corp. are cables for electronic signals, connectors, PCB and computer peripherals manufactured by subsidiaries. Rapid changes in the technological environment allows for only a short life cycle of the inventory. In addition, the inventory is highly vulnerable to price fluctuations in the market. The result is devaluation due to vfalling prices of inventory, or the risk of phase out is higher. Pan-International Industrial Corp. and its subsidiaries measure the normal sale of inventory using the lower of the cost or the net realizable value. The above provision for the valuation of inventory loss is mainly based on obsolete items or damaged items of inventory. The net realizable value is based on the experience of handling obsolete items of inventory in the estimation. Because the amount of inventory of Pan-International Industrial Corp. and subsidiaries is significant and the inventory covers a great variety of items, it requires human judgment in sorting out the obsolete or damaged items from the inventory. This requires further judgment in the audit. We therefore listed the provision for valuation loss of inventory of Pan-International Industrial Corp. and its subsidiaries as key audit matter.

The appropriate audit procedure

We have conducted the following audit procedures on the provision for valuation loss of obsolete or damaged inventory:

Assess to determine if the policies for recognizing the provision for valuation loss of inventory in the financial statement period is consistent and reasonable.
Examine if the logic of the system of the inventory aging table for the valuation of inventory used by the management is appropriate, in order to confirm that the information presented in the financial statements is congruent with the policies.
Assess to determine if the provision for valuation loss of inventory is reasonable on the basis of the discussion with the management on the valuation of the net realizable value of the obsolete and damaged items of inventory and the supporting documents obtained.

The appropriateness of the manual journal entries

Description

The journal entries tracked the day-to-day transactions that took place, and the balance of the items for the financial statements and transaction amount are constituted through posting, aggregation, and classification. Pan-International Industrial Corp. classifies its daily journal entries into automatic entries and manual entries. Automatic entries refers to the operation procedure of initial transactions through the front-end subsystem (e.g., the systems of sale, purchase, production, and inventory) and the approval procedure, and the transfer of related transaction entities to the daily journal. Manual entries use a manual operation mode to directly record and approve other non-automatic transfers in the daily journal.

There are many modes for manual entries and they are complex, which involve manual operation and judgment. Inappropriate daily journal entries may result in material misstatement in the financial statements. We hold that manual entries in the daily journal are highly risky by nature, and singled out the examination of manual entries in the daily journal as key audit matter.

The appropriate audit procedure

The audit procedure used and the general summary is specified as follows:

Understand and assess the character of manual entries in the daily journal and the entry process, the effectiveness of control, and the appropriate division of labor and authority among the staff, including inappropriate personnel, time, and account titles.

From the above understanding and assessment, for entries identified as high risk due to manual entry, we checked related supporting documents, the appropriateness of the entries, and the confirmation and approval of the authorized personnel.

Other matters - Audits conducted by other certified public accountants

Some of the investee companies of Pan-International Industrial Corp. accounted for under the equity method were presented in the Separate Financial Statements. We did not audit the financial statements of these companies. These financial statements were audited by other certified public accountants, and we have made adjustments to these financial statements to make them consistent in accounting policy and conducted necessary examination procedures. Therefore, we presented an opinion on the above separate financial statements and the amount presented thereof is based on the auditors' report of the other certified public accountants. The investment of the above companies accounted for under the equity method amounted to NT$2,837,693 thousand and NT$2,773,549 thousand as of December 31, 2020 and 2019, which accounted for 19% and 17% of the individual total assets, respectively. The comprehensive income recognized by the aforementioned companies in the period of January 1 to December 31, 2020 and 2019, amounted to NT$179,547 thousand and NT$142,334 thousand, and accounted for 25% and 24% of the individual comprehensive incomes, respectively.

Responsibilities of Management and Those Charged with Governance for the Separate Financial Statements.

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

In preparing the separate financial statements., management is responsible for assessing the ability of Pan-International Industrial Corp. to continue as a going concern, disclosing relevant matters, and using the going concern basis of accounting, unless management either intends to liquidate Pan-International Industrial Corp. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Auditing Committee) are responsible for overseeing the financial reporting process of Pan-International Industrial Corp.

Auditor’s Responsibilities for the Audit of the Separate Financial Statements

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

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

Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of Pan-International Industrial Corp.

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

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Pan-International Industrial Corp. and its ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Pan-International Industrial Corp. to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the separate financial statements (including the notes to the statements), and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Obtain sufficient appropriate audit evidence regarding the financial information of the entities within Pan-International Industrial Corp. to express an opinion on the separate financial statements. We are responsible for the direction, supervision and performance of the separate audit, and we are responsible for forming an audit opinion on the separate financial statements.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence (and where applicable, related safeguards).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of Pan-International Industrial Corp. in 2020 and therefore are the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when,in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

Man-Yu Ruan Lu

Independent Auditors

Min-Chuan Feng

Former Financial Supervisory Commission, Executive Yuan
Approval No.: Jin-Guan-Cheng-Shen-Zi No. 0990058257
Former Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan
Approval No.: Jin-Guan-Cheng-VI-Zi No. 0960038033

March 23, 2021

Pan-International Industrial Corp.
Parent Company Only Balance Sheet
December 31, 2020 and 2019

Unit: NTD thousand

	Assets	Note	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets					
1100	Cash and cash equivalents	6 (1)	$ 1,376,015	9	$ 496,952	3
1170	Net accounts receivable	6 (2)	938,742	6	1,393,409	8
1180	Accounts receivable - Related parties net	7	1,489,916	10	2,712,213	17
1200	Other receivables	7	423,543	3	444,383	3
130X	Inventory	6 (3)	156,274	1	768,746	5
1479	Other current assets -others		2,270	-	3,411	-
11XX	**Total current assets**		4,386,760	29	5,819,114	36
	Non-Current Assets					
1517	Financial assets measured at fair value through other comprehensive income - Non-current	6 (4)	1,233,266	9	855,556	6
1550	Investment by equity method	6 (5)	9,254,068	62	9,425,629	58
1600	Property, plant, and equipment	6 (6)	18,788	-	19,704	-
1760	Net investment property	6 (7)	34,371	-	34,591	-
1840	Deferred tax assets	6 (20)	27,451	-	38,194	-
1990	Other noncurrent assets - others		248	-	648	-
15XX	**Total non-current assets**		10,568,192	71	10,374,322	64
1XXX	**Total assets**		$ 14,954,952	100	$ 16,193,436	100

(To be Continued)

Pan-International Industrial Corp.
Parent Company Only Balance Sheet
December 31, 2020 and 2019

Unit: NTD thousand

	LIABILITIES AND EQUITY	Note	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liability					
2100	Short-term borrowings	6 (8)	$ 1,367,040	9	$ 1,573,950	10
2130	Contractual liabilities - Current		42,286	-	36,448	-
2170	Accounts payable		661,873	4	1,095,039	7
2180	Accounts payable - Related parties	7	1,299,798	9	2,102,596	13
2200	Other payables	6 (9)	174,857	1	190,544	1
2230	Current tax liabilities	6 (20)	77,878	1	61,093	-
2399	Other current liabilities - Other		500	-	768	-
21XX	**Total current liabilities**		3,624,232	24	5,060,438	31
	Non-current liabilities					
2570	Deferred tax liabilities	6 (20)	147,286	1	128,223	1
2640	Net defined benefit liabilities-	6 (10)				
	noncurrent		12,459	-	40,776	-
2670	Other noncurrent liabilities - others		5,186	-	5,187	-
25XX	**Total non-current liabilities**		164,931	1	174,186	1
2XXX	**Total liabilities**		3,789,163	25	5,234,624	32
	interests					
	Share capital	6 (11)				
3110	Common share capital		5,183,462	35	5,183,462	32
	Capital surplus	6 (12)				
3200	Capital surplus		1,503,606	10	1,503,606	10
	Retained earnings	6 (13)				
3310	Legal reserve		1,062,342	7	959,410	6
3320	Special reserve		1,312,274	9	883,205	6
3350	Unappropriated earnings		3,453,829	23	3,741,403	23
	Other equities	6 (14)				
3400	Other equities		(1,349,724)	(9)	(1,312,274)	(9)
3XXX	**Total equity**		11,165,789	75	10,958,812	68
3X2X	**Total liabilities and equity**		$ 14,954,952	100	$ 16,193,436	100

The notes to the separate financial statements attached constitute an integral part of the statements, please refer to them, too.

Chairman：Sung-Fa Lu　　Manager：Sung-Fa Lu　　Accounting supervisor：Feng-An Huang

Pan-International Industrial Corp.
Parent Company Only Comprehensive Income Statement
January 1 to December 31, 2020 and 2019

Unit: NTD thousand
(except in NTD for earnings per share)

	Item	Note	2020 Amount	2020 %	2019 Amount	2019 %
4000	Operating revenue	6 (15) and 7	$ 12,132,878	100	$ 17,288,805	100
5000	Operating cost	6 (13) (18) and 7	(11,526,383)	(95)	(16,656,188)	(96)
5900	Operating profit margin		606,495	5	632,617	4
	Operating expenses	6 (18)				
6100	Selling and marketing expenses		(70,729)	-	(90,863)	(1)
6200	General and administrative expenses		(70,307)	(1)	(73,851)	-
6300	Research and development expenses		(12,380)	-	(11,832)	-
6450	Anticipated credit impairment (loss) benefit	12 (2)	(1,848)	-	319	-
6000	Total operating expenses		(155,264)	(1)	(176,227)	(1)
6900	Operating profit		451,231	4	456,390	3
	Non-operating income and expense					
7100	Interest income		8,343	-	9,574	-
7010	Other income	6 (16)	9,225	(1)	17,068	-
7020	Other gains and losses	6 (17)	(29,460)	-	123,929	1
7050	Financial costs	6 (19)	(21,966)	-	(44,254)	-
7070	The proportion of income from subsidiaries, associates, and joint ventures accounted for under the equity method		341,342	3	591,614	3
7000	Total non-operating income and expenses		307,484	2	697,931	4
7900	**Net income before tax**		758,715	6	1,154,321	7
7950	Income tax expense	6 (20)	(95,525)	(1)	(124,998)	(1)
8200	**Net income for the period**		$ 663,190	5	$ 1,029,323	6
	Other comprehensive income (net)					
	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasured value of defined benefit plan	6 (10)	$ 26,166	-	($ 3,867)	-
8316	Unrealized evaluation profit and loss of equity instrument measured at fair value through other comprehensive income	6 (14)	554,103	5	(107,578)	(1)
8330	The other comprehensive income from subsidiaries, associates, and joint ventures accounted for under the equity method-items not reclassified as income	6 (21)	(411,687)	(3)	(43,222)	-
8349	Income tax related to items not reclassified	6 (20)	(5,233)	-	773	-
8310	Total of items not reclassified to profit or loss		163,349	2	(153,894)	(1)
	Items that may be reclassified subsequently to profit or loss:					
8361	Currency translation difference	6 (14)	(101,216)	(1)	(278,778)	(2)
8360	Total of items that may be reclassified subsequently to profit or loss:		(101,216)	(1)	(278,778)	(2)
8300	**Other comprehensive income (net)**		$ 62,133	1	($ 432,672)	(3)
8500	**Total comprehensive income in the current period**		$ 725,323	6	$ 596,651	3
	Earnings per share (EPS)	6 (22)				
9750	Basic earnings per share		$	1.28	$	1.99
9850	Diluted earnings per share		$	1.27	$	1.97

The notes to the separate financial statements attached constitute an integral part of the statements, please refer to them, too.

Chairman：Sung-Fa Lu   Manager：Sung-Fa Lu   Accounting supervisor：Feng-An Huang

Pan-International Industrial Corp.
Parent Company Only Statement of Changes in Shareholders Equity
January 1 to December 31, 2020 and 2019

Unit: NTD thousand

			Capital surplus			Retained earnings			Other equities		
	Note	Common share capital	Capital reserve - Issuance premium	Capital reserve - Treasury share transaction	Capital reserve - difference between the price and face value from the acquisition or disposal of equity with subsidiaries.	Legal reserve	Special reserve	Unappropriated earnings	Currency translation difference	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
2019											
January 1		$ 5,183,462	$ 1,402,318	$ 98,543	$ 2,745	$ 840,872	$ 496,898	$ 3,790,709	($ 783,138)	($ 100,067)	$ 10,932,342
Net income for the period		-	-	-	-	-	-	1,029,323	-	-	1,029,323
Other comprehensive income recognized for the period	6 (14) (21)	-	-	-	-	-	-	(3,603)	(278,778)	(150,291)	(432,672)
Total comprehensive income in the current period		-	-	-	-	-	-	1,025,720	(278,778)	(150,291)	596,651
Earnings distribution and appropriation for 2018:	6 (13)										
Provision of legal reserve		-	-	-	-	118,538	-	(118,538)	-	-	-
Provision of special reserve		-	-	-	-	-	386,307	(386,307)	-	-	-
Cash dividends		-	-	-	-	-	-	(570,181)	-	-	(570,181)
December 31		$ 5,183,462	$ 1,402,318	$ 98,543	$ 2,745	$ 959,410	$ 883,205	$ 3,741,403	($ 1,061,916)	($ 250,358)	$ 10,958,812
2020											
January 1		$ 5,183,462	$ 1,402,318	$ 98,543	$ 2,745	$ 959,410	$ 883,205	$ 3,741,403	($ 1,061,916)	($ 250,358)	$ 10,958,812
Net income for the period		-	-	-	-	-	-	663,190	-	-	663,190
Other comprehensive income recognized for the period	6 (14) (21)	-	-	-	-	-	-	20,860	(101,216)	142,489	62,133
Total comprehensive income in the current period		-	-	-	-	-	-	684,050	(101,216)	142,489	725,323
Earnings distribution and provisions for 2019:	6 (13)										
Provision of legal reserve		-	-	-	-	102,932	-	(102,932)	-	-	-
Provision of special reserve		-	-	-	-	-	429,069	(429,069)	-	-	-
Cash dividends		-	-	-	-	-	-	(518,346)	-	-	(518,346)
Equity instruments measured at fair value through other comprehensive income	6 (14)	-	-	-	-	-	-	78,723	-	(78,723)	-
December 31		$ 5,183,462	$ 1,402,318	$ 98,543	$ 2,745	$ 1,062,342	$ 1,312,274	$ 3,453,829	($ 1,163,132)	($ 186,592)	$ 11,165,789

The notes to the separate financial statements attached constitute an integral part of the statements, please refer to them, too.

Chairman: Sung-Fa Lu　　Manager: Sung-Fa Lu　　Accounting supervisor: Feng-An Huang

Pan-International Industrial Corp.
Parent Company Only Statement of Cash Flows
January 1 to December 31, 2020 and 2019

Unit: NTD thousand

	Note	January 1 to December 31, 2020	January 1 to December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		$ 758,715	$ 1,154,321
Adjustments			
income and expenses items			
Depreciation expenses and amortizations	6 (18)	1,544	1,571
Provision for anticipated credit impairment loss (reversal gain)	12 (2)	1,848	(319)
Net benefits of financial assets and liabilities measured at fair value through the income	6 (17)	-	(13,934)
Interest expense	6 (19)	21,966	44,254
Interest income		(8,343)	(9,574)
Dividend income	6 (16)	-	(5,663)
The proportion of income from subsidiaries, associates, and joint ventures accounted for under the equity method		(341,342)	(591,614)
Net profit from the disposal of non-current assets pending for sale	6 (17)	-	(145,112)
Unrealized foreign exchange gain	6 (23)	(73,935)	(37,140)
Changes in assets/liabilities related to business activities			
Net change in assets related to business activities			
Financial assets and liabilities measured at fair value through the income		-	50,600
Net accounts receivable		452,597	(172,149)
Accounts receivable - Related parties net		1,222,520	1,000,034
Inventory		612,472	288,121
Other receivables		42,563	111,817
Other current assets		1,141	465
Net change in liabilities related to business activities			
Accounts payable		(433,166)	(710,764)
Accounts payable - Related parties		(802,798)	87,835
Other payables		(41,780)	(74,988)
Other current liabilities		(268)	(158)
Other non-current liabilities		(2,151)	2,482
Contractual liabilities		5,838	(121,113)
Cash inflow from operations		1,417,421	858,972
Income tax paid		(54,167)	(137,589)
Net cash inflow from business activities		1,363,254	721,383
Cash flows from investing activities			
Decrease (increase) of funds lend to related parties		946	(989)
Proceeds from disposal of financial assets measured at fair value through other comprehensive income		166,954	-
Refund of capital investment in financial assets measured at fair value through other comprehensive income		9,439	-
Proceeds from disposal of non-current assets pending for sale		-	246,191
Purchase of property, plant and equipment		(220)	-
Decrease (increase) of receivables from purchase of materials for a third party		3,423	(24,638)
Decrease in refundable deposits		211	-
Interest received		8,343	9,574
Dividend received		-	13,363
Net cash inflow from investment activities		189,096	243,501
Cash flows from financing activities			
Decrease in short-term borrowings	6 (23)	(132,975)	(278,190)
Interest paid		(21,966)	(44,254)
Cash dividend payment	6 (13)	(518,346)	(570,181)
Net cash outflow from financing activities		(673,287)	(892,625)
Increase in cash and cash equivalents in the current period		879,063	72,259
Cash and cash equivalents at the beginning of the period		496,952	424,693
Cash and cash equivalents at the end of the period		$ 1,376,015	$ 496,952

The notes to the separate financial statements attached constitute an integral part of the statements, please refer to them, too.

