Stock Code: 6189

PROMATE ELECTRONIC CO., LTD.

2020 Annual Report

Printed Date:May 24, 2021

Annual Report Website Market Observation Post System:http://mops.twse.com.tw/

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Name: Cheer Du

Title: Chief Operating Officer

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Name: Jasmine Wu

Title: Finance Manager

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Name of CPA: CPA Li, Li-Huang, CPA Wong, Bo-Ren
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Website: http://www.deloitte.com.tw
Tel: (02)2725-9988

Name of overseas stock exchange and method for accessing information on overseas negotiable securities: None

Company website: http: //www.promate.com.tw

Promate Electronic Co., Ltd.

Contents of 2020 Annual Report

I、Letter to Shareholders

Dear Shareholders:

The consolidated revenue of Promate Electronic in 2009 was NT$ 26,711 million, 17.03% higher than the same period in last year of NT$ 22,824 million, and the operating profit was NT$1.032 billion, about 197 million more than the previous year of NT$ 835 million, with an increase of about 23.63%. The net profit after tax of the current period was NT$ 605 million, compared with NT$ 539 million in 2019, with an increase of about 12.08%. Based on the outstanding share capital of NT$ 1.790 billion, the basic profit after tax per share was NT$ 2.99. In terms of dividend policy, Promate Electronic will maintain the previous high dividend payment policy in this year.

International Monetary Fund (IMF) revised its forecast for global economic growth in 2021 to 5.5%, higher than the estimate of 5.3% in October 2020, according to its updated World Economic Outlook (WEO) released on January 26. The reason for the revision of 2021 growth estimate is that the accelerated promotion of COVID-19 vaccine and additional fiscal stimulative measures will offset the immediate challenges posed by the resurgence of the epidemic. IMF also revised its forecast for global economic contraction in 2020 to -3.5% from -4.4% estimated in October 2020, a sharp upward revision of 0.9%, mainly due to a better performance in the second half of the year than previously expected. The proportion of the Company's revenue according to different operating locations is 69.22% in Europe, America and Asia (excluding China and Hong Kong) regions and 30.78% in Mainland China (including China and Hong Kong) region.

As many countries begin to apply the COVID-19 vaccine in the hope of ending the epidemic, IMF forecasts that while the economic growth is expected to return to normal in the second half of 2021, the economic recovery will be uneven due to the limited availability of vaccine. At the same time, the global economy will continue to face the "exceptionally high uncertainty" because of the risks posed by new waves of infections and virus mutations. Promate has set up the service offices in China, Japan, Europe (Netherlands) and the United States. The Company also has successively improved various management rules and regulations in corporate governance, and has set up the Audit Committee and further implemented the corporate governance under the operation of the Remuneration Committee. The "Code of Ethical Conduct", "Code of Integrity Management" and "Integrity Management Procedure and Guide of Conduct" are formulated to require the business team and all colleagues to continuously follow and implement the management to safeguard the shareholders' rights and interests. In the part of information disclosure, relevant operating standards of "Financial and Non-Financial Information Management Method" have been established. The Company adheres to the fairness and integrity principle of information disclosure, and fully discloses the information on the Company's website so that the shareholders and interested parties can get the real-time financial and business information of the Company. The formulation of the Company's business strategy is also determined through the full discussion and joint resolution of the Board of Directors, and implemented in relevant business, in order to achieve the high goal of corporate governance and the pursuit of sustainable operation purpose.

The Company's management team and all colleagues sincerely thank the shareholders for their support and encouragement. The Company will be more pragmatic in the operation to protect the shareholders' rights and interests, and hope that the shareholders can continue to support and encourage.

1. 2020 Business Report

(1) Business plan implementation results

Item	2020	2019	Increase (Decrease)	Rate of change %
Operating Revenue	26 ,710,813	22,824,272	3,886,541	17.03
Operating Profit	1,032,481	835,142	197,339	23.63
Net profit after tax	604,676	539,482	65,194	12.08

(2) Budget implementation

The Group has not disclosed its financial forecast in 2020, so there is no budget to be achieved.

(3) Financial revenue and expenditure and profitability analysis

Item		2020	2019
Financial structure (%)	Debt to asset ratio	64.60	59.71
	Long-term funds to fixed assets ratio	1,475.72	1,122.83
Liquidity (%)	Current ratio	174.68	162.90
	Quick ratio	137.15	114.51
	Times Interest Earned	1,103.64	690.21
Profitability	Return on assets(%)	6.02	6.71
	Return on equity	14.57	13.35
	Income before tax to paid-in capital ratio	41.74	37.67
	Net profit margin（%）	2.26	2.36
	Earnings per share(NTD)	2.99	2.62

(4) Research and development status

Research and development expenditures over the last three years

Unit: NT$1,000

Item	2018	2019	2020
R&D expenses	83,786	86,313	87,364
R&D expenses as a percentage of revenue	0.43%	0.38%	0.33%

The Company has successfully acted as the agent of domestic and foreign electronics major components products, with FAE and many R&D personnel, mainly to provide customers with technical support for the use of products, help customers save R&D expenses and shorten the product launching time, and provide customers with complete solutions, including the panel displays, wireless links, terminal servers, automotive electronic applications and application-specific chips, low-power-consumption and high-efficiency power management IC solutions, etc., focusing on the niche market segments to enhance the Company's added value.

2. 2021 Business Plan Summary

International Monetary Fund (IMF) revised its forecast for global economic growth in 2021 to 5.5%, higher than the estimate of 5.3% in October 2020, according to its updated World Economic Outlook (WEO) released on January 26. The reason for the revision of 2021 growth estimate is that the accelerated promotion of COVID-19 vaccine and additional fiscal stimulative measures will offset the immediate challenges posed by the resurgence of the epidemic. IMF also revised its forecast for global economic contraction in 2020 to -3.5% from -4.4% estimated in October 2020, a sharp upward revision of 0.9%, mainly due to a better performance in the second half of the year than previously expected. As many countries begin to apply the COVID-19 vaccine in the hope of ending the epidemic, IMF forecasts that while the economic growth is expected to return to normal in the second half of 2021, the economic recovery will be uneven due to the limited availability of vaccine. At the same time, the global economy will continue to face the "exceptionally high uncertainty" because of the risks posed by new waves of infections and virus mutations.

(1) Operating strategy & Important production and sale policies

1) Implement the enterprise sustainable management, strengthen the employees' humanistic quality, enhance the integration of work and life, and continue to enrich the professional skills and strengthen the partnership with upstream and downstream manufacturers, jointly create the added value, create a win-win cause, and pursue the sustainable operation.

2) Provide the customers a complete supply plan to coordinate with the downstream system manufacturer's production plan, help the customers to shorten the product development time, provide a complete solution to the customer, make the customers more focusing on the core technology research and development, enable the customers to shorten new product development time, grab the market opportunities, improve the overall efficiency, competitiveness, and increase the satisfaction of the final market and the Company's added value.

3) Clarifying the product market positioning, focusing on the familiar industries, and distributing the product lines, LCD panels, special application chips, power management ICs and wireless communication products, the Company is positioned in the high-technology and high-value-added design-in market, with the application fields covering the information, consumer electronics and communication industries. The technical competitiveness has become the biggest competitive advantage of Promate, which has formed an obvious market specialty division between Promate and other agents and domestic peers. 。

(2) Expected sales volume and its basis

The various electronic components for agent sales by the Company are used in various electronic consumer products and industrial fields, such as personal computers, information home appliances, broadband network, wireless communication systems, advertising systems, marine instruments, and medical equipment, with a wide range of applications and deep into the general family life field. Looking forward to 2001, the global economy is full of uncertain factors affecting the domestic and foreign prosperity, considering the upstream and downstream industries and related electronic consumer market supply and demand, as well as the agency of the original factory's expected target and internal business planning, the growth of related product sales in 2001 is challenging but still cautiously optimistic.

Promate Electronic operation management in 2021 focuses on strengthening the core competitive ability of existing agencies, maintaining a healthy financial structure, attaching great importance to the sound of cash flow, and the layout in medium and long-term stable way in the high-growth industry’s important key components and high value-added products, to increase the revenue and profit expectations for the Company's future development momentum. Shareholders shall adhere to support the Company, and provide the guidance and encouragement to continue the growth of the Company.

Sincerely yours,

Chairman: Eric Chen　　President: Eric Chen　　Head of Accounting: Mandy Chiu

II. Company profile

1. Date of Establishment: May 26, 1986

2.Company history

1986	* Promate Electronic Limited was established with a capital of NT$ 6 million.
1988	* Obtained the electronic product agency of UMC. * Acquired the product agency of Zilog Inc.
1989	* The Company was restructured into a limited company. * Obtained the product agency of LTC.
1991	* "Best Technical Support Award" from Zilog Inc.
1992	* Cash increase of NT$12 million, paid-up capital of NT$28 million. * Awarded "Excellent Agent in the Pacific Region" by LTC.
1993	* Acquire the product agency of S3 International Limited. * Awarded "Agent of the Year" by UMC.
1994	* Awarded "Agent of the Year" by LTC. * Awarded "Agent of the Year" by UMC for two consecutive years.
1995	* NT$28 million of new shares were issued with additional capital and the paid-up capital was NT$56 million. * Set up R&D Department, mainly responsible for writing the embedded MCU software. * Awarded "Agent of the Year" by LTC for four consecutive years. * Won the award of "Outstanding Business Person for Issuing Uniform Invoice in Taipei City" in 1984. * Merger of Huahuang Enterprise Limited with a combined issue of NT$28 million of new shares and paid-up capital of NT$56 million.
1996	* Acquired the product agency of Novatek. * Acquired the product agency of ITE. * Acquired the product agency of Davicom. * Acquired the first monitor manufacturer for Novatek MCU products - AOC (now the 3rd largest monitor manufacturer in the world).
1997	* Cash increase of NT$24 million, paid-up capital of NT$80 million. * Obtained the product agency of AMIC. * Successfully introduced S3 PCI Sound Products to the Taiwan market. The first two customers’ products were designed with the support of Promate Electronic.
1998	* Surplus transfer for capital increase of NT$16 million, cash increase of NT$4 million, paid-up capital of NT$100 million. * Acquired the fiber optic communication chipset product agency of AMCC. * Acquired the X86 CPU product agency of Rise Technology Company. * Successfully introduced S3 Mobile Products into the Taiwan market. The first two customers’ products were designed and supported by Promate Electronic. * Won the "Global Outstanding Agent Award" from S3. * Won the "Best Supplier Award" from GIGABYTE.