Chairman：Sung-Fa Lu Manager：Sung-Fa Lu Accounting supervisor：Feng-An Huang

Pan-International Industrial Corp.
Notes to Parent Company Only Financial Statements
2020 and 2019

Unit: NTD thousand
(unless otherwise noted)

Organization and operations

Pan-International Industrial Corp. (hereinafter referred to as "the Company") was established in the Republic of China. The principal business of the Company includes the development, manufacturing, and sale of electronic signal cables, connectors, electronic signal cable connectors, precision moulds, PCB and other computer peripherals.

The Authorization of Financial Reports

The Separate Financial Statements have been passed by the Board on March 23, 2021, for announcement.

Application of Newly Released and Revised Standards and Interpretations

The impact of the adoption of the new and revised International Financial Reporting Standards (IFRS) approved by the Financial Supervisory Commission (FSC)

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

New issued/amended/revised standards and interpretations	Effective date of the release of the International Accounting Standards Board
Amendments to IAS 1 and IAS 8 "Disclosure initiative - Definition of materiality"	January 1, 2020
Amendment to IFRS 3 "Definition of business"	January 1, 2020
Amendments to IFRS 9, IAS 39, and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendment to IFRS 16 "Rent reduction related to new coronavirus pneumonia"	June 1, 2020 (Note)

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

The Company has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Company.

Impact of not adopting the new and revised International Financial Reporting Standards approved by the FSC

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of International Financial Reporting Standards (IFRS) recognized by the FSC for application in 2021:

New issued/amended/revised standards and interpretations	Effective date of the

	release of the International Accounting Standards Board
Amendment to IFRS 4 "Extension of temporary exemption from the application of IFRS 9"	January 1, 2021
Amendments to the IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 second stage "Interest rate benchmark reform"	January 1, 2021

The Company has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Company.

Impact of International Financial Reporting Standards issued by the International Accounting Standards Board not yet approved by the FSC

The following table summarizes the newly issued, amended, and revised standards and interpretations of International Financial Reporting Standards issued by the IASB but not yet recognized by the FSC:

New issued/amended/revised standards and interpretations	Effective date of the release of the International Accounting Standards Board
Amendment to IFRS 3 "Index to conceptual framework"	January 1, 2022
Amendments to IFRS 10 and IAS 28 "Asset sales or investments between investors and their associated enterprises or joint ventures"	To be decided by IASB
IFRS 17 "Insurance contracts"	January 1, 2023
Amendment to IFRS 17 "Insurance contracts"	January 1, 2023
Amendment to IAS 1 "Classification of current or non-current liabilities"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendment to IAS 16 "Property, plant and equipment: price before reaching intended use"	January 1, 2022
Amendment to IAS 37 "Loss contracts - Cost of performing contracts"	January 1, 2022
Annual improvement from 2018 to 2020	January 1, 2022

The Company has assessed that the standards and interpretations above have no significant impact on the financial position and financial performance of the Company.

Summary of Significant Accounting Policies

The major accounting policies adopted in the preparation of the separate financial statements are as follows. Unless otherwise stated, these policies apply consistently throughout the reporting period.

Statement of compliance

The separate financial statements were compiled in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of preparation

1. The separate financial statements were compiled on the basis of historical cost except for the following

important items:

(1) Financial assets and liabilities (including derivatives) are measured at fair value through income.

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

(3) Defined benefit liabilities are recognized according to the net amount of retirement fund assets minus the present value of defined benefit obligations.

2. The preparation of financial reports in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretation and Interpretation Announcements (hereinafter referred to as IFRSs) recognized by the Financial Supervisory Commission requires the use of some important accounting estimates. In the application of the Company's accounting policies, the management also needs to use its judgment, involving items with high judgment or complexity, or major assumptions and estimates involving separate financial reports. Please refer to note 5 for details.

<u>Foreign exchange conversion</u>

1. The separate financial statements were presented in the functional currency of the Company, which is "NTD".

2. Foreign currency transactions and balances

(1) Foreign currency transactions are converted into the functional currency at the spot exchange rate on the transaction date or measurement date, and the conversion difference arising from the conversion of such transactions is recognized as current profit and loss.

(2) The balance of foreign currency monetary assets and liabilities shall be evaluated and adjusted at the spot exchange rate on the balance sheet date, and the conversion difference arising from the adjustment shall be recognized as the current profit and loss.

(3) The balance of foreign currency non-monetary assets and liabilities measured at fair value through income shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment shall be recognized as the current profit and loss; if the balance is measured at fair value through other comprehensive income, it shall be evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment shall be recognized in others comprehensive income; if it is not measured by fair value, it is measured according to the historical exchange rate on the initial trading day.

(4) All exchange gains and losses are reported in "other gains and losses" in the income statement.

3. Conversion of foreign operations

(1) For all group individuals and affiliated enterprises whose functional currency is different from the presentation currency, their operating results and financial status shall be converted into the presentation currency in the following ways:

A. The assets and liabilities expressed in each balance sheet are converted at the spot exchange rate on the balance sheet date;

B. The income and expense losses expressed in each consolidated income statement are converted at the current average exchange rate; and

C. All exchange differences arising from the conversion are recognized in other comprehensive income.

D. When the foreign operation which is partially disposed of or sold is a subsidiary, the accumulated exchange difference recognized in other comprehensive income is returned to the non-controlling interest of the foreign operation on a pro-rata basis. If the Company still has the equity of the former subsidiaries in part but lost the control of the foreign operations, it should be treated as the disposal of the equity of the foreign operations in whole.

(2) Goodwill and fair value adjustments arising from the acquisition of a foreign individual entity are treated

as assets and liabilities of the foreign individual entity and are converted at the exchange rate at the end of the period.

Classification criteria for current and non-current assets and liabilities

1. Assets that meet one of the following conditions are classified as current assets:

(1) The asset is expected to be realized in the normal business cycle or intended to be sold or consumed.

(2) Held mainly for trading purposes.

(3) Expected to be realized within 12 months after the balance sheet date.

(4) Cash or cash equivalents, except for those to be exchanged or used to settle liabilities in at least 12 months after the balance sheet date.

The Company classified all the assets not conforming to the above conditions as noncurrent assets.

2. Liabilities that meet one of the following conditions are classified as current liabilities:

(1) Those that are expected to be settled in the normal business cycle.

(2) Held mainly for trading purposes.

(3) Expected to be settled within 12 months after the balance sheet date.

(4) The repayment period cannot be unconditionally deferred to at least 12 months after the balance sheet date. The terms of the liabilities may be based on the choice of the counterparty; the fact that the liabilities are settled due to the issuance of equity instruments does not affect its classification.

The Company classified all the liabilities not conforming to the above conditions as noncurrent assets.

Cash equivalents

Cash equivalents refer to short-term and highly liquid investments that can be converted into a fixed amount of cash at any time with little risk of change in value. Time deposits that meet the definition above and are held to meet short-term cash commitments in operation are classified as cash equivalents.

Financial assets at FVTPL

1. Financial assets measured at fair value through income refer to financial assets held for trading. Financial assets are classified as held for trading if they are mainly to be sold in a short period at the time of acquisition. Derivatives are classified as financial assets held for trading, except those designated as hedging items according to hedge accounting.

2. The Company adopts the transaction day accounting on financial assets measured at fair value through profit and loss in conformity with trading practices.

3. At initial recognition, the Company measured at fair value. Related transactions cost will be recognized as profit and loss in the period. Subsequently, they are measured at fair value and changes in profit or loss are recognized in profit or loss.

4. If the right to dividend has been determined, economic benefits related to the dividend may flow in, and when the amount of dividend can be measured with reliability, the Company recognizes dividend income in profit and loss.

Financial assets at FVTOCI

1. Refers to an irrevocable choice at the time of initial recognition to report changes in the fair value of equity instrument investments that are not held for trading in other comprehensive income; or debt instrument investments that meet the following conditions at the same time:

(1) The financial asset is held under the business model to collect contractual cash flow and for sale.

(2) The cash flow generated on a specific date from the contractual terms of the financial assets is entirely the interest in the payment of the principal and the outstanding principal amount.

2. The Company adopts the transaction day accounting on financial assets measured at fair value through other comprehensive income in conformity with trading practices.

3. At initial recognition, the Company measured at fair value plus the cost of transactions, and measured at fair value in subsequent recognition:

(1) Changes in the fair value of equity instruments are recognized in other comprehensive income. At the time of derecognition, the accumulated profits or losses previously recognized in other comprehensive income shall not be reclassified to profit or loss but transferred to retained earnings. If the right to dividend has been determined, economic benefits related to the dividend may flow in, and when the amount of dividend can be measured with reliability, the Company recognizes dividend income in profit and loss.

(2) Changes in the fair value of debt instruments are recognized in other comprehensive income, and the impairment loss, interest income, and foreign currency exchange gain or loss before derecognition are recognized in profit or loss. At the time of derecognition, the accumulated gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Financial assets measured at after-amortization cost

1. Refers to those who meet the following conditions at the same time:

(1) Holding the financial asset under the business model to collect the contractual cash flow.

(2) The cash flow generated on a specific date from the contractual terms of the financial assets is entirely the interest in the payment of the principal and the outstanding principal amount.

2. The Company adopts the transaction day accounting on financial assets measured at amortized cost in conformity with trading practices.

3. The Company measures its fair value plus transaction cost at the time of original recognition. Subsequently, the effective interest method is adopted to recognize interest income and impairment loss in the current period according to the amortization procedure, and the profit or loss is recognized in profit and loss at the time of derecognition.

4. Due to the short holding period, the fixed deposits held by the Company that do not conform to cash equivalents have an insignificant discount effect and are therefore measured by the investment amount.

Accounts and notes receivable

1. Refer to accounts and notes which, according to the contract, have the unconditional right to receive the amount of consideration obtained from the transfer of goods or services.

2. For short-term accounts receivable and notes receivable without interest payment, the effect of discount is marginal, therefore the Company measures at the initial invoice amount.

Impairment of financial assets

On each balance sheet day, the Company considers all reasonable and verifiable information (including forward-looking) in respect to debt instrument investment measured at fair value through other comprehensive income, financial assets measured at amortized cost, and accounts receivable with significant financial components. If the credit risk does not increase significantly since the original recognition, the loss allowance is measured as 12 months expected credit loss; if the credit risk has increased significantly since the original recognition, the loss allowance is measured according to the expected credit loss amount for their duration; for accounts receivable or contract assets that do not contain significant financial components, the loss allowance is measured according to the expected credit loss amount for their duration.

Derecognition of financial assets

When the Company’s contractual right to receive cash flows from financial assets lapses, the financial assets will be derecognized.

Lease Transaction -Lessor

Lease income from operating leases, after deducting any incentives given to the lessee, is amortized and recognized as current income on a straight-line method during the lease period.

Inventory

Inventories are measured by the lower of cost and net realizable value, and the cost is determined by the weighted average method. The cost of finished products and work-in-progress includes raw materials, direct labor, other direct costs, and production-related manufacturing expenses (allocated according to normal production capacity), but does not include borrowing costs. When comparing whether the cost or the net realizable value is lower, the item-by-item comparison method is adopted. The net realizable value refers to the balance of the estimated selling price in the normal business process after subtracting the estimated cost that must be invested before completion and related variable sales expenses.

Non-current assets to be sold (or the disposal group)

When the book value of a non-current asset (or the disposal group) is mainly recovered through a sale transaction rather than continued use, and it is highly likely to be sold, then it is classified as an asset for sale and is measured at the lower of its book value or fair value less the cost of sale.

Investment using the equity method / Subsidiaries and associates

1. Subsidiaries refer to individual entities (including structured individual entities) controlled by the Company. When the Company is exposed to or entitled to variable remuneration from participation in an individual entity, and can influence such remuneration through the power over the individual entity, the Company controls such an individual entity.

2. The unrealized income derived from the transactions between the Company and subsidiaries has been eliminated. Necessary changes in the accounting policies of the subsidiaries have been made for consistency with the accounting policies of the Company.

3. The share of income after the acquisition of the subsidiary by the Company is recognized as income in the current period. Other comprehensive income after the acquisition of the subsidiary is recognized as other comprehensive income. If the share of loss of the subsidiary recognized by the Company is greater than or equal to the equity of the subsidiary, the Company shall continue to recognize for loss in proportion to the holding of shares.

4. If the changes in the proportion of shareholding over the subsidiary do not result in the loss of control (transactions with non-controlling interests), it is processed as equity transaction and seen as transactions among owners. The difference between the adjustment amount of a non-controlling interest and the fair value of the consideration paid or received is directly recognized under equity.

5. Associates are entities over which the Company has significant influence but no control. In general, these are the entities where the Company directly or indirectly holds more than 20% of their shares with voting rights. The Company's investment in associates is treated with the equity method and recognized at cost when acquired.

6. The share of income after the acquisition of the associate by the Company shall be recognized as income in the current period. Other comprehensive income after the acquisition is recognized as other comprehensive income. If the share of loss from any of the associates of the Company is greater than or equal to the equity of the associate (including any other unsecured receivables), the Company will not recognize for further loss unless the Company has legal obligations, presumed obligations or has paid for the loss.

7. In case of changes in equity other than income or other comprehensive income at the associate where the proportion of the shareholding of the associate remains unaffected, the Company shall recognize the share of changes in equity of the associate entitled to the Company as "capital reserve" in proportion to the holding of shares over the associate.

8. The unrealized profit and loss from the transactions between the Company and associates shall be written off in proportion to the equity of the associate held by the Company; unless there is evidence indicating the assets transferred in the transaction have been impaired, the unrealized loss shall also be written off. Necessary changes in the accounting policies of the associates have been made for consistency with the accounting policies of the Company.

9. If the associate has offered new shares but the Company did not subscribe or acquire these new shares in proportion to its holding, to the extent that the proportion of investment has changed but the Company still has significant influence, any change in the net value of the equity shall be the adjustment of "capital reserve" and "investment accounted for under the equity method". If the investment proportion fell, with the exception of the above adjustment, anything related to the decrease in equity which has previously been recognized as profit or loss under other comprehensive income, and such profit or loss shall be reclassified as income at the time of the disposal of related assets or liabilities, and shall be reclassified according to the proportion of the decrease.

10. If the Company loses significant influence over an associate when disposing of it, the full amount related to the associate previously recognized as other comprehensive income shall be treated the same as the direct disposal of related assets or liabilities in accounting. In other words, the Company shall reclassify the disposed assets or liabilities as income or loss previously recognized as profit or loss under other comprehensive income. When losing significant influence over the associate, the profit or loss shall be reclassified as income from equity. If the Group still has a significant influence on the affiliated enterprise, the amount previously recognized in other comprehensive income shall be transferred out in the above manner only in proportion.