1999	* Surplus transfer for capital increase of NT$30 million, cash increase of NT$20 million, paid-up capital of NT$150 million. * Obtained the agency of TFT-LCD LCD panel of Unipac. * Strategy alliance with Unipac, to become a strategic partner in the manufacturing and sales of small size TFT-LCD LCD module products. * Established the liquid crystal module product division (including manufacturing department, R&D department, sales department). * Acquired the MEPG chip product agency of iCompression Inc. * Acquired the mobile phone chipset product agency of Dspc Israel Ltd. * Acquired the Global Positioning System (GPS) product agency of SirF.
2000	* Surplus transfer for capital increase of NT$50.29 million, cash increase of NT$34.71 million, and paid-up capital of NT$235 million. * Approved public offering of shares of Promate Electronic. * Successfully developed 7" 16: 9 TFT-LCD module products. * Successfully developed GPS module products. * Acquired the LCD Monitor chip product agency of Averlogic. * Acquired the Blue-tooth product agency of Silicon Wave. * Acquired the ADSL broadband product agency of Integrated Telecom Express Inc. (ITEX).
2001	* Surplus transfer for capital increase of NT$67 million, and paid-up capital of NT$320 million. * Acquired the MOSFET(transistor) product sales right of AOS (ALPHA & OMEGA SEMICONDUCTOR, INC.). * Acquired the SOC and OTP product sales right of KIT ON LINE TECHNILOGY CORP. * Acquired the product agency of ON Semiconductor. * Acquired the product agency of NetLogic MicroSystem, Inc. * Acquired the product agency of Mellanox Technologies, Inc. * Acquired the product agency of Protura Wireless. * Won the "Top 10 Outstanding Component Agents Award" from New Electronic Magazine in 2001. * Won the "Best Semiconductor Agent Award" from Electronics Industry Weekly in 2001. * Won the "Outstanding Supplier Award" from GIGABYTE. * Won the "Most Valuable Partner Award" from MITAC. * Won the "Excellent Agent Award" from supplier Silicon Wave. * Ranked 186 in the Top 500 Service Industries and 217 in the Top 1000 Companies of CommonWealth Magazine. * Ranked 305 in the Top 1000 Manufacturers of BusinessWeek.
2002	* Acquired the product agency of High Bandwith Access (Taiwan) Inc. * Acquired the product agency of Micronas GmbH of Weike Co., Ltd. * Surplus and capital reserve transfer for capital increase of NT$110 million, paid-up capital of $412 million. * On May 28, two independent directors and one independent supervisor were elected by the

	shareholders at the regular meeting. * On September 16, the Company was listed at the OTC Trading Centre.
2003	* Cash increase of NT$51.75 million and paid-up capital of NT$463.75 million. * Surplus and capital reserve transfer for capital increase of NT$136,876,775, and paid-up capital of NT$600, 626,750. * Won the "Best Growth Award for Outstanding Parts Agents" from New Electronic Magazine in 2003.
2004	* Issued the first domestic unsecured convertible corporate bonds of NT$500 million. * Acquired the semiconductor product agency of U.S. Genesis. * Ranked 89 in the Top 500 Service Industries of CommonWealth Magazine. * Ranked 88 in the Top 500 Services Industries of BusinessWeek. * On May 24, listed and traded on an exchange from over-the-counter trading center. * Surplus and capital reserve transfer for capital increase of NT$171,321,750, and paid-up capital of NT$771,948,500. * NT$5.09 million of common shares were converted through employee stock option certificates, with a paid-up capital of NT$777,038,500. * Acquired the chip product agency of Silego. * Acquired the related memory product agency of Saifun. * Acquired the related memory product agency AMIC.
2005	* NT$1.79 million of common shares were converted through employee stock option certificates, with a paid-in capital of NT$778,828,500. * Acquired the linear IC product agency of Pyramis. * Acquired the product agency of LeadTrend. * Acquired the semiconductor product agency of AATI. * Ranked 54 in the Top 500 Service Industries of CommonWealth Magazine. * Ranked 54 in the Top 1000 Services Industries of BusinessWeek. * Employee stock option certificates, convertible corporate bonds and surplus and capital reserves of NT$210,462,180, and paid-up capital of NT$989,290,680. * Acquired the product agency of Wischip. * Acquired the product agency of JAM.
2006	* Ranked 47 in the Top 500 Service Industries of CommonWealth Magazine. * Ranked 47 in the Top 1000 Services Industries of BusinessWeek. * Acquired the product agency of Lumileds. * Employee stock option certificates and convertible corporate bonds for common shares of NT$ 23,520,030, and paid-up capital of NT$ 169,139,855. * This year's employee stock option certificates, surplus and capital reserve transfer for capital increase was totally NT$ 201,118,160, and the paid-up capital was NT$ 1,190,408,840. * This year's employee stock option certificates, surplus and capital reserve transfer for capital increase was totally NT$ 201,118,160, and the paid-up capital was NT$ 1,190,408,840. * Invested in HAPPY ON INTERNATIONAL LTD. for NTD8,778,000, holding 70% of the

	shares.
2007	* Cash increase of NT$ 60 million and the issuance of second domestic convertible bonds of NT$ 350 million. * Obtained the product agency of Oxford and BridgeLux. * This year's employee stock option certificates, convertible corporate bonds and surplus and capital reserve transfer for capital increase was NT$ 451,027,000, and the paid-up capital was NT$ 1,701,435,350 by the end of 2007. * Invested in EAST PROFIT INTERNATIONAL LTD. for NTD35,684,000, holding 70% of the shares. * Invested in Picoway Co., Ltd. for NTD20,000,000, holding 70% of the shares.
2008	* The total amount of surplus and capital reserves converted into capital increase/convertible corporate bonds converted into common shares was NT$132 million, and the paid-up capital was NT$1,814,091,000. * Obtained the product agency of RDC. * Obtained the product agency of Diodes from the United States. * Obtain the product agency of Volterra from the United States. * Obtained the product agency of AMS from Australia. * Obtained the product agency of RMI from the United States
2009	* Invested in Promate Electronic (Shenzhen) Co., Ltd. through Hong Kong Promate International for USD200,000, holding 100% of the shares. * Invested Promate Electronic (Shanghai) Co., Ltd. through Hong Kong Promate International for USD1,000,000, holding 100% of the shares. * Convertible corporate bonds converted into common shares amounted to NT$16.7 million, with the paid-up capital of NT$1,823,171,000.
2010	* Won the Best Partner Award from Alpha & Omega. * Won the AVBU GD Best Partner Award from AU Optronics. * Won the Best Partner Award from Gigabyte Technology in 2010. * Won the Partner Award from uPI-Semi. * In 2009, Promate Electronic ranked 61 in the Top 500 Service Industry Survey of CommonWealth Magazine, and ranked 11 in Information, Communication and IC Access.
2011	* Won the Best Partner Award from Alpha & Omega. * Won the Best Partner Award from Gigabyte Technology in 2010. * Won the Partner Award from uPI-Semi. * Write-off and repurchase of 507,000 ordinary shares, with paid-up capital of NT$1,823,171,000. * In 2010, Promate Electronic ranked 59 in the Top 500 Service Industry Survey of CommonWealth Magazine, and ranked 10 in Information, Communication and IC Access.
2012	* Write-off and repurchase of 2,765,000 ordinary shares, with paid-up capital of NT$1,790,451,000.
2013	* Completed the division of specific application product business group to the subsidiary Promate Solutions Corporation.
2014	* Obtained the product agency of GigaDevice. * Obtained the product agency of Conexant.

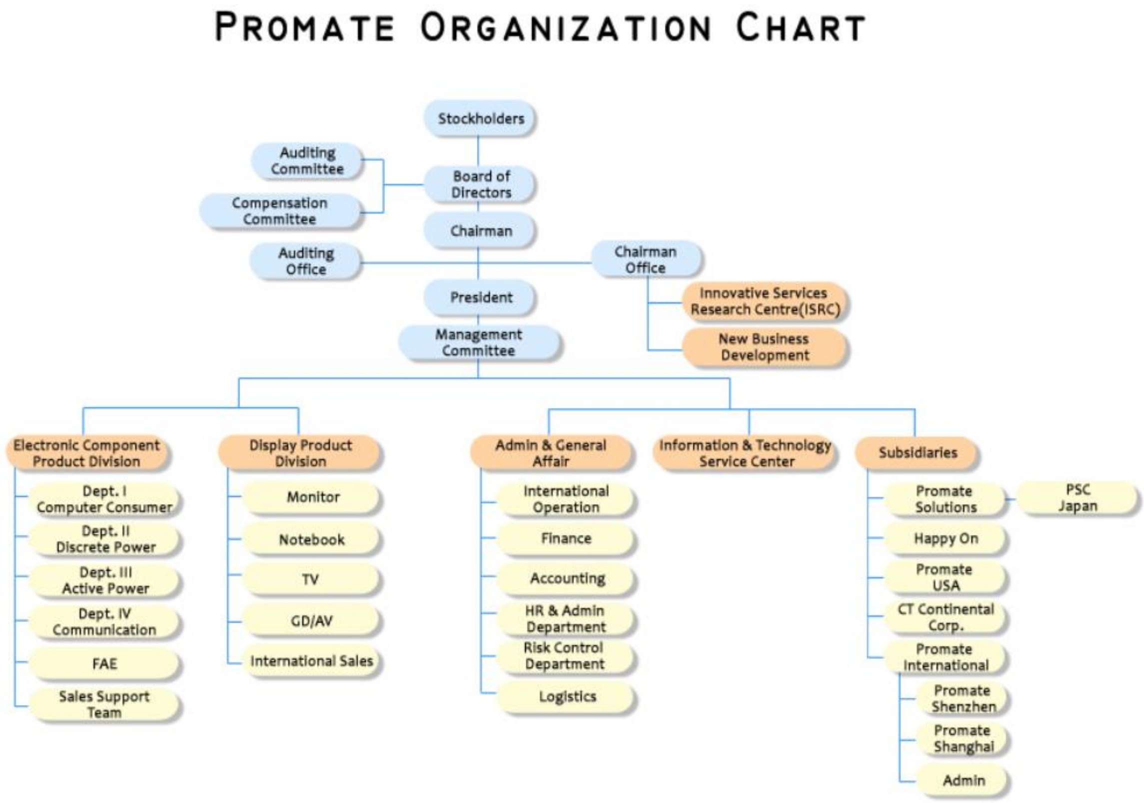
	* Awarded the Intel “Smart Impact Challenge” First Prize by ISRC in 2013. * Ranked 72 in the Top 500 Service Industries of CommonWealth Magazine in 2013, and ranked 11 in IC access.
2015	* Obtained the product agency of NDK. * Obtained the product agency of EMC. * Ranked 68 in the Top 500 Service Industries of CommonWealth Magazine in 2014, and ranked 10 in IC access.
2016	* Obtained the product agency of AMAZING. * Ranked 86 in the Top 2000 Service Industries of CommonWealth Magazine in 2015, and ranked 10 in IC access.
2017	* Obtained the product agency of JEVAT. * Ranked 85 in the Top 2000 Service Industries of CommonWealth Magazine in 2016, and ranked 11 in IC access.
2018	* Obtained the product agency of LCF/ CAPXON. * Ranked 84 in the Top 2000 Service Industries of CommonWealth Magazine in 2017, and ranked 10 in IC access.
2019	* Obtained the product agency of XMC/LPS. * Ranked 17 in information, communication, IC access of CommonWealth Magazine in 2018,.
2020	* Issued the third domestic unsecured converted corporate bonds of NT $1 billion. * Convertible corporate bonds converted into common shares amounted to NT$ 808,450, with the paid-up capital of NT$ 1,790,451,940. * Ranked 18 in Top 5000 electronic components wholesale industry of large enterprises in Taiwan in 2020.

In the most recent year and as of the date of publication of the annual report of the Company, except for the matters disclosed above, there has been no significant transfer or replacement of the shares of directors, supervisors or major shareholders holding more than 10% of the shares, changes in management rights or major changes in business contents or other important matters affecting the shareholders' rights and interests.