11. According to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the income and other comprehensive income presented in the separate financial statements of the current period shall be identical with the share of income and other comprehensive income attributable to the parent company as presented in the separate financial statements of the current period. Likewise, the shareholders equity presented in the separate financial statements shall be the same as the shareholders equity attributable to the parent company presented in the separate financial statements.

Property, plant, and equipment

1. Property, plant and equipment are recorded based on the acquisition cost, and the relevant interest during the acquisition and construction period is capitalized.

2. Subsequent cost could be included as asset in the book value of assets or recognized as an independent asset only when the future economic benefit related to the cost of the item will likely flow into the Company in the future and the cost of the item can be reliably measured. The book value of the reset part should be derecognized. All other maintenance costs are recognized in current profit or loss when incurred.

3. For property, plant and equipment, the cost model is adopted for the subsequent measurement. Except that land is not depreciated, the depreciation is calculated by the straight-line method according to the estimated service life. If the components of property, plant and equipment are significant, they are separately depreciated.

4. The Company will review the residual value, life span and depreciation method of all assets on the last day of each fiscal year. If the residual value and life span differs from the previous estimation, or the expected mode of depletion of the economic benefit inherent to the assets has changed significantly, it shall be handled in accordance with the provisions for changes in accounting estimates in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the day of change. The service life of each asset is as follows:

Buildings	20 ~ 40 years
Equipment	2 ~ 10 years
Others	2 ~ 10 years

Investment property

Investment property is recognized at the acquisition cost, and the cost model is adopted for the subsequent measurement. Except for land, depreciation is made on a straight-line method based on the estimated service life, and the service life is 10 ~ 40 years.

Impairment of non-financial assets

The Company estimates the recoverable amount of assets with signs of impairment on the balance sheet date. When the recoverable amount is lower than its book value, the impairment loss is recognized. The recoverable amount refers to the fair value of an asset minus disposal cost or its right-of-use value, whichever is higher. Except for goodwill, when there is no impairment or reduction in the assets recognized in the previous year, the impairment loss will be reversed, but the book value of the assets increased by the reversal of the impairment loss shall not exceed the book value of the assets if the impairment loss is not recognized after deduction of the depreciation or amortization.

Borrowings

Refers to short-term borrowings from a bank. The Company measures their fair value minus transaction costs at the time of initial recognition, and subsequently, for any difference between the price after deducting transaction costs and the redemption value, the effective interest method is used to recognize interest expenses in profit and loss during the outstanding period according to the amortization procedure.

Accounts and notes payable

1. Refers to debts arising from the purchase of raw materials, commodities, or labor services on credit and notes payable due to business and non-business reasons.

2. For short-term accounts and notes payable that belong to unpaid interest, as the discounting effect is insignificant, the Group uses the original invoice amount to measure the value.

Derecognition of financial liabilities

The Company will derecognize financial liabilities if the contractual obligation has been performed, canceled or expired.

Employee welfare

1. Short-term employee benefits

Short-term employee benefits are measured by the non-discounted amount expected to be paid and recognized as expenses when the related services are provided.

2. Pension

(1) Defined allocation plan
For a defined allocation plan, the amount of pension funds to be allocated is recognized as the current pension cost on an accrual basis. Advance allocations are recognized as assets to the extent that cash is refundable or future payments are reduced.
(2) Defined benefit plan
A. The net obligation under a defined benefit plan is calculated by discounting the future benefit amount earned by the employee in the current or past service, and the fair value of the plan asset is deducted from the present value of the defined benefit obligation on the balance sheet date. The net obligation of defined benefits is calculated annually by an actuary using the projected unit benefit method. The discount rate is determined by reference to the market yield of high-quality corporate bonds that are consistent with the currency and period of the defined benefit plan on the balance sheet date; in countries where there is no deep market for high-quality corporate bonds, the market yield of government bonds (on the balance sheet date) is used.
B. The remeasured amount arising from a defined benefit plan is recognized in other comprehensive income in the period in which it occurs and is expressed in retained earnings.
C. Expenses related to cost of service of the previous period shall be recognized as profit or loss at once.

3. Employee remuneration and director's remuneration

Employee remuneration and director's remuneration are recognized as expenses and liabilities when they have legal or constructive obligations and the amount can be reasonably estimated.

Income tax

1. Income tax expense includes current and deferred income tax. Income tax is recognized in profit or loss, except for income tax related to items included respectively in other comprehensive income or directly included in equity.

2. The Company calculates the income tax in the current period on the basis of the tax rate already legislated or actually in force in the country of operation or where payable tax is realized as of the balance sheet day. The management assesses the status of income tax returns regularly concerning the applicable income tax laws and regulations, and, where applicable, assesses income tax liabilities based on the amount of tax expected to be paid to the tax authorities. Undistributed earnings are subject to income tax in accordance with the income tax law, and the income tax expense of undistributed earnings shall be recognized in accordance with the actual distribution of earnings in the year following the year in which the earnings are generated after the earnings distribution proposal is passed by the shareholders' meeting.

3. Deferred income tax is recognized according to the temporary difference between the tax base of assets and liabilities and their book value in the separate balance sheet by using the balance sheet method. Deferred income tax liabilities arising from originally recognized goodwill are not recognized. If the deferred income tax comes from the originally recognized assets or liabilities in a transaction (excluding business merger), and the accounting profit or tax income (tax loss) is not affected at the time of the transaction, then it is not recognized. If there is a temporary difference arising from the investment in subsidiaries and associates, the Company may control the time point for the reversal of the temporary difference, and does not recognize the temporary difference if it could not be reversed in the foreseeable future. Deferred income tax is subject to the tax rate (and tax law) that has been enacted or substantively enacted on the balance sheet date and is expected to apply when the relevant deferred income tax assets are realized or the deferred income tax liabilities are settled.

4. Deferred income tax assets are recognized to the extent that the temporary differences are likely to be used to offset future taxable income, and the unrecognized and recognized deferred income tax assets are

reassessed on each balance sheet date.

5. The current income tax assets and current income tax liabilities can be offset when there is a legal enforcement right to offset the recognized current income tax assets and liabilities and there is an intention to pay off on a net basis or to realize assets and liabilities at the same time. When there is a legal enforcement right to offset the current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same taxpayer, or different taxpayers of the same tax authority and each entity intends to pay off the assets and liabilities on a net basis or realize the assets and settle the liabilities at the same time, then the deferred income tax assets and liabilities can be offset against each other.

Dividend distribution

Dividends distributed to the company's shareholders are recognized in the financial reports when the company's shareholders' meeting decides to distribute such dividends. Cash dividends are recognized as liabilities, and stock dividends are recognized as stock dividends to be distributed and transferred to common shares on the base date of issuing new shares.

Revenue recognition

The sale of 3C and related products. Revenue from sales is recognized when the control of the product is transferred to the customer, which is when the product is delivered to the buyer. The buyer has discretion over the price of the product, and the Company has no outstanding performance obligation that may affect the customer’s acceptance of the product. When the product is delivered to the designated place, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product according to the sales contract, or if there is objective evidence to prove that all acceptance criteria have been met. Accounts receivable are recognized when the goods are delivered to the customer. After that, the Company has unconditional rights to the contract price, and the consideration can be collected from the customer after a certain period of time.

Major Sources of Uncertainty in Significant Accounting Judgments, Estimates, and Assumptions

When the Company prepares the separate financial statements, the management has used its judgment to determine the adopted accounting policies and has made accounting estimates and assumptions based on the reasonable expectations of future events based on the situation on the balance sheet date. Significant accounting estimates and assumptions made may differ from the actual results. Historical experience and other factors will be considered for continuous evaluation and adjustment. These estimates and assumptions contain risk that may result in significant adjustments to the book values of assets and liabilities in the next fiscal year. Please see below for a detailed description of the uncertainties of significant accounting judgments, estimates, and assumptions:

Important judgment on the adoption of accounting policies

Recognition of gross or net income

The Company determines if it is the owner or agent of the transaction depending on the mode of trade and whether the economic benefit is exposed to significant risk and return deriving from the sale of products or rendering of services. If the transaction of product sales or rendering of services is exposed to significant risk and return, the Company is the owner, and it is recognized as income on the total amount of economic benefit receivable or received. If the Company is judged as the agent, the net sale is recognized as income.

The Company recognizes the incomes from some customers in total when meeting the following indicators on the characteristics of an owner:

1. Assuming the primary responsibility of the supply of products or services

2. Assuming the risk of inventory

3. Assuming the credit risk of the customers

Important accounting estimates and assumptions

The Company makes accounting estimates on the basis of the reasonable expectation of events in the future projected from the situation on the balance sheet day, but the actual result may be different from the expectation. For the assets and liabilities of the next fiscal year that may be exposed to the risk of significant adjustment of the book value in estimate and assumption, please refer to the following details:

Inventory evaluation

Since inventory must be priced at the lower of the cost and net realizable value, the Company must use judgment and estimation to determine the net realizable value of inventory on the balance sheet date. Due to rapid changes in technology, the Company assesses the amount of inventory on the balance sheet due to normal wear and tear, obsolescence, or lack of market sales value, and writes off the cost of inventory to net realizable value. This inventory evaluation is mainly based on the estimated product demand in a specific period in the future, so significant changes may occur.

Note to important account titles

Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and working capital	$ 80	$ 80
Checking and demand deposit accounts	1,125,935	396,872
Time deposit	250,000	100,000
	$ 1,376,015	$ 496,952

The credit quality of the financial institutions with which the Company interacts is good, and the Company interacts with several financial institutions to diversify credit risks. The probability of default is expected to be very low.

Accounts receivable

	December 31, 2020	December 31, 2019
Accounts receivable	943,538	1,396,135
Less: Allowance for impairment loss	(4,796)	(2,726)
	$ 938,742	$ 1,393,409

1. The balance of accounts receivable on December 31, 2020 and 2019 are generated from customer contracts. As of January 1, 2019, the balance of accounts receivable from customer contracts amounted to NT$1,223,986.
2. The Company does not hold any collateral.
3. For additional information on related credit risk, refer to Note 12 (2).

Inventory

	December 31, 2020		
	Cost	Allowance for valuation losses	Book value
Raw materials	$ 17,785	($ 3,250)	$ 14,535
Work in process	189,465	(47,726)	141,739
Finished products	207,250	($ 50,976)	$ 156,274
	$ 17,785	($ 3,250)	$ 14,535

	December 31, 2019		
	Cost	Allowance for valuation losses	Book value
Raw materials	$ 435,302	($ 99)	$ 435,203
Work in process	385,313	(51,770)	333,543
Finished products	820,615	($ 51,869)	$ 768,746
	$ 435,302	($ 99)	$ 435,203

Cost of inventory recognized by the Company as expense losses in current period:

	2020	2019
Cost of inventory sold	$ 11,527,276	$ 16,644,251
Valuation loss (rebound profit) of inventory	(893)	11,937
	$ 11,526,383	$ 16,656,188

Because the Company got rid off part of the inventory of which the net realizable value fell below the cost in the period of January 1 to December 31, 2020, the net realizable value of inventory rebounded.

Financial assets measured at fair value through other comprehensive income - Non-current

Item	December 31, 2020	December 31, 2019
Non-current items:		
Equity instruments		
Listed and OTC stocks	$ 1,166,154	$ 786,236
Non-listed, OTC, or emerging stocks	67,112	69,320
Total	$ 1,233,266	$ 855,556

1. The Company has recognized the changes in fair values as other comprehensive income in 2020 and 2019, and the detail is specified in Note 6 (14), other equities.

2. The Company did not pledge any of the financial assets measured at fair value through other comprehensive income on December 31, 2020 and 2019.

3. For additional information related to credit risk, refer to Note 12 (2).

Investment by equity method

	December 31, 2020	December 31, 2019
Pan Global Holding Co., Ltd. (PGH)	$ 8,741,959	$ 8,833,046
PAN- INTERNATIONAL ELECTRONICS INC.(PIU)	195,781	192,689
Yen Yung International Investment Co., Ltd (Yen Yung)	316,328	399,894
	$ 9,254,068	$ 9,425,629

For information on the subsidiaries of the Company, refer to Note 4 (3) of the 2020 consolidated financial statements of the Company.

Property, plant, and equipment

	Land	Buildings	Equipment	Others	Total
January 1, 2020					
Cost	$ 17,567	$ 15,943	$ 179,207	$ 20,819	$ 233,536
Cumulative depreciation	-	(15,943)	(178,304)	(19,585)	(213,832)
	$ 17,567	$ -	$ 903	$ 1,234	$ 19,704
2020					
January 1	$ 17,567	$ -	$ 903	$ 1,234	$ 19,704
Addition	-	-	220	-	220
Depreciation expenses	-	(-)	(577)	(559)	(1,136)
December 31	$ 17,567	$ -	$ 546	$ 675	$ 18,788
December 31, 2020					
Cost	$ 17,567	$ 15,943	$ 179,374	$ 19,544	$ 232,428
Cumulative depreciation	-	(15,943)	(178,828)	(18,869)	(213,640)
	$ 17,567	$ -	$ 546	$ 675	$ 18,788

	Land	Buildings	Equipment	Others	Total
January 1, 2019					
Cost	$ 17,567	$ 15,943	$ 185,648	$ 20,886	$ 240,044
Cumulative depreciation	-	(15,943)	(184,174)	(19,093)	(219,210)
	$ 17,567	$ -	$ 1,474	$ 1,793	$ 20,834
2019					
January 1	$ 17,567	$ -	$ 1,474	$ 1,793	$ 20,834
Depreciation expenses	-	(-)	(571)	(559)	(1,130)
December 31	$ 17,567	$ -	$ 903	$ 1,234	$ 19,704
December 31, 2019					
Cost	$ 17,567	$ 15,943	$ 179,207	$ 20,819	$ 233,536
Cumulative depreciation	-	(15,943)	(178,304)	(19,585)	(213,832)
	$ 17,567	$ -	$ 903	$ 1,234	$ 19,704

Investment property

	Land		Buildings		Total
January 1, 2020					
Cost	$ 32,413		$ 43,647		$ 76,060
Cumulative depreciation and impairment	-	(	41,469)	(	41,469)
	$ 32,413		$ 2,178		$ 34,591
2020					
January 1	$ 32,413		$ 2,178		$ 34,591
Depreciation expenses	-	(	220)	(	220)
December 31	$ 32,413		$ 1,958		$ 34,371
December 31, 2020					
Cost	$ 32,413		$ 43,647		$ 76,060
Cumulative depreciation and impairment	-	(	41,689)	(	41,689)
	$ 32,413		$ 1,958		$ 34,371

	Land		Buildings		Total
January 1, 2019					
Cost	$ 32,413		$ 43,647		$ 76,060
Cumulative depreciation and impairment	-	(	41,249)	(	41,249)
	$ 32,413		$ 2,398		$ 34,811
2019					
January 1	$ 32,413		$ 2,398		$ 34,811
Depreciation expenses	-	(	220)	(	220)
December 31	$ 32,413		$ 2,178		$ 34,591
December 31, 2019					
Cost	$ 32,413		$ 43,647		$ 76,060
Cumulative depreciation and impairment	-	(	41,469)	(	41,469)
	$ 32,413		$ 2,178		$ 34,591

1. Rental income and direct operating expenses of investment property:

	2020	2019
Rental income of investment property	$ 4,399	$ 4,382
Direct operating expenses of investment property that generate rental income in the current period	$ 220	$ 220

2. The fair value of the investment property held by the Company on December 31, 2020 and 2019, amounted to $199,715 and $199, 715, respectively, which was obtained from the evaluation from public information announced by the government. The result indicated Level 3 fair value.

3. The Company signed a letter of intent for a property transaction in October 2018, intending to dispose of the land and plant of the Yangmei factory. Therefore, a book value of NT$101,079 was converted into non-current assets to be sold. The assets were sold in March 2019, and a disposal gain of NT$145,112 was recognized.

Short-term borrowings

Nature of the borrowings	December 31, 2020		Interest rate bracket	Collateral
Bank loans - Credit loans	$	1,367,040	0.63%~0.74%	None.

Nature of the borrowings	December 31, 2019		Interest rate bracket	Collateral
Bank loans - Credit loans	$	1,573,950	2.22%~2.7%	None.

Other payables

	December 31, 2020		December 31, 2019	
Salary, bonus, and employee remuneration payable	$	146,337	$	163,664
Others		28,520		26,880
		174,857	$	190,544

Pension

1. Measures for defined retirement benefits

(1) The Company has instituted measures for defined benefit retirement in accordance with the provisions of the “Labor Standards Act”, which apply to the seniority of service of formal employees prior to the enactment of the “Labor Pension Act” on July 1, 2005, and to the seniority of service for employees who choose to continue to adopt the seniority of service defined by the Labor Standards Act after the enactment of the “Labor Pension Act”. If an employee is eligible for retirement, the pension payment shall be based on the service years and the average monthly salary of the six months before retirement. Two base numbers shall be given for each full year of service within 15 years (inclusive), and one base number shall be given for each full year of service over 15 years, but the cumulative maximum is 45 base numbers. The Company appropriates 6% of the total salary to the retirement fund every month which is deposited with the Trust Department of the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. In addition, before the end of each year, the Company estimates the balance of the labor retirement reserve account mentioned in the If the balance is insufficient to pay the pension amount of the workers who meet the retirement conditions estimated in the next year according to the above calculation, the Company will provide funding to make up of the shortage before the end of March in the following year. paragraph. If the balance is insufficient to pay the pension amount of the workers who meet the retirement conditions estimated in the next year according to the above calculation, the Company will provide funding to make up of the shortage before the end of March in the following year.

(2) The amount recognized at the balance sheet is specified below:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	$ 74,917	$ 106,562
Fair value of plan assets	(62,458)	(65,786)
Net defined benefit liabilities (presented as net defined benefit liabilities - noncurrent)	$ 12,459	$ 40,776

(3) Changes in the net defined benefit liabilities are shown below:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2020			
Balance on January 1	$ 106,562	($ 65,786)	$ 40,776
Cost of service in current period	975	–	975
Interest expense (income)	746	(461)	285
	108,283	(66,247)	42,036
Remeasurement:			
Return on plan assets (Note)	-	(2,544)	(2,544)
Effect of the change in financial assumption	(5,911)	–	(5,911)
Experience adjustment	(17,711)	–	(17,711)
	(23,622)	(2,544)	(26,166)
Appropriation of pension reserve	-	(3,411)	(3,411)
Payment of pension	(9,744)	9,744	–
Balance on December 31	$ 74,917	($ 62,458)	$ 12,459

(Note) Excluding the amount with interest income or expense

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
2019			
Balance on January 1	$ 98,746	($ 59,602)	$ 39,144
Cost of service in current period	962	–	962
Interest expense (income)	889	(536)	353
	100,597	(60,138)	40,459
Remeasurement:			
Return on plan assets (Note)	–	(2,098)	(2,098)
Effect of the change in financial assumption	1,603	–	1,603
Experience adjustment	4,362	–	4,362
	5,965	(2,098)	3,867
Appropriation of pension reserve	–	(3,550)	(3,550)
Balance on December 31	$ 106,562	($ 65,786)	$ 40,776

(Note) Excluding the amount with interest income or expense

(4) The defined pension plan assets of the Company fall within the ratio and scope of items entrusted to the Bank of Taiwan in using the plan for investment in the year under appointment pursuant to Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (deposits in domestic and foreign financial institutions, investments in domestic and foreign listed or OTC equity securities or through private placement, and investments in domestic and foreign products through securitization of real estate). The Labor Pension Fund Supervisory Committee is responsible for the supervision of the use of the fund. In using the fund, the minimum return from annual account settlement shall not fall below the return from interest paid by local banks on 2-year time deposits. If there are insufficiencies, the national treasury shall make up the difference after approval by the competent authority. Because the Company has no right to participate in the operation and management of the fund, it cannot disclose the categories of the plan assets at fair value under IAS 19 and IAS 142. The fair value forming the total assets of the fund as of December 31, 2020 and 2019, is stated in the labor pension fund utilization report announced by the government for the respective years.

(5) The actuarial assumption of pension fund is specified below:

	2020	2019
Discount rate	0.30%	0.70%
Salary increase rate in the future	2.00%	3.50%

The assumption of the mortality rate in the future is based on the statistics released by relevant countries and estimation by experience.

The analysis of the change in the principal actuarial assumption and the influence on the present value of defined benefit obligation is shown below:

	Discount rate		Salary increase rate in the future	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
December 31, 2020				
Effect on the present value of defined benefit obligations	($ 1,289)	$ 1,328	$ 1,302	($ 1,271)
December 31, 2019				
Effect on the present value of defined benefit obligations	($ 1,997)	$ 2,065	$ 1,772	($ 1,725)

The aforementioned sensitivity analysis is under the assumption that all other assumptions remain unchanged, in order to analyze the effect of a change in a single assumption. In practice, changes in several assumption could be linked. The sensitivity analysis is consistent with the method adopted for the net pension liabilities presented in the balance sheet. The method and assumption adopted for the sensitivity analysis in current period is identical with the previous period.

(6) The Company expected to appropriate NT$1,455 for payment to the pension plan in 2021.

(7) As of December 31, 2020, the weighted average duration of the pension plan was 6 years.

2. Regulations for the defined appropriation of pension fund

(1) Since July 1, 2005, the Company instituted the regulations for the appropriation of pension fund in accordance with the "Labor Pension Act", which applies for Taiwanese employees. For employees choosing the labor pension system under the "Labor Pension Act", the Company appropriates 6% of the monthly salary for contribution to the personal accounts of the employees as pension fund at the Labor Insurance Bureau. The payment of pension to employees will be made monthly or in lump sum from the personal pension special account and the accumulated return to the accounts.

(2) In 2020 and 2019, the Company recognized the cost of pension of NT$1,374 and NT$1,261 under the above pension fund regulations, respectively.

Share capital

As of December 31, 2020, the stated quantity of shares issued by the Company are 600,000,000 shares (including 30,000,000 shares under subscription warrants or subscription rights of convertible bonds), with 518,346,282 shares outstanding with a par value of NT$10 per share.

Capital surplus

In accordance with the Company Act, the premium from the issuance of shares above par value and the capital reserve from the receipt of gifts may be used to make up for the losses. When the Company has no accumulated loss, new shares or cash shall be issued or paid in proportion to the original shares of the shareholders. In addition, according to the relevant provisions of the Securities and Exchange Act, when the capital reserve above is appropriated to capital, its total amount each year shall not exceed 10% of the paid-in capital. The company shall not use the capital reserve to make up for the capital loss unless the earnings reserve is still insufficient to make up for the capital loss.

Retained earnings

1. According to the articles of association of the company, if there is any surplus in the annual final accounts, in addition to paying all taxes according to law, the company shall first make up for the losses of previous years, and then set aside 10% as the legal reserve. If there is still a surplus, it shall be retained or distributed according to the resolution of the shareholders' meeting.

2. The company is in a growth stage at present, and the dividend distribution policy shall be based on the company's current and future investment environment, capital demand, domestic and foreign competition status, capital budget and other factors, while taking into account the shareholders' interests and the company's long-term financial planning. The shareholders' dividend shall be allocated from the cumulative distributable earnings and shall not be less than 15% of the distributable earnings of the current year, and the cash dividend ratio shall not be less than 10% of the total dividend.

3. The legal reserve shall not be used except to make up for the company's losses and issuing new shares or paying cash in proportion to the original number of shares held by the shareholders. However, if new shares or cash are issued, the amount of such reserve shall exceed 25% of the paid-in capital.

4. When the company distributes earnings, it is required by laws and regulations to set aside a special reserve for the debit balance of other equity items on the balance sheet date of the current year before distribution. When the debit balance of other equity items is subsequently reversed, the amount of reversal can be included in the earnings available for distribution.

5. The Shareholders Meeting resolved to pass the distribution of earnings in 2019 and 2018 on June 12, 2020 and June 14, 2019, specified as follows:

	2019		2018	
	Amount	Dividend per share (NT$)	Amount	Dividend per share (NT$)
Legal reserve	$ 102,932		$ 118,538	
Special reserve	429,069		386,307	
Cash dividends	518,346	$ 1.00	570,181	$ 1.10
	$ 1,050,347		$ 1,075,026	

6. The Board of the Company resolved on March 23, 2021, to pass the distribution of earnings in 2020 specified as follows:

	2020	
	Amount	Dividend per share (NT$)
Legal reserve	$ 76,277	
Special reserve	37,450	
Cash dividends	336,925	$ 0.65
	$ 450,652	

Other equities

	Financial assets at FVTOCI	Adjustment for currency conversion	Total
January 1, 2020	($ 250,358)	($ 1,061,916)	($ 1,312,274)
Unrealized gain or loss of financial products:			
- The Company	554,103	-	554,103
- Subsidiaries	(411,614)	-	(411,614)
Evaluation adjustment transferred to retained earnings:			
- The Company	(52,876)	-	(52,876)
- Subsidiaries	(25,847)	-	(25,847)
Foreign currency exchange difference:			
- The Company	-	(101,216)	(101,216)
December 31, 2020	($ 186,592)	($ 1,163,132)	($ 1,349,724)

	Financial assets at FVTOCI	Adjustment for currency conversion	Total
January 1, 2019	($ 100,067)	($ 783,138)	($ 883,205)
Unrealized gain or loss of financial products:			
- The Company	(107,578)	-	(107,578)
- Subsidiaries	(42,173)	-	(42,173)
Foreign currency exchange difference:			
- The Company	-	(278,778)	(278,778)
December 31, 2020	($ 250,358)	($ 1,061,916)	($ 1,312,274)

Operating revenue

	2020	2019
Revenue from customer contracts	$ 12,132,878	$ 17,288,805

Details of revenue from customer contracts

The revenue of the Company came from the transfer of merchandise at a particular point in time and the revenue could be allocated to the following major product lines:

2020	Electronic Components	Consumer Electronics and Computer Peripherals	Total
Segment Revenue	$ 9,538,009	$ 2,594,869	$ 12,132,878

2019	Electronic Components	Consumer Electronics and Computer Peripherals	Total
Segment Revenue	$ 13,902,368	$ 3,386,437	$ 17,288,805

Other income

	2020	2019
Dividend income	-	$ 5,663
Rental income	4,399	4,382
Other income - Other	4,826	7,023
	$ 9,225	$ 17,068

Other gains and losses

	2020	2019
Net gain from financial assets and liabilities measured at fair value through income	$ -	$ 13,934
Net foreign currency conversion gain	(29,240)	(34,897)
Gains from the disposal of non-current assets to be sold	-	145,112
Others	(220)	(220)
	$ 29,460	$ 123,929

Employee benefit, depreciation and amortization expenses

By nature	2020			
	Attributable to cost of operation	Attributable to operating expense	Attributable to non-operating expense	Total
Employee benefits expense	$ 9,504	$ 64,674	$ -	$ 74,178
Salary expenses	608	4,940	-	5,548
Labor and national health insurance expenses	485	2,149	-	2,634
Pension expenses	-	11,170	-	11,170
Other HR expenses	1,200	5,415	-	6,615
	$ 11,797	$ 88,348	$ -	$ 100,145
Depreciation expenses	$ 577	$ 559	$ 220	$ 1,356
Amortization expenses	$ -	$ 188	$ -	$ 188

Note: Including salary expenses and remuneration to employees

By nature	2019			
	Attributable to cost of operation	Attributable to operating expense	Attributable to non-operating expense	Total
Employee benefits expense	$ 406	$ 66,568	$ -	$ 66.974
Salary expenses	287	3.827	-	4.114
Labor and national health insurance expenses	730	1,846	-	2,576
Pension expenses	-	1,080	-	1,080
Other HR expenses	1,712	7,731	-	9,443
	$ 3,135	$ 81,052	$ -	$ 84,187
Depreciation expenses	$ 571	$ 559	$ 220	$ 1,350
Amortization expenses	$ -	$ 221	$ -	$ 221

Note: Including salary expenses and remuneration to employees

1. The Company has 44 employees and 42 employees in current period and the previous period, respectively. There are 4 Directors who do not work in the capacity as employees.

2. The average employee benefit expenses in 2020 and 2019 were NT$2,224 and NT$2,187, respectively. The average salary expenses of employees were NT$1,854 and NT$1,762, respectively. The average salary expense adjustment of employees was 5.22%.

3. The Remuneration Committee established the salary and remuneration policies for the Directors and the Managers with routine review of the performance in regards to the policy, standard, and structure of the remuneration. The evaluation of the performance of Directors and Managers, and the salary structure was made with reference to the overall performance of the operation, the future industrial operation trends, while also considering the industry level, individual contributions and achievements. The Remuneration Committee will present the result of the review to the Board for approval. The policy for salaries and remuneration to employees was made with reference to the industry level. Bonuses will be granted with reference to the overall performance of the Company, individual performance and contribution.

4. According to the Articles of Incorporation of the Company, if the company has any profit in the year (the so-called profit refers to the gains before deducting the distribution of employee remuneration and directors' remuneration), it shall appropriate at least 5% of it as remuneration to the employees, and no more than 0.5% as remunerations to the Directors. The Board shall determine the distribution and report to the Shareholders Meeting for final approval. However, if the Company still has a cumulative loss, it shall reserve the amount of compensation in advance.

5. The Company's remuneration to employees in 2020 and 2019 was estimated at NT$40,144 and NT$60,754, respectively. The remuneration to the Directors was estimated at $4,014 and $0, respectively. The aforementioned amount was presented as salary expense in the book.

The Board resolved to set the remuneration to employees and Directors in 2019 at NT$60,754 and NT$6,075, respectively, and payable in cash. Remunerations to the employees and Directors as recognized in the financial statements of 2019 amounted to $60,754 and $0, respectively, which differed from the amount determined by the Board by $6,075, mainly due to the variation in the percentage of estimation. The difference was adjusted and recognized as income of 2020. As of December 31, 2020, the remunerations to the employees and Directors pending payment amounted to NT$60,754 and NT$3,045, respectively in 2019, as presented as "other payables" in the financial statements.

The above information on the remuneration of employees and directors approved by the Board of Directors of the Company can be obtained on MOPS.

Financial costs

	2020	2019
Interest expense - bank loans	$ 21,966	$ 44,254

Income tax

Income tax expense

(1) Components of income tax expenses:

	2020	2019
Income tax for the current period:		
Income tax arising from current income	$ 77,964	$ 110,483
Extra tax on undistributed earnings	-	7,434
Income tax (over)estimates of previous years	(7,012)	(2,407)
Total income tax for the current period	70,952	120,324
Deferred income tax:		
The original value and reversal of temporary differences	(24,573)	(4,674)
Income tax expense	$ 95,525	$ 124,998

(2) Income tax amount related to other comprehensive incomes:

	2020	2019
Remeasurement of defined benefit obligation	$ 5,233	$ 773

2. Relation between income tax expense and accounting profit

	2020	2019
Calculation of income tax on earnings before taxation at the mandatory tax rate	$ 151,744	$ 230,864
Expenses to be removed under the tax law	(-)	(21,647)
Income exempted from taxation under the tax law	27,045	2,989
Temporary difference not recognized as deferred income tax liabilities	(76,252)	(97,049)
Extra tax on undistributed earnings	-	7,434
Under (over) estimation of income tax in previous period	7,012	2,047
Income tax expense	95,525	124,998
The original value and reversal of temporary differences	(24,573)	(4,674)
Income tax (over)estimates of previous years	(7,012)	2,047
Amount of temporary payment and withheld tax	86	56,824
Income tax expense in current period	$ 77,878	$ 61,093

3. Deferred income tax assets or liabilities under temporary difference and taxation loss are specified as follows:

	2020			
	January 1	Recognized as income	Recognized as other comprehensive net income	December 31
Temporary difference:				
- Deferred income tax assets:				
Provision for valuation loss on inventory	$ 10,374	$ 179	$ -	$ 10,195
Pension reserve pending on appropriation	8,155	(430)	(5,233)	2.492
Unrealized exchange loss	5,024	2,433	-	7.457
Valuation loss of financial assets and liabilities	7,334	(7,334)	-	-
Others	7,307	(-)	-	7.307
	$ 38,194	($ 5,510)	($ 5,233)	$ 27.451
- Deferred income tax liabilities:				
Return on foreign investment accounted for under the equity method	($ 128,223)	($ 19,063)	$ -	($ 147.286)

	2019			
	January 1	Recognized as income	Recognized as other comprehensive net income	December 31
Temporary difference:				
- Deferred income tax assets:				
Impairment loss of investment property	$ 7,987	$ 2,387	$ -	$ 10,374
Pension reserve pending on appropriation	6,121	6,121	-	-
Unrealized exchange loss	7,829	(447)	(773)	8,155
Valuation loss of financial assets and liabilities	-	5,024	-	5,024
Others	-	(7,334)	-	7,334
	$ 7,307	(-)	-	7,307
- Deferred income tax liabilities:	29,244	($ 8,177)	($ 773)	$ 38,194
Return on foreign investment accounted for under the equity method				
Unrealized foreign exchange gain	103,960	$ 24,263	$ -	$ 128,223
Valuation gain from financial assets and liabilities	($ 1,888	(1,888)	-	-)

4. The Company evaluated the taxable temporary difference of some investee companies on December 31, 2020 and 2019, and expected no reversal in the foreseeable future, and therefore recognized as deferred income tax liabilities in full value. Temporary difference of deferred income tax liabilities amounted to NT$5,137,550 and NT$4,838,993, respectively.