III. Corporate governance report

1. Corporate Organization

(1) Organization Chart



(2) Business operations of major departments

1) Board of Directors: Including Audit Committee and Compensation Committee

Audit Committee: The Audit Committee is held accountable for supervising the fair presentation of the financial reports, the hiring (and dismissal), independence, and performance of certificated public accountants, the effective implementation of the internal control system, compliance with relevant laws and regulations, and management of risks

Compensation Committee: Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors and managerial officers. Periodically evaluate and prescribe the remuneration of directors and managerial officers.

2) Chairman Office:

A. Formulate and update the Company's overall system, rules and regulations.

B. Plan the overall marketing activities of the Company and promote the corporate public relations activities.

C. Supervisw and audit the operations of overseas subsidiaries and branches.

D. Appraise and manage the reinvested business.

3) Auditing Office: Responsible for the audit of implementation of internal rules and regulations, and put forward the improvement suggestions.

4) Admin & Ceneral Affair: Consisting of Finance Department, Accounting Department, HR & Admin Department, Risk Control Department, Logistics Department, International Operation Department and so on.

Finance: In charge of the Company's fund scheduling, cash receipts and payments, planning of financial institution relations, management of long-term and short-term securities, etc.

Accounting: Responsible for accounting, profit and loss calculation, tax planning, operating cost calculation and financial statement analysis.

HR & Admin Department: Human resource planning, personnel recruitment and selection, performance evaluation, in-service training, employee salary, employee welfare, office environment, health and safety management, file receipt and sending, procurement, supply and management of office supplies and operating consumables, switchboard, reception and other general affairs, and stock affair planning, shareholders' meeting, processing of directors' and supervisors' meeting related matters.

Risk Control Department: Customer credit risk assessment and control, accounts receivable management, legal affairs related management (litigation and non-litigation, contract, intellectual property), company insurance planning and cross-department cooperation, to assist the Group in the operation of the risk control and efficiency improvement and project management.

Logistics: Import and export customs declaration, shipping, insurance, warehousing and other matters of commodity materials and domestic commodity materials transportation and dispatch management.

International Operation:Assist to support the logistic and administrative operations of international business units.

5) Component agency division group:

Including Electronic Component Product Division and Display Product

Division

Electronic Component Product Division Including:

Dept. I Computer Consumer: Responsible for the market management, promotion, sales management planning and implementation of IC and other components.

Dept. I Discrete Power: Responsible for the marketing, promotion, sales management planning and implementation of consumer electronics, computer peripherals and other components.

Dept.III Active Power :Responsible for the marketing, promotion, sales management planning and implementation of analog/linear and other specific application components.

Dept.IV Communication: Responsible for the planning and implementation of marketing, promotion, sales management of wired/wireless communication products and other specific application components.

Display Product Division: Responsible for the planning and implementation of market operation, promotion and sales management of LCD panels of all sizes at home and abroad.

6) Information & Technology Service Center: To establish, maintain, manage and update the Company's network system, inventory system, server, email system, and other equipment, educate and train for the Company's internal information system, plan and promote the future information management.

2. Information on directors, supervisors, president, vice president, assistant vice president, and heads of departments and branch offices

(1) Information on Directors

April 16, 2021

Title	Nationality or place of registration	Name	Gender	Date appointed Date	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairperson	ROC	Eric Chen	Male	108/6/14	3 years	1996.11.12	8,717,851	4.87%	8,717,851	4.86%	3,385,088	1.89%	609,000	0.34%	Bachelor of Science in Electrophysics, National Chiao Tung University, Taiwan • Engineer, Texas Instruments Inc.	Chairperson, Chuang Fong investment Co., Ltd. • Director, Promate Solutions Co., Ltd. • Chairperson, Promate Electronic Co., Ltd. • Director, Weikeng Industrial Co., Ltd. • Supervisor, Jin Fong investment Co., Ltd. • Chairperson, Promate International Co,Ltd.	COO	Cheer Du	Man and Wife	Note 2

Title	Nationality or place of registration	Name	Gender	Date appointed Date	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	ROC	Cheer Du	Female	108/6/14	3 years	1996.11.12 (Supervisor) 1999.10.06 (Director)	3,385,088	1.89%	3,385,088	1.89%	8,717,851	4.86%	609,000	0.34%	• Department to Economics, National Taiwan University	• Chairperson, Guang Mai Industrial Ltd. • Director, Chuang Fong investment Co., Ltd. • Chairperson, Promate Solutions Co., Ltd. • COO, Promate Electronic Co., Ltd. • Chairperson, Jin Fong investment Co., Ltd. • Chairperson, Fong Shuo Yi investment Co., Ltd. • Chairperson, Fong Shuo venture capital Co., Ltd.	Chairperson	Eric Chen	Man and Wife	Note 2

Title	Nationality or place of registration	Name	Gender	Date appointed Date	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	ROC	Ciou-Jiang Hu	Male	108/6/14	3 years	2001.12.28 (Supervisor) 2007.06.13 (Director)	2,248,949	1.26%	2,248,949	1.25%	1,505,036	0.84%	-	-	• Ph.D. of Institute of Management of Technology, National Chiao Tung University, Taiwan • Master of Business Administration, Da-Yeh University, Taiwan • Executives Program, Graduate School of Business Administration, National Cheng-Chi University • Bachelor of Science in Communications National Chiao Tung University, Taiwan • R&D Engineer, SAMPO Co., Ltd. • Chairman&CEO, Weikeng Industrial Co., Ltd. and its affiliates • Chairman, Taipei County Computer Association(TCCA) • Executive Director, Taipei Electronic Components Suppliers' Association(TECS)	(Note 1)	-	-	-	