5. The corporate income tax return of the Company has been approved by the tax collection authorities up to 2018.

The share of other comprehensive income of subsidiaries, associates, and joint ventures recognized under the equity method.

	2020	2019
Subsidiaries and associates:	($ 411,614)	($ 42,713)
- Evaluation adjustment of equity instruments	(73)	(509)
- Remeasurement of defined benefit plan.	($ 411,687)	($ 43,222)

Earnings per share (EPS)

	2020		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (EPS) (NT$)
Basic earnings per share			
Net income for the period	$ 663,190	518,346	$ 1.28
Diluted earnings per share			
Net income for the period	663,190		
Effect of potentially dilutive common shares: Employee remuneration	-	2,437	
The effect of net income for the period inherent to common shares	$ 663,190	520,783	$ 1.27

	2019		
	After-tax amount	Weighted average number of outstanding shares (thousand shares)	Earnings per share (EPS) (NT$)
Basic earnings per share			
Net income for the period	$ 1,029,323	518,346	$ 1.99
Diluted earnings per share			
Net income for the period	1,029,323		
Effect of potentially dilutive common shares: Employee remuneration	-	3,321	
The effect of net income for the period inherent to common shares	$ 1,029,323	521,667	$ 1.97

Changes in liabilities from financing activities

	Short-term borrowings	
	2020	2019
January 1	$ 1,573,950	$ 1,889,280
Changes in financing cash flow	(132,975)	(278,190)
Net exchange difference	(73,935)	(37,140)
December 31	$ 1,367,040	$ 1,573,950

Related Party Transactions

Related party's name and relationship

Related Party Name	Relationship with the Group
Dongguan Pan-International Precision Electronics Co., Ltd.	Subsidiary of the Company
Pan Global Holding Co. Ltd.	Subsidiary of the Company
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the Company
Great Support International Limited	Subsidiary of the Company
Hon Hai Precision Industry Co., Ltd. and subsidiaries (Hon Hai and subsidiaries)	Other groups that impose significant influence on the Group
Sharp Corporation and subsidiaries (Sharp and subsidiaries)	Other related parties
Foxconn Technology Co., Ltd. and subsidiaries (Foxconn Technology and subsidiaries)	Other related parties
General Interface Solution Limited	Other related parties
Cyber TAN Technology, Inc and Subsidiaries	Other related parties

Major transactions with related parties

1. Operating income

	2020	2019
Product sales:		
Significant influence over the Company		
- Hon Hai and subsidiaries	$ 5,584,736	$ 8,443,534
Subsidiary	309,283	476,517
Other related parties	424,201	325,343
	$ 6,318,220	$ 9,245,394

The price and credit period were determined by both sides after consultation, except where there is no similar transaction for reference. For the remainders of the Company's sale to abovementioned related parties, the price is similar to the sale price of other general customers. The Company's period of payment for the related parties ranged from 30 to 120.

2. Purchase

		2020		2019
Product purchases:				
Significant influence over the Company				
- Hon Hai and subsidiaries	$	1,069,710	$	2,215,332
Subsidiary				
- Honghuasheng Precision Electronics (Yantai) Co., Ltd.		3,366,311		4,021,061
- Dongguan Pan-International Precision Electronics Co., Ltd.		1,026,728		532,830
- Others		4,128		10,475
Other related parties				
- Sharp and subsidiaries		2,357,346		4,818,566
	$	8,364,223	$	11,598,264

The above amount includes purchase, discount, and sale return. The purchase price and payment term were determined by both sides through consultation. The payment term offered by the Company to related parties ranged from 30 to 90 days on monthly settlement of open account

3. Factory overhead

		2020		2019
Service fees:				
GREAT SUPPORT INTERNATIONAL LIMITED	$	-	$	237,072

4. Receivables from related parties

		December 31, 2020		December 31, 2019
Accounts receivable:				
Other groups that impose significant influence on the Group				
- Hon Hai and subsidiaries	$	1,439,395	$	2,487,470
Subsidiary		41,388		138,742
Other related parties - others		9,738		87,342
		1,490,521		2,713,284
Less: transfer to other receivables		-	(	244)
Allowance for loss	(	605)	(	827)
	$	1,489,916	$	2,712,213

Receivables from related parties are mainly from sales. The payment term ranged from 30 to 120 days. The receivables are not secured and not interest bearing. Part of the accounts receivable are transferred to other accounts receivable due to being overdue for more than three months, and the aging of other receivables is all less than one year.

5. Other receivables

	December 31, 2020	December 31, 2019
Other receivables from related parties:		
Subsidiary		
- Pan Global Holding Co. Ltd.	$ 104,796	$ 117,857
- Others	30,401	24,652
Other groups that impose significant influence on the Group		
- Hon Hai and subsidiaries	3	244
Other related parties		
- Sharp and subsidiaries	1,684	173
	$ 136,884	$ 142,926

Other receivables from related parties are mostly the receivables of advance payment for the related parties.

6. Accounts payable

	December 31, 2020	December 31, 2019
Accounts payable to related parties:		
Significant influence over the Company		
- Hon Hai and subsidiaries	$ 483,012	$ 698,581
Subsidiary		
- Honghuasheng Precision Electronics (Yantai) Co., Ltd.	558,016	305,288
- Dongguan Pan-International Precision Electronics Co., Ltd.	255,763	418,786
- Others	1,970	143
Other related parties		
- Sharp and subsidiaries	1,037	679,798
	$ 1,299,798	$ 2,102,596

Accounts payable from related parties mainly comes from purchasing and purchase on behalf of others, and there is no interest attached to the accounts payable.

7. Loans to related parties (presented as “other receivables” in the financial statements)

	December 31, 2020	December 31, 2019
PAN GLOBAL HOLDING CO. LTD.	$ 284,800	$ 300,759

The term of lending to subsidiaries is repayment within one year after the loan. In 2020 and 2019, the interest rate is charged at 1% and 2% per annum, respectively.

Information on compensation for the key management

		December 31, 2020		December 31, 2019
Salaries and other short-term employee benefit	$	13,986	$	13,718
Post-employment benefits		240		240
	$	14,226	$	13,958

Pledged Assets

None.

Material contingent liabilities and unrecognized contractual commitments

Contingent matters

The Company has no contingent liabilities for material legal claims arising from daily business activities.

Commitments

None.

Major Disaster Losses

None.

Significant Subsequent Events

The Board passed the proposal for the distribution of earnings for 2020 on March 23, 2020. For additional information, refer to Note 6 (13).

Others

Capital management

The objective of capital management of the Company is to ensure the sustainable operation of the Company, maintaining the best capital structure to reduce the cost of capital, and to provide returns to the shareholders. In order to maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, issue new shares, or sell assets to reduce liabilities. To monitor its capital, the Company uses the net debt ratio which is calculated by dividing net debt by total net worth. The net debt is calculated as total loans (including the "current and noncurrent loans" as stated in the separate balance sheet) net of cash and cash equivalents. Total net value is calculated by subtracting total intangible assets from "equity" as stated in the separate balance sheet.

The Company's strategy for 2020 is the same as that in 2019, both of which are committed to maintaining the net debt ratio below 70%.

Financial instrument

1. Types of financial instruments

The book value classified as financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, and other receivables) under IFRS 9 amounted to NT$4,228,216 and NT$5,046,957 on December 31, 2020 and 2019, respectively. The book value classified as financial liabilities measured at amortized cost (including short-term loans, accounts payable, and other payables) under IFRS 9 amounted to NT$3,503,568 and NT$4,962,129 on December 31, 2020 and 2019, respectively. For additional information on the book value classified as financial assets measured at fair value through comprehensive income, refer to Note 6 (4).

2. Risk management Policy

(1) Types of risks

The Company adopts a comprehensive financial risk management and control system for the clear identification, measurement and control of all forms of financial risks to the Company, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk, and liquidity risk.

(2) Management objectives

A. All the risks above can be eliminated by internal control or operation process, except that market risk is controlled by external factors. Therefore, each risk can be reduced to zero through management.

B. In terms of market risk, the objective is to optimize the overall position through rigorous analysis, proposal, implementation and process, with due consideration of the overall external trend, internal operating conditions and the actual impact of market fluctuations.

C. The overall risk management policy of the Company is focused on unanticipated events in the financial market, to seek and reduce the potential unfavorable influence on the financial position and performance.

(3) Management system

A. The Finance Department of the Company is charged with the task of risk management in accordance with the policies approved by the Board. It is responsible for identifying, assessing and avoiding financial risks through close cooperation with group operating units.

B. The board of directors has written principles for overall risk management, and also provides written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivatives and non-derivative financial instruments, and investment of surplus working capital.

3. Nature and extent of significant financial risks

(1) Market risk

Exchange rate risk

A. Nature: The Company is a multinational OEM electronics manufacturer and most of the exchange rate risk from business activities comes from:

a. As the posting times of non-functional foreign currency accounts receivable and accounts payable are different, the exchange rate of the functional currency is different, thus resulting in an exchange rate risk. Because the amount of assets and liabilities after offsetting is not large, the amount of profit or loss is not large.

b. In addition to the commercial transactions (business activities) on the above-mentioned income, the assets and liabilities recognized on the balance sheet, and the net investment in foreign operations also have exchange rate risks.

B. Management

a. The Company has made policies to deal with this kind of risk that requires all Group companies to manage the exchange rate risk corresponding to their functional currency.

b. The exchange rate risk deriving from respective functional currencies on the functional currency used in the Separate Financial Statements will be coordinated and managed by the Group's Financial Division.

C. Extent

The business of the Company involves many non-functional currencies (the functional currency of the Company is NTD), therefore it is exposed to fluctuations of exchange rates. Assets and liabilities denominated in foreign currencies that are exposed to the effects of significant fluctuations of the exchange rate are as follows:

	December 31, 2020				
				Sensitivity analysis	
	Foreign currency (thousand)	Exchange rate	Book value (NT$)	Range of change	Impact on profit and loss
(Foreign currency: functional currency)					
Financial assets					
Monetary item					
USD: NTD	$ 114,677	28.48	$ 3,266,001	1%	$ 32,660
Non-monetary items					
USD: NTD	313,825	28.48	8,937,740		
Financial liabilities					
Monetary item					
USD: NTD	120,010	28.48	3,417,885	1%	34,179

	December 31, 2019				
				Sensitivity analysis	
	Foreign currency (thousand)	Exchange rate	Book value (NT$)	Range of change	Impact on profit and loss
(Foreign currency: functional currency)					
Financial assets					
Monetary item					
USD: NTD	$ 143,973	29.98	$ 4,316,311	1%	$ 43,163
Non-monetary items					
USD: NTD	301,059	29.98	9,025,735		
Financial liabilities					
Monetary item					
USD: NTD	161,246	29.98	4,834,155	1%	48,342

D. Nature

The Company's currency items were under significant influence of exchange rate fluctuations in 2020 and

2019, with recognition of exchange income (including realized and unrealized items) amounting to a loss of NT$29,240 and NT$34,897, respectively.

Price risk

A. The equity instruments of the Company exposed to price risk are financial assets measured at fair value through other comprehensive incomes. The Company diversified its investment portfolio to manage the price risk of investment in equity instruments. The method of diversification was based on the limits set forth by the Company.

B. The Company mainly invested in equity instruments offered by domestic and foreign companies. The prices of these equity instruments are affected by the uncertainty of the future values of these investment objects. If there is an upward or downward adjustment of the equity instruments by 1% with all other factors remaining unchanged, the influence on other comprehensive income of gains or losses of financial assets classified as measured at fair value through other comprehensive income would increase or decrease by $12,333, and $8,556 in 2020 and 2019, respectively.

Cash flow and fair value interest rate risk

The interest rate risk to the Company mainly comes from short-term borrowings. Borrowings at fixed interest rates exposed the Company to interest rate risk at fair value. After assessment, there is no significant interest rate risk to the Company.

(2) Credit risk

A. The credit risk to the Company mainly comes from the failure of customers or counterparties of financial instruments to perform contractual obligations resulting in financial losses for the Company. This mainly comes from the inability of counterparties to repay the accounts receivable in accordance with the collection conditions, and the contractual cash flow classified as debt instrument investment measured at amortized cost.

B. The credit policy of the Company explicitly states that each new customer of the operating entities within the Company shall be subject to credit management and credit risk analysis before proposing the terms and conditions for payment and delivery of goods. Internal risk control is to evaluate the credit quality of customers by considering their financial status, past experience, and other factors. The limits of individual risks are determined by the Board of Directors based on internal or external ratings, and the use of credit lines is regularly monitored.

C. The basis for the Company to judge whether the credit risk of financial instruments has increased significantly since the original recognition is as follows:

(A) When the contract payment is overdue for more than 60 days according to the agreed payment terms, it is deemed that the credit risk of the financial asset has increased significantly since the original recognition.

(B) If a bond investment traded on the OTC market is rated as investment-grade by any external rating agency on the balance sheet date, the financial asset is considered to have a low credit risk.

D. If the investment object with an independent rating on credit standing fell by 2 levels, the Company judges that the credit risk of such investment object has increased significantly.
E. If the contract amount is overdue for more than 90 days under the conditions of payment, the Company shall deem it a breach of contract.
F. The Company classified notes and accounts receivable of customers according to the characteristics of the customer rating, and adopted the simple method of loss rate to estimate expected credit loss.
G. The indicators used by the Company for determining credit impairment of the debt instruments are shown below:
(A) The issuer encounters major financial difficulties, or the possibility of going into bankruptcy or other financial restructuring is greatly increased;
(B) The issuer makes the active market of the financial asset disappear due to its financial difficulties;
(C) The issuer delays or fails to pay the interest or principal;
(D) Adverse changes in national or regional economic conditions leading to issuer default.
H. Aging analysis of accounts receivable (including related parties):

	December 31, 2020	December 31, 2019
	Accounts receivable	Accounts receivable
Not Past Due	$ 2.408,134	$ 3,898,601
Less than 90 days	19,825	208,267
91 ~ 180 days	-	-
More than 181 days	6,100	2,307
	$ 2,434,059	$ 4,109,175

The above is an aging analysis based on the number of overdue days.
I. Other receivables (including related parties)
The other receivables of the Company are mainly receivable tax rebates, receivable advance payments for a third party, loans, and overdue accounts receivable. There is no concern for material breach of contract or declined payment. Therefore, the Company recognized provision for loss on the basis of the amount of expected credit loss in a period of 12 months. As of December 31, 2020 and 2019, the Company recognized provision for loss amounting to $0.
J. The Company classified the accounts receivable of the customers according to the characteristics of the credit rating of the customers, and considered the adjustment of rate of loss on the basis of historical information and information at present time with foresight to estimate the provision for loss from accounts receivable. The method for estimating the loss rate on December 31, 2020 and 2019 is as follows:

	Group 1	Group 2	Group 3	Group 4	Total
December 31, 2020					
Expected loss rate	0.04%	0.04%	0.09%	0.1%~100%	
Total Book value	$ 2,094,976	$ 318,122	$ -	$ 20,961	$ 2,434,059
Allowance for loss	$ 839	$ 127	$ -	$ 4,435	$ 5,401

	Group 1	Group 2	Group 3	Group 4	Total
December 31, 2019					
Expected loss rate	0.03%	0.03%	0.07%	0.1%~100%	
Total Book value	$ 3,379,146	$ 717,738	$ -	$ 12,253	$ 4,109,175
Allowance for loss	$ 1,014	$ 215	$ -	$ 2,324	$ 3,553

Group 1: Rated A by Standard & Poor’s, Fitch, or Moody’s, or rated A by the credit rating standard of the Company in the absence of rating by external institutions.