Title	Nationality or place of registration	Name	Gender	Date appointed Date	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Director	ROC	Chuang Fong investment Co., Ltd.(Representative: Ming-Jhen Jhu)	女 Female	2019.6.14	3 Year	2007.06.13	3,654,901	2.04%	3,654,901	2.06%	-	-	-	-	New Jersey Institute of Technology, Environmental Engineering Major	• Researcher of Merck USA.	COO	Cheer Du	Sister-in-law	
						2008.05.05	-	-	13,500	0.01%	769,634	0.43%	-	-						
Independent Director	ROC	Jiang-Long Guo	Male	2019.6.14	3 Year	2007.06.13	-	-	-	-	-	-	-	-	• Bachelor of Science in Electrophysics, National Chiao Tung University, Taiwan • Directors & General Manager, Texas Instruments Semiconductor Technologies(Shanghai)	• Independent Director, M3 Technology Inc. • Independent Director, Weltrend Semiconductor, Inc. • Managing Adviser, WT MICROELECTRONICS CO., LTD.	-	-	-	
Independent Director	ROC	Siou-Ming Huang	Male	2019.6.14	3 Year	2004.06.11	-	-	-	-	-	-	-	-	Maxim Integrated Products Inc. Executive Director of Sales and Applications, Asia Pacific.	-	-	-	-	

Title	Nationality or place of registration	Name	Gender	Date appointed Date	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions at the Company or elsewhere	Other officer, director or supervisor who is the spouse or a relative within second degree			Notes
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	ROC	Han-Liang Hu	Male	2019.6.14	3 Year	2019.06.14	-	-	-	-	-	-	-	-	Master of Accounting and Business Administration, National Taiwan University • Certified Public Accountant of R.O.C. • Independent Director, Hermes Microvision, Inc. • Supervisor, United Way of Taiwan	• CPA, C.J.S. CPAS & Co. • Director, Kun Ying enterprise Co., Ltd. • Director, Ke Cheng Co., Ltd. • Director, Sin Yun enterprise Co., Ltd. • Supervisor, Orient Pharma Co., Ltd. Chairperson, Algoltek, Inc. Director, Jian Ruei venture capital Ltd. • Director, Basecom Telecommunication Co., Ltd. • Supervisor, Get Green Energy Co., Ltd. Independent Director, Episil-Precision Inc.	-	-	-	

Note1: President, Weikeng Industrial Co., Ltd.、Chairman, Wellmark Investment Co., Ltd.、Chairman, Weikeng International Co., Ltd.、Chairman, Weikeng Technology Pte Ltd.、Chairman, Weikeng Technology Co., Ltd.、Independent Director & Remuneration Committee, V-TAC Technology Co., Ltd.、Independent Director& Remuneration Committee, CIPHERLAB Co., Ltd.、Remuneration Committee, CGS INTERNATIONAL INC.、Director, Promate Electronic Co., Ltd.、Director, Promate Solutions Co., Ltd.、Director, Amazing Microelectronic Co., Ltd.、Supervisor, LEADTEL Co., Ltd.、Executive Director, Taipei Electronic Components Suppliers' Association(TECSA)。

Note2: The Chairman holds the post of General Manager, who is responsible for planning the Company's operation strategy and signing the external contracts on behalf of the Company. The Chief Operating Officer is responsible for supervising the business and financial operation, and reports to the General Manager. As the countermeasures, in 2019, an additional independent director was added, and the Audit Committee was established, and there was no situation that more than half of the directors held the post of employees or managers.

Major shareholders of the institutional shareholders

December 31, 2020

Name of corporate shareholder	Major shareholders of the corporate shareholders	Shareholding ratio (%)
Chuang Fong investment Co., Ltd.	Eric Chen	37.50%
	Cheer Du	14.60%
	Man-Li Song	20.00%
	Jin-Chou Guo	20.00%
	Zhu-Zhen Lin	5.00%
	Yi-Lin Song	2.90%

Professional Qualifications and Independence Analysis of Directors

Qualifications / Name	Has at least 5 years of work experience and meet one of the following professional qualifications			Compliance of independence (Note 1)												Number of Other Taiwanese Public Companies Concurrently Serving as an Independent director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Area of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chairperson Eric Chen			✓						✓		✓	✓		✓	✓	
Director Ciou-Jiang Hu			✓	✓			✓		✓	✓	✓	✓	✓	✓	✓	
Director Cheer Du			✓						✓		✓	✓		✓	✓	
Director Chuang Fong investment Co., Ltd.(Representative: Ming Jhen Jhu)			✓	✓	✓	✓	✓		✓	✓	✓	✓		✓	✓	
Independent Director Jiang-Long Guo			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
Independent Director Sior-Ming Huang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Independent Director Han-Liang Hu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note: If the director meets any of the following criteria in the two years before being elected or during the term of office, please check "✓" the corresponding boxes.

(1)Not an employee of the Company or any of its affiliates.

(2)Not a director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an independent director of the Company, its parent company, -21- subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).

(3)Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.

(4)Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1) or personnel in (2) and (3).

(5)Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the Company's outstanding shares, a top five shareholder, or appointed as the Company's director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).

(6)Not a director, supervisor, or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).

(7) Not a director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).

(8)Not a director, supervisor, or executive officer of a specific company or institution with financial or business dealings with the Company, or shareholder with 5% or more shares of the Company (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).

(9)Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT$500,000 in the most recent two years to the company or to any affiliate of the company, or a spouse thereof. This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.

(10)Not having a marital relationship, or a relative within the second degree of kinship to any other director of the company.

(11)Not having any of the situations set forth in Article 30 of the Company Act of the ROC.

(12)Not a government agency, juristic person, or its representative set forth in Article 27 of the Company Act of the ROC.

(2) Profile of President, Vice Presidents, Assistant Vice Presidents, and Department Directors

April 16, 2021

Title	Nationality	Name	Gender	Date appointed	Shares held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions	Other manager who is the spouse or a relative within second degree			Notes
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman and General Manager	ROC	Eric Chen	Male	July 1998	8,717,851	4.86%	3,385,088	1.89%	609,000	0.34%	Bachelor of Science in Electrophysics, National Chiao Tung University, Taiwan Engineer, Texas Instruments Inc.	Chairperson, Chuang Fong investment Co., Ltd. Director, Promate Solutions Co., Ltd. Chairperson, Promate Electronic Co., Ltd. Director, Weikeng Industrial Co., Ltd. Supervisor, Jin Fong investment Co., Ltd. Chairperson, Promate International Co,Ltd.	COO	Cheer Du	Man and Wife	Note(1)

Title	Nationality	Name	Gender	Date appointed	Shares held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions	Other manager who is the spouse or a relative within second degree			Notes
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
COO	ROC	Cheer Du	Female	July 1998	3,385,088	1.89%	8,717,851	4.86%	609,000	0.34%	Department to Economics, National Taiwan University	Chairperson, Guang Mai Industrial Ltd. Director, Chuang Fong investment Co., Ltd. Chairperson, Promate Solutions Co., Ltd. COO, Promate Electronic Co., Ltd. Chairperson, Jin Fong investment Co., Ltd. Chairperson, Fong Shuo Yi investment Co., Ltd. Chairperson, Fong Shuo venture capital Co., Ltd.	Chairman	Eric Chen	Man and Wife	Note(1)
Senior Executive Vice President	ROC	Mark Chen	Male	August 2010	-	-	244,858	0.14%	-	-	Department of Electronics, Fu Jen Catholic University	-	-	-	-	

Title	Nationality	Name	Gender	Date appointed	Shares held		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other positions	Other manager who is the spouse or a relative within second degree			Notes
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Senior Vice General Manager	ROC	Jin-Long Sie	Male	April2013	7,238	-	-	-	-	-	Bank & Insurance Section, National Taipei University of Business	-	-	-	-	
Vice General Manager	ROC	Fu-Long Deng	Male	Oct. 2016	1	-	2,071	-	-	-	Electronic Engineering, Kuang Wu Junior College	-	-	-	-	
Vice General Manager	ROC	Andy Chang	Male	Aug.2018	2,000	-	-	-	-	-	Electronic Engineering, Lunghwa Junior College		-	-	-	
Finance Manager	ROC	Jasmine Wu	Female	March, 1994	137,633	0.08%	-	-	-	-	Accounting and Statistics Section, National Taipei University of Business Auditor, Kudos & Co., C.P.A.s	-	-	-	-	
Accounting Manager and Corporate Governance officer	ROC	Mandy Chiu	Female	Aug. 2010	31,679	0.02%	-	-	-	-	Department of Accounting, National Chengchi University Auditor, KPMG	-	-	-	-	

Note1: The Chairman holds the post of General Manager, who is responsible for planning the Company's operation strategy and signing the external contracts on behalf of the Company. The Chief Operating Officer is responsible for supervising the business and financial operation, and reports to the General Manager. As the countermeasures, in 2019, an additional independent director was added, and the Audit Committee was established, and there was no situation that more than half of the directors held the post of employees or managers.

3. Remunerations to Directors, supervisors, president, and vice presidents in recent years

(1) Remuneration to directors and independent directors

Unit: NT$1,000

Title	Name	Director's remuneration								Ratio of total remuneration (A+B+C+D) to net income after tax (Note 9)		Pay received as an employee								Ratio of total compensation (A + B+ C+ D+ E+ F+ G) to net income after tax (Note 10)		Remuneration received from invested companies other than subsidiaries or the parent company (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Remuneration to directors (C) (Note 3)		Business expense (D) (Note 4)				Salary, bonus and special allowance (E) (Note 5)		Pension (F)		Employee compensation (G) (Note 6)						
		The Company	All Consolidated Entities (Note7))	The Company	All Consolidated Entities (Note7)	The Company	All Consolidated Entities (Note7)	The Company	All Consolidated Entities (Note7)	The Company	All Consolidated Entities (Note7)	The Company	All Consolidated Entities (Note7)	The Company	All Consolidated Entities (Note7)	The Company		All Consolidated Entities (Note7)		The Company	All Consolidated Entities (Note7)	
																Cash	Stock	Cash	Stock			
Chairperson	Eric Chen	-	-	-	-	1,313	1,313	-	-	0.24%	0.22%	2,032	2,032	-	-	6,000	-	6,000	-	1.70%	1.51%	-
Director	Cheer Du	-	-	-	-	1,313	1,313	-	-	0.24%	0.22%	1,600	4,456	-	-	6,000	-	7,200	-	1.62%	2.11%	-
Director	Ciou-Jiang Hu	-	-	-	-	1,313	1,313	-	-	0.24%	0.22%	-	-	-	-	-	-	-	-	0.24%	0.22%	-
Director	Chuang Fong investment Co., Ltd.(Representative: Ming-Jhen Jhu)	-	-	-	-	2,625	2,625	-	-	0.49%	0.43%	-	-	-	-	-	-	-	-	0.49%	0.43%	-
Independent Director	Jiang-Long Guo	-	-	-	-	1,313	1,313	-	-	0.24%	0.22%	-	-	-	-	-	-	-	-	0.24%	0.22%	-
Independent Director	Siou-Ming Huang	-	-	-	-	1,313	1,313	-	-	0.24%	0.22%	-	-	-	-	-	-	-	-	0.24%	0.22%	-
Independent Director	Han-Liang Hu	-	-	-	-	1,313	1,313	-	-	0.24%	0.22%	-	-	-	-	-	-	-	-	0.24%	0.22%	-

1. Please describe the policy, system, standard, and structure of remuneration to independent directors, and the correlation between duties, risk, and time input with the amount of remuneration:
2. Other than as disclosed in the above table, the remuneration earned by Directors providing services (e.g. providing consulting services as a non-employee) to the Company and all consolidated entities in the latest fiscal year: None.