Group 2: Rated BBB by Standard & Poor’s or Fitch, Baa by Moody’s, or rated B or C by the credit rating standard of the Company in the absence of rating by external institutions.

Group 3: Rated BB+ or below by Standard & Poor's or Fitch, or Ba1 or below by Moody's.

Group 4: No rating by external institutions, but customers rated non-A, B, or C by the credit rating standard of the Company.

K. The Company’s table showing the changes in the provision for loss from accounts receivable and other receivables using a simplified method is as follows:

	2020
January 1	$ 3,553
Recognition of impairment loss	1,848
December 31	$ 5,401

	2019
January 1	$ 3,872
Reversal of impairment loss	(319)
December 31	$ 3,553

L. All the Company’s investments in debt instruments measured at amortized cost as were at low credit risk as of December 31, 2020 and 2019. Therefore, the book value was measured on the basis of the expected credit loss in a period of 12 months after the balance sheet day.

(3) Liquidity risk

A. The cash flow forecast is carried out by each operating entity within the Company, and aggregated by the Company’s Finance Department. The Finance Department monitors and tracks the forecast of working capital requirements to assure adequate funding for operations, and maintains sufficient unspent loan commitments at all times so that the Company will not exceed the relevant borrowing limits or violate the terms. The forecast is based on the debt financing plan, compliance with debt terms, conformity with the targeted financial ratios of the balance sheet, and external regulatory requirements such as foreign exchange control.

B. When the remaining cash held by the Company exceeds the requirement for the management of working capital, the Finance Department will invest the remaining funds in interest-bearing demand deposits, time deposits, money market deposits and securities, and the instruments selected to have appropriate maturities or sufficient liquidity to meet the forecast above and provide sufficient liquidity, and it is expected that cash flow will be generated immediately for the management of liquidity risk.

C. The non-derivative financial liabilities of the Company will mature in the year ahead.

Fair value information

1. The levels of evaluation techniques used to measure the fair value of financial and non-financial instruments are defined as follows:

Level 1: The quoted price (unadjusted) is available to the enterprise in an active market for the same assets or liabilities on the measurement date. An active market refers to a market in which assets or liabilities are traded in sufficient frequency and quantity to provide pricing information on an ongoing basis. The fair value of the listed and OTC stocks and certificates of beneficial interests invested by the Company belongs to this level.

Level 2: The input value of assets or liabilities are directly or indirectly observable, except those in Level 1. The fair value of the derivative instruments invested by the Company belongs to this level.

Level 3: The input value of assets or liabilities are unobservable. The equity instruments invested by the Company without an active market belong to this level.

2. Financial instruments not measured at fair value

The book value of the Company’s financial instruments not measured at fair value (including cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, other receivables, other current assets, payables, other payables, and other current liabilities) reasonably approximates the fair value.

3. The Company’s financial and non-financial instruments measured at fair value will be classified according to the nature, specific features, risks, and fair value of the assets and liabilities. Relevant information is as follows:

(1) Classification according to the nature of the assets and liabilities, relevant information is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets:				
Repetitive fair value				
Financial assets at FVTOCI				
- Equity securities	$ 1,166,154	$ -	$ 67,112	$ 1,233,266

December 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets:				
Repetitive fair value				
Financial assets at FVTOCI				
- Equity securities	$ 786,236	$ -	$ 69,320	$ 855,556

(2) The methods and assumptions adopted by the Company for measurement at fair value is as specified below:

A. The Company adopts market quotation as the input value of fair value (i.e., Level 1), and divides them as follows according to specific features:

	Listed and OTC stocks	Open-end funds
Market quotation	Closing price	Net value

B. Except for the above-mentioned financial instruments with active markets, the fair values of other financial instruments are obtained through evaluation techniques or reference to the quotations of counterparties. Fair value obtained through evaluation techniques can be calculated by referring to the current fair value of other financial instruments with similar conditions and characteristics, or the value can be obtained through other evaluation techniques, including the use of models to calculate market information available on the separate balance sheet date.

C. In evaluating non-standardized and less complicated financial instruments, such as debt instruments and options with no active market, the Company adopts the evaluation techniques widely used by market participants. The parameters used in the evaluation model of such financial instruments are usually market observable information.

D. The evaluation of derivative financial instruments is based on evaluation models widely accepted by market users, such as the discount method and the option pricing model. Foreign exchange forward contracts are usually evaluated according to the current forward exchange rate. Structured interest rate derivative financial instruments are based on the appropriate option pricing model (such as the Black-Scholes model) or other evaluation methods, such as Monte Carlo simulation.

E. The output of the evaluation model is the estimated value, and the evaluation technique may not reflect all the factors related to the Company's holding of financial instruments and non-financial instruments. Therefore, the estimated value of the evaluation model will be adjusted according to additional parameters, such as model risk or liquidity risk. According to the Company's fair value evaluation model management policies and related control procedures, the management believes that the evaluation adjustment is appropriate and necessary to properly express the fair value of financial instruments and non-financial instruments in the separate balance sheet. The price information and parameters used in the evaluation process have been carefully evaluated and appropriately adjusted according to current market conditions.

4. There were no transfers between Level 1 and Level 2 in 2020 and 2019.

5. The following table shows the changes in Level 3 in 2020 and 2019:

	Equity securities
	2020
January 1	$ 69,320
Profit(loss) recognized in other comprehensive income	(2,208)
December 31	$ 67,112

	Equity securities
	2019
January 1	$ 45,702
Profit(loss) recognized in other comprehensive income	23,618
December 31	$ 69,320

6. For the fair value of Level 3 instruments of the Company, the investment management department is responsible for the independent verification of the fair value of such financial instruments in the evaluation process. Through independent sources of information, the evaluation results approximate market conditions, and the data sources are confirmed to be independent, reliable, consistent with other resources, and to represent executable prices. The evaluation model is calibrated regularly, backtracked, and updated for the input values and information required by the evaluation model, and any other necessary fair value adjustments are made to ensure that the evaluation results are reasonable.

In addition, the investment management department formulates the fair value evaluation policies, evaluation procedures, and confirmation of financial instruments in accordance with the relevant international financial reporting standards.

7. The quantitative information about the significant unobservable input value of the evaluation model used for level 3 fair value measurement and the sensitivity analysis of the significant unobservable input value changes are as follows:

	Fair value on December 31, 2020	Evaluation techniques	Significant unobservable input value	Interval (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed and non-OTC stocks	67,112	Market method	Price–to-book ratio	1.27	The higher the multiplier, the higher the fair value.
			Lack of market liquidity discount	20%	The higher the market liquidity discount, the lower the fair value.

	Fair value on December 31, 2019	Evaluation techniques	Significant unobservable input value	Interval (weighted average)	Relationship between input value and fair value
Non-derivative equity instruments:					
Non-listed and non-OTC stocks	69,320	Market method	Price–to-book ratio	1.28	The higher the multiplier, the higher the fair value.
			Lack of market liquidity discount	20%	The higher the market liquidity discount, the lower the fair value.

8. The Company carefully selects the evaluation model and evaluation parameters; however, different evaluation models or parameters may lead to different evaluation results. For financial assets and financial liabilities classified as level 3, if the evaluation parameters change, the impact on current profit and loss or other comprehensive income is as follows:

Financial assets	Period	Input value	Change	Recognized in other comprehensive income	
				Favorable change	Unfavorable change
Equity instruments	December 31, 2020	Price–to-book ratio	±1%	$ 527	($ 527)
		Lack of market liquidity discount	±1%	$ 837	($ 837)

Financial assets	Period	Input value	Change	Recognized in other comprehensive income	
				Favorable change	Unfavorable change
Equity instruments	December 31, 2019	Price–to-book ratio	±1%	$ 540	($ 540)
		Lack of market liquidity discount	±1%	$ 864	($ 864)

Notes disclosure

Information about significant transactions

1. Loans to others: Please refer to Table 1.
2. Endorsements/guarantees provided: Please refer to Table 2.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated enterprises and jointly controlled entities): Please refer to Table 3.
4. The cumulative amount of buying or selling the same securities reaches NT$300 million or more, or 20% of the paid-in capital: The company and the investee companies do not have this situation.
5. The cumulative amount of property purchase reaches NT$300 million or more, or 20% of the paid-in capital: The company and the investee companies do not have this situation.
6. The cumulative amount of property disposal reaches NT$300 million or more, or 20% of the paid-in capital: The company and the investee companies do not have this situation.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 4.
8. Total accounts receivable from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to Table 5.
9. Engagement in derivatives trading: Please refer to Note 6 (2) of the consolidated financial statements.
10. Relationship, significant transactions and their amounts between the company and its subsidiaries: Please refer to Table 6.

Information about investees

The name and location of the investee company and other relevant information (excluding mainland China investee companies): Please refer to Table 7.

Information on investments in mainland China

1. Basic information: Please refer to Table 8.
2. Major transactions directly with investee companies in the mainland China or indirectly through a third regional enterprise: Please refer to Tables 4, 5 and 6.

Information on major shareholders

Information of major shareholders: Please refer to Table 9.

Operating Segments Information

Not applicable.

Pan-International Industrial Corp.
Cash and cash equivalents
December 31, 2020

Subsidiary Ledger 1 Unit: NTD thousand

Item	Summary					Amount	
Petty cash						$	80
Time deposit	NTD	667,442	Thousand				667,442
	USD	15,807	Thousand	Exchange rate	28.48		450,190
	RMB	206	Thousand	Exchange rate	4.3546		897
	HKD	1,949	Thousand	Exchange rate	3.6730		7,159
	JPY	893	Thousand	Exchange rate	0.2763		247
Time deposit	NTD	250,000	Thousand				250,000
						$	1,376,015

Pan-International Industrial Corp.
Net accounts receivable
December 31, 2020

Subsidiary Ledger 2 Unit: NTD thousand

Item	Summary	Amount	Remarks
Non-related Parties:			
Luxshare Precision Industry Co., Ltd.		$ 188,140	
Others		755,398	The balance of each sporadic account falls below 5% of the total under this title.
Less: Allowance for impairment loss		(4,796)	
		938,742	
Related Parties:			
Hongfutai Precision Electronics (Yantai) Co., Ltd.		$ 785,974	
FIH (Hongkong) Mobil Limited		226,809	
Others		477,738	The balance of each sporadic account falls below 5% of the total under this title.
Less: Allowance for impairment loss		(605)	
		1,489,916	
Less: transfer to other receivables		–	
		1,489,916	
		$ 2,428,658	

Pan-International Industrial Corp.
Inventory
December 31, 2020

Subsidiary Ledger 3 Unit: NTD thousand

Item	Summary	Amount: Cost	Amount: Market price	Remarks
Raw materials		$ 17,785	$ 17,822	Net realizable value as market price
Finished products		189,465	191,064	〃
		207,250	$ 208,886	
Less: provision for valuation loss of inventory		(50,976)		
		$ 156,274		

Pan-International Industrial Corp.
Financial assets measured at fair value through other comprehensive income - noncurrent
January 1 to December 31, 2020

Subsidiary Ledger 4

Unit: NTD thousand

Name	At beginning of period: Quantity of shares/certificates of beneficial interest	At beginning of period: Fair value	Increase in current period (Note 1): Quantity of shares/certificates of beneficial interest	Increase in current period (Note 1): Amount	Decrease in current period (Note 2): Quantity of shares/certificates of beneficial interest	Decrease in current period (Note 2): Amount	March 31, 2020: Quantity of shares/certificates of beneficial interest	March 31, 2020: Fair value	Guarantee or pledge	Remarks
Innolux Corporation	94,385,987	$ 786,236	–	$ 556,311	(11,680,000)	($ 176,393)	82,705,987	$ 1,166,154	None.	
WK Technology Fund	84,378	173	–	–	–	–	84,378	173	”	
Syntrend Creative Park Co., Ltd.	12,831,500	69,147	–	–	–	(2,208)	12,831,500	66,939	”	
		$ 855,556		$ 556,311		($ 178,601)		$ 1,233,266		

Note 1:The increase in current period is the adjustment of the unrealized valuation gain/loss of financial assets measured at fair value through other comprehensive income.
Note 2:The decrease in current period is the adjustment of the unrealized gain/loss, the proceeds from disposals and refund of investment of financial assets at fair value through other comprehensive income.

Pan-International Industrial Corp.
Changes in long-term equity investment accounted for under the equity method
January 1 to December 31, 2020

Subsidiary Ledger 5

Unit: NTD thousand

	Balance at the beginning of the period		Increase in current period (Note)		Decrease in current period (Note)		Balance at end of period			Net value of equity		
Investee company	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding (%)	Amount	Unit price ($)	Total	Guarantee or pledge
Pan Global Holding Co., Ltd.	12,220	$ 8,833,046	–	$ –	–	($ 91,087)	12,220	100	8,741,959	$ –	$ 8,741,959	None.
Pan International Electronics Inc.	28,000	192,689	–	3,092	–	–	28,000	100	195,781	–	195,781	”
Yen Yung International Investment Co., Ltd	44,316,236	399,894	–	–	–	(83,566)	44,316,236	100	316,328	–	316,328	”
		$ 9,425,629		$ 3,092		($ 174,653)			$ 9,254,068		$ 9,254,068	

Note: The amount increased and decreased in the current period includes the share of income from subsidiaries, associates, and joint ventures accounted for under the equity method, exchange differences from the conversion of financial statements of the foreign operation segments, actuarial income of the defined benefit plan, unrealized gain/loss of financial assets of investee companies measured at fair value through other comprehensive income, changes in net equity value of investee companies and cash dividends paid by investee companies.

Pan-International Industrial Corp.
Short-term borrowings
December 31, 2020

Subsidiary Ledger 6 Unit: NTD thousand

Lending bank	Loan type	Ending balance	Contract term	Interest Rate	Credit limit	Guarantee or pledge	Remarks
Cathay United Bank	Credit lending	$ 398,720	2020/12/07~2021/03/09	0.63%~0.65%	$ 854,400	None.	
Taipei Fubon Bank	Credit lending	797,440	2020/12/07~2021/01/13	0.74%	1,000,000	〃	
Standard Chartered Bank	Credit lending	170,880	2020/12/18~2021/01/15	0.63%	854,400	〃	
		$ 1,367,040			$ 2,708,800		

Pan-International Industrial Corp.
Accounts payable
December 31, 2020

Subsidiary Ledger 7 Unit: NTD thousand

Name of supplier	Summary		Amount
Non-related Parties:			
Innolux Corporation		$	215,081
TECHIGH CIRCUIT TECHNOLOGY (HUI ZHOU) CO., LTD.			83,871
ELEC & ELTEK COMPANY (MACAO COMMERCIAL OFFSHORE) LIMITED			69,391
AOSHIKANG TECHNOLOGY (HONG KONG) CO., LIMITED			68,697
TRUSTECH ELECTRONICS CO.，LTD			51,397
Others			173,436
			661,873
Related Parties:			
Honghuasheng Precision Electronics (Yantai) Co., Ltd.		$	558,016
Foxconn Interconnect Technology Limited			483,012
Dongguan Pan-International Precision Electronics Co., Ltd.			255,763
Others			3,007
			1,299,798
		$	1,961,671

Pan-International Industrial Corp.
Operating revenue
January 1 to December 31, 2020

Subsidiary Ledger 8 Unit: NTD thousand

Item	Quantity	Amount	Remarks
Electronic Components	Note	$ 9,547,209	
Computers and peripherals	〃	2,596,253	
		12,143,462	
Less: sale return and discount		(10,584)	
		$ 12,132,878	

Note: The products for sale come in a great variety and the pricing per unit also differs, as such the quantity is not specified here.

Pan-International Industrial Corp.
Operating cost
January 1 to December 31, 2020

Subsidiary Ledger 9 Unit: NTD thousand

Item	Amount
Inventory at beginning of period	$ 820,615
Add: purchase in current period	10,897,432
Inventory at the end of period	(207,250)
Other cost of operation	16,479
Inventory valuation loss	(893)
	$ 11,526,383

Pan-International Industrial Corp.
Operating expenses
January 1 to December 31, 2020

Subsidiary Ledger 10 Unit: NTD thousand

Item	Selling and marketing expenses	Administrative and general affairs expense	Research and development expenses	Expected credit impairment loss	Total	Remarks
Salary expense	$ 22,185	$ 44,298	$ 10,043	$ –	$ 76,526	
Import and export fee	31,513	–	–	–	31,513	
Commission expense	5,653	–	–	–	5,653	
Professional service charge	2,333	7,163	–	–	9,496	
Expected credit impairment loss	–	–	–	1,848	1,848	
Others	9,045	18,846	2,337	–	30,228	The balance of each sporadic title falls below 5% of the total under this title
	$ 70,729	$ 70,307	$ 12,380	$ 1,848	$ 155,264	

Pan-International Industrial Corp. and Subsidiaries

Loans to others

January 1 to December 31, 2020

Table 1

Unit: NTD thousand

(unless otherwise noted)

Serial No. (Note 1)	Loan extending company	Borrower	Dealing items (Note 2)	Whether a related party	Maximum amount of the period (Note 3)	Ending balance (Note 8)	Transaction Amounts	Interest Rate	Loan nature (Note 4)	Business Transaction Amounts (Note 5)	Reason for short-term financing (Note 6)	Provision for allowance for loss for bad debt	Collateral		Loans limits for individual entities (Note 7)	Total loan limit (Note 7)	Remarks
													Name	Value			
0	Pan-International Industrial Corp.	PAN GLOBAL HOLDING CO., LTD	Other receivables - related parties	Yes	$ 333,905	$ 313,280	$ 284,800	1.00%	Short-term financing	$ -	Operating turnover	None.	None.	None.	$ 1,116,579	$ 4,466,316	
0	Pan-International Industrial Corp.	Tekcon Electronics Corporation	Other receivables - related parties	Yes	200,000	-	-	-	Short-term financing	-	Operating turnover	None.	None.	None.	1,116,579	4,466,316	

Note 1: The explanation of the number column is as follows:

(1). Fill in 0 for the issuer.

(2). Investee companies are numbered in sequence in each company type starting numerically from 1.

Note 2: Dealing items include receivables from affiliated enterprises, receivables from related parties, transactions with shareholders, prepayments, provisional payments, etc. if the nature is a loan to others.

Note 3: The maximum balance of loans to others in the current year.

Note 4: The loan shall be recognized under this item if the nature of the fund denotes a business transaction or a need for short-term financing.

Note 5: Where the nature of the loan is a business transaction, the amount of the business transaction shall be disclosed. The business transaction amount refers to the total amount of business transactions between the lending company and the borrower in the most recent year.

Note 6: If the nature of the loan denotes a necessity for short-term financing, the reason and the purpose of the loan by the borrower must be specified, such as loan repayment, purchase of equipment, business turnover, etc.

Note 7: Total loan amount: For loans lent out to companies or entities with the need for short-term financing, the total amount of loans shall not exceed 40% of the Company's net worth.

The loan limit for individual entities: For companies or firms with the need for short-term financing, the number of loans to each individual entity shall not exceed 10% of the company's net worth.

Note 8: If a public company submits its lending to the Board of Directors' meeting for resolution case by case in accordance with paragraph 1, Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies, the amount of the resolution of the Board of Directors' meeting shall be included in the announced balance to disclose the risks it bears before the funds are lent out;

if the funds are repaid later, the balance after repayment shall be disclosed to reflect the adjustment of risks. If the Board of Directors' meeting of a public company authorizes the chairman of the board to extend loans in several trenches or recycle the loan balance within a certain limit in a year in accordance with paragraph 2, Article 14 of the Regulations, the loan limit approved by the Board of Directors' meeting shall still be used as the balance for the public announcement and declaration. Although the funds will be repaid later, other loans may still be extended again, so the loan limit approved by the Board of Directors' meeting shall still be used as the balance for the public announcement and declaration.

Pan-International Industrial Corp. and Subsidiaries

Endorsement/guarantee provided

January 1 to September 30, 2020

Table 2

Unit: NTD thousand
(unless otherwise noted)

Serial No. (Note 1)	Name of company of the endorsement/guarantee	Guaranteed Party: Company name	Guaranteed Party: Relation (Note 2)	Endorsement/guarantee limit for a single enterprise (Note 3)	Maximum endorsement/guarantee balance of the period (Note 4)	Endorsement/guarantee balance of the period (Note 5)	Transaction Amounts (Note 6)	Amount of endorsement/guarantee backed by assets	Ratio of the cumulative endorsement/guarantee amount to the net value in the latest financial report	Endorsement/guarantee limit (Note 3)	Endorsement/guarantee from the parent company to subsidiary (note 7)	Endorsement/guarantee from subsidiary to parent company (note 7)	Endorsement/guarantee to entities in the Mainland China (Note 7)	Remarks
0	Pan-International Industrial Corp.	Pan-International Industrial Corp.	2	$ 1,630,231	$ 1,175,512	$ 1,121,756	$ 261,156	$ -	10.05	$ 3,260,462	Y	N	N	Note 8
1	P.I.E INDUSTRIAL BERHAD	PANINTERNATIONAL ELECTRONICS(M) SDN.BHD.	2	1,630,231	90,258	88,667	3,393	-	0.79	3,260,462	Y	N	N	

Note 1: The explanation of the number column is as follows:

(1). Fill in 0 for the issuer.

(2). Investee companies are numbered in sequence in each company type starting numerically from 1.

Note 2: There are 7 types of relations between the endorsement guarantor and the borrower as follows; simply mark the type:

(1). A company with business relations.

(2). A company with more than 50% of its voting shares is directly or indirectly held by the company.

(3). A company directly or indirectly holding more than 50% of the voting shares of the company.

(4). A company with more than 90% of its voting shares is directly or indirectly held by the company.

(5). A company with mutual guarantees in accordance with the contract which is in the same industry or a joint constructor to contract the project.

(6). A company that has been endorsed/guaranteed by all the contributing shareholders in accordance with their shareholding ratios due to a joint investment relationship.

(7). Joint and several guarantees for the performance of a contract for the sale of pre-sold houses among companies in the same industry in accordance with the provisions of the Consumer Protection Act.

Note 3: The total amount of external endorsements/guarantees shall not exceed 100% of the Company's net value, and the limit of endorsements/guarantees for a single enterprise shall not exceed 50% of the Company's net worth.

The total amount of endorsements/guarantees provided by the Company and its subsidiaries to others shall not exceed 100% of the Company’s net value; the total amount of endorsements/guarantees by the Company and its subsidiaries to a single enterprise shall not exceed 50% of the Company's net worth.

The total amount of endorsements/guarantees provided by the Company to a foreign subsidiary that the Company, directly and indirectly, holds 100% of its voting shares shall not exceed 50% of the parent company's net worth, and the limit for an individual entity shall not exceed 20% of the parent company's net worth.

Note 4: The maximum balance of endorsements/guarantees for others in the current year.

Note 5: The amount approved by the Board of Directors’ meeting shall be filled in. However, if the Board of Directors’ meeting authorizes the chairman of the board to decide in accordance with subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/ Guarantees by Public Companies, it refers to the amount decided by the chairman of the board.

Note 6: The actual amount of the Company's disbursement within the range of using the balance of the endorsements/guarantees shall be disclosed.

Note 7: Y is required only for an endorsement/guarantee of a listed parent company to a subsidiary, an endorsement/guarantee of a subsidiary to a listed parent company, and an endorsement/guarantee to entities in Mainland China.

Pan-International Industrial Corp. and Subsidiaries

Marketable securities held at period end (excluding investment in subsidiaries, associates, and jointly controlled entities).

September 30, 2020

Table 3

Unit: NTD thousand

(unless otherwise noted)

Holding Company Name	Type of marketable securities	Name of marketable securities	Relationship with the Holding Company	financial report Account	March 31, 2020				
					Number of shares/beneficiary certificates	Book value	Shares Ratio	Fair value	Remarks
Pan-International Industrial Corp.	Common share	Innolux Corporation	None.	Financial assets measured at fair value through other comprehensive income - Non-current	82,705,987	$ 1,166,154	0.85	$ 1, 166,154	
Pan-International Industrial Corp.	Common share	WK Technology Fund	None.	Financial assets measured at fair value through other comprehensive income - Non-current	84,378	173	0.42	173	
Pan-International Industrial Corp.	Common share	Syntrend Creative Park Co., Ltd.	The largest shareholder of this company is the largest shareholder of Hon Hai Precision Co., Ltd.	Financial assets measured at fair value through other comprehensive income - Non-current	12,831,500	66,939	5.23	66,939	
P.I.E. INDUSTRIAL BERHAD	Open-end funds	EASTSPRING INVESTMENTS ISLAMIC INCOME FUND	None.	Financial assets at FVTPL - Current	22,913	84	-	85	
P.I.E. INDUSTRIAL BERHAD	Open-end funds	AFFIN HWANG AIIMAN MONEY MARKET FUND I	None.	Financial assets at FVTPL - Current	1,481,979	43,454	0.04	43,454	
P.I.E. INDUSTRIAL BERHAD	Open-end funds	AFFIN HWANG USD CASH FUND	None.	Financial assets at FVTPL - Current	254,743	7,378	0.96	7,378	
Yen Yung International Investment Co., Ltd	Common share	Lico Technology Corporation	None.	Financial assets measured at fair value through income - Non-current	3,400,000	-	2.73	-	
PAN GLOBAL HOLDING CO., LTD.	Common share	UER HOLDINGS CORPORATION	The investment company is evaluated by the equity method; the same as the Company.	Financial assets measured at fair value through income - Non-current	1,781,979	-	8.22	-	
PAN GLOBAL HOLDING CO., LTD.	Common share	FSK HOLDINGS LIMITED	The investment company is evaluated by the equity method; the same as the Company.	Financial assets measured at fair value through other comprehensive income - Non-current	50,400,000	63,537	17.50	63,537	
PAN GLOBAL HOLDING CO., LTD.	Common share	CYBERTAN TECHNOLOGY CORP.	The investment company is evaluated by the equity method; the same as the Company.	Financial assets measured at fair value through other comprehensive income - Non-current	22,519,097	1,070,910	16.87	1,070,910	

Pan-International Industrial Corp. and Subsidiaries

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital or more.

December 31, 2020

Table 4

Unit: NTD thousand

(unless otherwise noted)

Buyer/Seller	Related Party	Relation	Transaction Details: Purchase (Sale)	Transaction Details: Amount	Transaction Details: Percentage over total purchase (sale)	Transaction Details: Credit period	Differences in transaction terms from those of general transactions and reasons: Unit Price	Differences in transaction terms from those of general transactions and reasons: Credit period	Note/Accounts Receivable (Payable): Balance	Note/Accounts Receivable (Payable): Percentage over total notes and accounts receivable (payable)	Remarks
Pan-International Industrial Corp.	PAN-INTERNATIONAL ELECTRONICS (USA) INC.	Subsidiary of the Company's indirect reinvestment	Sales	$ 263,853	2	Monthly settlement 120 days T/T	No sale to other customers with no basis for comparison	No significant difference	$ 9,129	-	
Pan-International Industrial Corp.	Sharp (Taiwan) Electronics Corporation	Other related parties	Sales	331,237	3	Monthly settlement 30 days T/T	No sale to other customers with no basis for comparison	No significant difference	64	-	
Pan-International Industrial Corp.	Fu Gui Kong Precision Electronic (Guizhou) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	147,139	1	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	17,750	1	
Pan-International Industrial Corp.	Hongfujin Precision Electronics (Chongqing) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	167,054	1	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	44,910	2	
Pan-International Industrial Corp.	Hongfujin Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	1,264,663	10	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	21,305	1	
Pan-International Industrial Corp.	Hongfujin Precision Industry (Wuhan) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	350,410	3	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	100,933	4	
Pan-International Industrial Corp.	Hongfutai Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	1,037,591	9	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	785,974	32	
Pan-International Industrial Corp.	Futaijing Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	1,402,003	12	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	4,954	-	
Pan-International Industrial Corp.	FIH (Hongkong) Mobil Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	728,992	6	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	226,809	9	
Pan-International Industrial Corp.	Hon Hai Precision Industry Co., Ltd.	A company that evaluates the Company by the equity method	Sales	201,470	2	Monthly settlement 90 days T/T	No sale to other customers with no basis for comparison	No significant difference	79,963	3	
Pan-International Industrial Corp.	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the Company's indirect reinvestment	Purchase	3,366,311	30	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(558,016)	(28)	
Pan-International Electronics Inc.	Dongguan Pan-International Precision Electronics Co., Ltd.	Subsidiary of the Company's indirect reinvestment	Purchase	1,026,728	9	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(255,763)	(13)	
Pan-International Electronics Inc.	Foxconn Interconnect Technology Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	1,608,818	14	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(483,012)	(25)	
Pan-International Electronics Inc.	Sharp Corporation	Other related parties	Purchase	2,352,877	21	30 days after invoice day	A single supplier with no basis for comparison	No significant difference	(-)	-	
Dongguan Pan-International Precision Electronics Co., Ltd.	Dongguan Pan-International Electronics Co., Ltd.	Subsidiary of the Company's indirect reinvestment	Sales	125,583	9	90 days. However, the payment terms will be adjusted according to the working capital needs.	No sale to other customers with no basis for comparison	No significant difference	2,480	1	
New Ocean Precision Component (Jiangxi) Co., Ltd.	Foxconn Interconnect Technology Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Sales	1,663,031	98	Monthly settlement 60 days T/T	No sale to other customers with no basis for comparison	No significant difference	433,199	99	

Pan-International Industrial Corp. and Subsidiaries

Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital or more.

December 31, 2020

Table 4

Unit: NTD thousand
(unless otherwise noted)

			Transaction Details				Differences in transaction terms from those of general transactions and reasons		Note/Accounts Receivable (Payable)		Remarks
Buyer/Seller	Related Party	Relation	Purchase (Sale)	Amount	Percentage over total purchase (sale)	Credit period	Unit Price	Credit period	Balance	Percentage over total notes and accounts receivable (payable)	
PAN-INDUSTRIAL ELECTRONICS(M) SDN. BHD.	S&O ELECTRONICS (Malaysia) SDN BHD	Other related parties	Sales	$ 1,243,417	26	Monthly settlement 90 days	No sale to other customers with no basis for comparison	No significant difference	$ 562,074	39	
PAN-INDUSTRIAL ELECTRONICS(M) SDN. BHD.	Foxconn Technology Co., Ltd	Other related parties	Purchase	1,037,321	23	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(241,929)	(26)	
PAN-INDUSTRIAL ELECTRONICS(M) SDN. BHD.	Hon Hai Precision Industry Co., Ltd.	A company that evaluates the Company by the equity method	Purchase	273,012	6	Monthly settlement 90 days	A single supplier with no basis for comparison	No significant difference	(28,830)	(3)	
Tekcon Electronics Corporation	Foxconn Interconnect Technology Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	328,018	70	Monthly settlement 120 days	A single supplier with no basis for comparison	No significant difference	(218,532)	(81)	
Tekcon Huizhou Electronics Co., Ltd.	Huaian Fulitong Trade Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	Purchase	291,083	70	Monthly settlement 120 days	A single supplier with no basis for comparison	No significant difference	(261,074)	(86)	

Pan-International Industrial Corp. and Subsidiaries

Total accounts receivable from related parties amounting to at least NT$100 million or 20% of the paid-in capital or more.

December 31, 2020

Table 5

Unit: NTD thousand

(unless otherwise noted)

Company Name	Related Party	Relation	Balance of accounts receivable from related parties	Turnover Rate	Overdue		Accounts receivable from related parties recovered after the period	Provision for bad debt
					Amount	Actions Taken		
Pan-International Industrial Corp.	Hongfujin Precision Industry (Wuhan) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	100,933	3.06	-	Payment received after the period	26,758	40
Pan-International Industrial Corp.	FIH (Hongkong) Mobil Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	226,809	1.62	-	Payment received after the period	92,330	91
Pan-International Industrial Corp.	Hongfutai Precision Electronics (Yantai) Co., Ltd.	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	785,974	1.98	74	Payment received after the period	350,985	314
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Pan-International Industrial Corp.	The Company’s parent company	558,016	7.80	-	Payment received after the period	323,852	223
Dongguan Pan-International Precision Electronics Co., Ltd.	Pan-International Industrial Corp.	The Company’s parent company	255,763	3.04	-	Payment received after the period	307,025	-
New Ocean Precision Component (Jiangxi) Co., Ltd.	Foxconn Interconnect Technology Limited	Subsidiary of the indirect reinvestment of Hon Hai Precision Industry Co., Ltd.	433,199	3.82	-	Payment received after the period	212,853	173
Dongguan Pan-International Electronics Co., Ltd.	Champ Tech Optical (Foshan) Corporation	Other related parties	113,546	2.61	-	Payment received after the period	63,538	45
Pan-International Electronics(M) Sdn.Bhd.	S&O Electronics (Malaysia) Sdn Bhd	Other related parties	562,074	4.42	161,323	Payment received after the period	191,404	9

Pan-International Industrial Corp. and Subsidiaries

Significant Inter-company Transactions during the Reporting Period

December 31, 2020

Table 6

Unit: NTD thousand

(unless otherwise noted)

Serial No. (Note 1)	Transaction Company	Counterparty	Relationship with the transaction parties (Note 2)	Description of Transactions (note 4) Account	Amount	Transaction Terms	Percentage over consolidated total revenue or total assets (note 3)
0	Pan-International Industrial Corp.	PAN-INTERNATIONAL ELECTRONICS (USA) INC.	1	Sales	$ 263,853	Note 5	1
0	Pan-International Industrial Corp.	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	1	Purchase	3,366,311	Note 7	16
0	Pan-International Industrial Corp.	Dongguan Pan-International Precision Electronics Co., Ltd.	1	Purchase	1,026,728	Note 7	5
0	Pan-International Industrial Corp.	PAN GLOBAL HOLDING CO., LTD.	1	Other receivables	389,596	Not applicable	2
1	Dongguan Pan-International Precision Electronics Co., Ltd.	Dongguan Pan-International Electronics Co., Ltd.	3	Sales	125,583	Note 6	1
1	Dongguan Pan-International Precision Electronics Co., Ltd.	Pan-International Electronics Inc.	2	Accounts receivable	255,763	Note 7	1
2	Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Pan-International Electronics Inc.	2	Accounts receivable	558,016	Note 7	3

Note 1: The business information between the parent company and the subsidiary shall be indicated in the number column respectively, and the number shall be filled in as follows:

(1) Fill in 0 for the parent company.

(2) 1 to 6 - subsidiaries.

Note 2: There are three types of relationship with the transaction parties; mark the type (there is no need to repeatedly disclose the same transaction between parent and subsidiary companies or between subsidiary companies. For example, if a parent company discloses a transaction with a subsidiary, the subsidiary does not have to repeat the disclosure of the transaction; if a subsidiary discloses a transaction with another subsidiary, the other subsidiary does not have to disclose the transaction again):

(1) Parent company with a subsidiary.

(2) A subsidiary with the parent company.

(3) A subsidiary with a subsidiary.

Note 3: For the calculation of the ratio of the transaction amount to the total consolidated revenue or total assets, if the item is classified as an asset or liability, the ratio is calculated with its ending balance as a percentage over the total consolidated assets; if the item is classified as an income, the ratio is calculated with the income accumulated at the end of the period as a percentage over the total consolidated revenue.

Note 4: The standard for disclosing the transaction information above between the parent company and a subsidiary is that the amount of purchase, sale, and receivables from related parties reaches NT$100 million or 20% of the paid-in capital.

Note 5: The transaction price is similar to that of the general customer, with a collection period of 120 days monthly settlement.

Note 6: Transaction prices are negotiated and the collection period is 90 days monthly settlement. The terms of payment are adjusted according to the demand for working capital.

Note 7: Transaction prices are negotiated and the collection period is 90 days monthly settlement.

Pan-International Industrial Corp. and Subsidiaries

The name and location of the investee company and other relevant information (excluding investee companies in Mainland China)

January 1 to December 31, 2020

Table 7

Unit: NTD thousand

(unless otherwise noted)

Investor	Investor Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2020			Net income (loss) of the Investee for current period	Investment gains and losses recognized in the current period	Remarks
				March 31, 2020	End of last year	Shares	Ratio	Book value			
Pan-International Industrial Corp.	Pan Global Holding Co., Ltd.	The British Virgin Islands	Holding company	$ 3,472,484	$ 3,472,484	$ 12,220	100	$ 8,741,959	$ 463,355	$ 463,355	
Pan-International Industrial Corp.	Pan-International Electronics Inc.	USA	Sale of electronic products	73,142	73,142	28,000	100	195,781	13,211	13,211	
Pan-International Industrial Corp.	Yen Yung International Investment Co., Ltd	Taiwan	Investment company	473,997	473,997	44,316,236	100	316,328	(135,224)	(135,224)	
Yen Yung International Investment Co., Ltd	Tekcon Electronics Corporation	Taiwan	Manufacturing and sale of connectors for electronic signal cables	393,898	393,898	21,960,504	83.58	196,339	(161,744)	(135,185)	
PAN GLOBAL HOLDING CO., LTD.	P.I.E. INDUSTRIAL BERHAD (PIB)	Malaysia	Holding company	39,730	39,730	197,459,985	51.42	1,676,530	316,722	162,859	Note 1
PAN GLOBAL HOLDING CO., LTD.	GREAT HAVEN HOLDINGS LTD. (GHH)	The British Virgin Islands	Holding company	549,664	549,664	19,800,000	100	76,951	117	117	Note 2
PAN GLOBAL HOLDING CO., LTD.	BRISTECH INTERNATIONAL LTD. (BIL)	The British Virgin Islands	Holding company	-	-	-	-	-	5	5	
PAN GLOBAL HOLDING CO., LTD.	GREAT SUPPORT INTERNATIONAL LTD. (GSI)	The British Virgin Islands	Processing of electronic products	-	-	-	-	-	(1)	(1)	
PAN GLOBAL HOLDING CO., LTD.	BEYOND ACHIEVE ENTERPRISE LTD. (BAE)	The British Virgin Islands	Holding company	273,408	279,360	9,600,000	100	638,272	(49,171)	(49,171)	Note 3
PAN GLOBAL HOLDING CO., LTD.	TEAM UNION INTERNATIONAL LTD. (TUI)	Hong Kong	Holding company	467,072	467,072	3,120,001	100	746,550	71,694	71,694	Note 4
PAN GLOBAL HOLDING CO., LTD.	EAST HONEST HOLDINGS LIMITED (EHH)	Hong Kong	Holding company	3,053,551	3,053,551	665,799,420	100	4,297,397	369,840	369,840	Note 5
PAN GLOBAL HOLDING CO., LTD.	Long Time Tech. Co., Ltd.	Taiwan	Electronic Components	646,000	646,000	20,187,500	16.82	580,069	(15,657)	(24,513)	
Tekcon Electronics Corporation	Long Time Tech. Co., Ltd.	Taiwan	Electronic Components	250,000	250,000	7,812,500	5.44	224,485	(15,657)	(9,488)	

Note 1: The Company mainly reinvests indirectly through PIB in Pan-International Electronics (Malaysia) Sdn. Bhd. and Pan-International Wire & Cable (Malaysia) Sdn. Bhd. from the production of cable-attached connectors or electronic products and sales in Malaysia.

Note 2: The Company mainly reinvests in NCIH International Holdings Limited indirectly through GHH. It was dissolved in September 2020.

Note 3: The Company mainly reinvests in New Ocean Precision Component (Jiangxi) Co., Ltd. indirectly through BAE. Please refer to Table 8 for details on the disclosure of information about the investment in Mainland China.

Note 4: The Company mainly reinvests in Dongguan Pan-International Precision Electronics Co., Ltd. indirectly through TUI. Please refer to Table 8 for details on the disclosure of information about the investment in Mainland China.

Note 5: The Company mainly reinvests in Honghuasheng Precision Electronics (Yantai) Co., Ltd. indirectly through EHH. Please refer to Table 8 for details on the disclosure of information about the investment in Mainland China.

Note 6: The relevant figures in this table are in NTD. Where foreign currencies are involved, they will be converted into NTD at the exchange rate on the date of financial reporting.

Pan-International Industrial Corp. and Subsidiaries

Mainland China investment information - Basic information

January 1 to December 31, 2020

Table 8

Unit: NTD thousand
(unless otherwise noted)

Name of the investee in mainland China	Main Businesses and Products	Paid-in Capital	Method of Investments (Note 2)	Cumulative outward remittance of investment amount from Taiwan at the beginning of the period	Investment Flows of current period: Outward	Investment Flows of current period: Inward	Cumulative outward remittance of the investment amount from Taiwan in the period end	Net income (loss) of the Investee for current period	% Ownership of Direct or Indirect Investment	Investment gains and losses recognized in the current period (Note 3)	Book value of the investment at the end of the period	Investment gains repatriated as of the end of the period	Remarks
Dongguan Pan-International Precision Electronics Co., Ltd.	Manufacturing and sale of wires, cables, connecting wires, connecting wire connectors, and wire plugs.	$ 467,072	2	$ 356,000	$ -	$ -	$ 356,000	$ 71,694	100	$ 71,694	$ 746,550	$ -	Note 6
Fuyu Property (Shanghai) Co., Ltd.	Engaging in the e-commerce business of industrial design, other specialized design services, car rental, retail of other commodities, sale of computer and peripheral equipment and software, retail of communication equipment, retail of audio-visual equipment, retail of spare parts and supplies for locomotives, and e-commerce of retail goods and equipment above.	7,917,440	2	776,080	-	-	776,080	(117,591)	16.87	-	1,070,910	-	
New Ocean Precision Component (Jiangxi) Co., Ltd.	Manufacturing and operation of various types of plugs and sockets and telecommunications.	273,408	2	-	-	-	-	(49,171)	100	(49,171)	638,272	-	
Honghuasheng Precision Electronics (Yantai) Co., Ltd.	Production and sale of hard single (double) side printed circuit boards, hard multi-layer printed circuit boards, flexible multi-layer printed circuit boards, and other printed circuit boards	2,443,584	2	2,520,480	-	-	2,520,480	458,422	100	458,422	3,529,081	-	Note 4

Company name	The cumulative amount of outward remittance of investment from Taiwan to mainland China at the end of the period (notes 5 and 6)	Investment amount approved by the Investment Commission, MOEA	In compliance with the investment limit stipulated by the Investment Commission, MOEA for investment in mainland China. (note 7).
Pan-International Industrial Corp.	$ 4,038,208	$ 5,765,474	$ -

Note 1: The relevant figures in this table are in NTD. Where foreign currencies are involved, they will be converted into NTD at the exchange rate on the date of financial reporting.

Note 2: There are three investment modes:

1. Direct investment in mainland China.
2. Re-investment in mainland China through Pan Global Holding Co., Ltd. of a third region.
3. Other modes.

Note 3: The field of investment gains and losses recognized in the current period is recognized under the audited financial statements.

Note 4: In the first quarter of 2012, the Company acquired 100% of the equity of East Honest Holdings Limited through the subsidiary Pan Global Holding Co., Ltd. and indirectly acquired Honghuasheng Precision Electronics (Yantai) Co., Ltd.; the investment amount approved by the Investment Commission, MOEA was USD 107,217 thousand.

Note 5: As of December 31, 2020, the Company has the following investment withdrawal cases approved by the Investment Commission of the Ministry of Economic Affairs:

Date	Approval letter No.	Investor Company	Original investment amount remitted from Taiwan	
September 5, 2003	0920028972	Dongguan Junwang Technology Co., Ltd.	USD	91 thousand
December 9, 2010	09900496780	Saibo Digital Technology (Guangzhou) Co., Ltd.		476 thousand
May 30, 2011	10000205680	Yunnan Saibo Digital Technology Co., Ltd.		190 thousand
May 30, 2011	10000205690	Chongqing Saibotel Digital Square Co., Ltd.		454 thousand
May 30, 2011	10000205700	Nanchong Saibo Digital Square Co., Ltd.		58 thousand
March 22, 2017	10600038030	UER Battery Technology (Shenzhen) Co., Ltd.		1,100 thousand
May 9, 2017	10630024870	Ganchuang International Trade (Shenzhen) Co., Ltd.		8,650 thousand
			USD	11,019 thousand

Because these reinvestment companies suffer losses, the amount of investment originally remitted from Taiwan cannot offset the amount of investment in mainland China.

Note 6: In November 2011, the Company was granted a document, IC(II) No. 10000518690 by the Investment Commission, MOEA that approved the rescission of the unexecuted investment amount of US$500 thousand for Dongguan Pan-International Precision Electronics Co., Ltd.

On October 30, 2014, the Company was granted a document, IC(II) No. 10300233110 by the Investment Commission, MOEA that approved the transferring of Cyberport Digital Tech (Qingdao) Co., Ltd, and 41 other companies to Le Zhiwan Ranch Holding Investment Ltd. (Samoa);

In March 2017, the Company was granted a document, IC(II) No. 10600038030 by the Investment Commission, MOEA that approved the rescission of unexecuted investment amount of US$5.2 million for UER Battery Technology (Shenzhen) Co., Ltd..

Note 7: In December 2019, the Company was granted a document, IDB No. 10820432920 by the Industrial Development Bureau, MOEA, certifying the compliance with the operation scope of operation headquarters, and no investment limit is required from December 4, 2019 to December 3, 2022.

Pan-International Industrial Corp. and Subsidiaries

Information on major shareholders

December 31, 2020

Table 9

Name of major shareholders	Share: Number of shares held	Share: Shares Ratio
Hon Hai Precision Industry Co., Ltd.	107,776,254	20.79%

Note 1: The information of major shareholders in this table is based on the information from the Central Depository on the last business day at the end of each quarter, covering shareholders stake of more than 5% of the Company’s common and special shares that have completed scriptless registration (including treasury shares).

The share capital reported in the financial report and the actual number of shares that have completed the scriptless registration may be different due to differences in the basis of compilation and calculation.

Note 2: If the shareholder puts the shares into a trust, the aforementioned information will be disclosed by the trustors’ individual account opened by the trustee. As for shareholders’ insider declaration of the ownership percentage over 10% according to the Securities and Exchange Act, including the shares on hand and those being put in a trust but with the decision power over the usage of the trust assets, please refer to the insider declaration information on MOPS.

Note 3: The preparation principle of this table is to calculate the distribution of the balance of each credit transaction based on the shareholders’ register on the book-close day of the extraordinary shareholders' meeting (short-sale securities are not purchased back).

Note 4: Shareholding ratio (%) = total number of shares held by the shareholder/total number of shares that have completed scriptless registration.

Note 5: Total number of shares that have completed scriptless registration (including treasury shares) that have completed dematerialized registration and delivery is 518,346,282 shares = 518,346,282 (common shares) + 0 (preferred shares).