Remuneration Range

Range of remuneration paid to each director	Name of director			
	Total amount of (A+B+C+D)		Total amount of (A+B+C+D+E+F+G)	
	The Company	All Consolidated Entities (H)	The Company	All Consolidated Entities (I)
Less than NT$1,000,000				
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	7 persons mentioned above	7 persons mentioned above	The remaining 5 persons mentioned above	The remaining 5 persons mentioned above
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)				
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)				
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)			Eric Chen、Cheer Du	Eric Chen
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)				Cheer Du
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)				
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)				
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)				
NT$100,000,000 and above				
Total	7	7	7	7

Note1: The names of the directors shall be separately listed (for legal person shareholders, the names of legal person shareholders and representatives shall be listed separately), directors and independent directors shall be separately listed, and the amount of each payment shall be disclosed on an aggregate basis. If the director is also the president or vice president, this table and the remuneration table for president and vice president shall be filled out.

Note2: Refers to the remuneration to directors (including directors' salaries, duty allowances, severance pay, various bonuses and incentives, etc.) in the most recent year .

Note3: Refers to the amount of remuneration to directors as approved by the Board of Directors for the most recent fiscal year.

Note4: Refers to the relevant business expenses of directors (including travel expenses, special disbursements, allowances, accommodation, company car, and other physical items) for the most recent year. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not including the remuneration.

Note5: All pays to the director who is also an employee of the Company (including the position of president, vice president, other executive officer and staff), including salary, additional pay, severance pay, bonuses, rewards, transportation allowance, special allowance, stipends, dormitory, and car for the most recent year. Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not including the remuneration. Furthermore, the salaries recognized in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock options at cash capital increase, shall be calculated as remuneration.

Note6: Refers to the employees' compensation (including stocks and cash) received by a director who is also an employee (including the position held concurrently as president ,vice President , other executive officers, or an employee) for the most recent year.

Note7: The total pay to the directors from all companies in the consolidated statements (including the Company).

Note8: Refers to the total remuneration paid to each director by the Company, and the director's name shall be disclosed in the corresponding remuneration bracket.

Note9: Refers to the total remuneration all companies (including the Company) in the consolidated financial statements paid to each director of the Company, and the director's name shall be disclosed in the corresponding remuneration bracket.

Note10: Net income meant for the net profit after tax in the most recent year.For those companies with the international financial reporting standard adopted,net income meant for the net income after tax in the proprietary or individual financial report of the most recent year.

Note11: a. This column is for the amount of relevant remuneration received by the Company's directors from invested companies other than subsidiaries or the parent company.

b. Where the Company's directors received relevant remuneration from invested companies other than subsidiaries or the parent company, the remuneration received by the Company's directors from invested companies other than subsidiaries or the parent company shall be included in the "I" column of the remuneration bracket table with the column name changed to "the parent company and all invested companies."

c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expenses received by the director serving as a director, supervisor or manager of an invested company other than subsidiaries or the parent company.

＊The information on the remuneration disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

(2) Remuneration to supervisors: N/A.

(3) Remunerations to the president and vice presidents

2020.12.31；Unit: NT$1,000

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Pension (B)</th><th colspan="2">Bonus and special allowance (C)</th><th colspan="4">Employee compensation (D)</th><th colspan="2">Ratio of total remuneration (A+B+C+D) to net income after tax(%)</th><th rowspan="3">Remuneration received from invested companies other than subsidiaries or the parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All Consolidated Entities</th><th rowspan="2">The Company</th><th rowspan="2">All Consolidated Entities</th><th rowspan="2">The Company</th><th rowspan="2">All Consolidated Entities</th><th colspan="2">The Company</th><th colspan="2">All Consolidated Entities</th><th rowspan="2">The Company</th><th rowspan="2">All Consolidated Entities</th></tr>
<tr><th>Cash Amount</th><th>Stock Amount</th><th>Cash Amount</th><th>Stock Amount</th></tr>
<tr><td>Chairman</td><td>Eric Chen</td><td>1,032</td><td>1,032</td><td>-</td><td>-</td><td>1,000</td><td>1,000</td><td>6,000</td><td>-</td><td>6,600</td><td>-</td><td>2.62</td><td>1.33</td><td>-</td></tr>
<tr><td>COO</td><td>Cheer Du</td><td>600</td><td>2,227</td><td>-</td><td>-</td><td>1,000</td><td>2,200</td><td>6,000</td><td>-</td><td>7,200</td><td>-</td><td>2.76</td><td>1.93</td><td>-</td></tr>
<tr><td>Senior Executive Vice President</td><td>Mark Chen</td><td rowspan="4">6,000</td><td rowspan="4">6,000</td><td rowspan="4">261</td><td rowspan="4">261</td><td rowspan="4">5,279</td><td rowspan="4">5,279</td><td rowspan="4">5,730</td><td rowspan="4">-</td><td rowspan="4">5,730</td><td rowspan="4">-</td><td rowspan="4">4.29</td><td rowspan="4">3.80</td><td rowspan="4">-</td></tr>
<tr><td>Senior Vice General Manager</td><td>Jin-Long Sie</td></tr>
<tr><td>Vice General Manager</td><td>Andy Chang</td></tr>
<tr><td>Vice General Manager</td><td>Fu-Long Deng</td></tr>
</table>

Note1:2008/04/01 doubles as General Manager

Remuneration Range

Range of remuneration paid to president and vice presidents	Names of president and vice presidents	
	The Company	All Consolidated Entities E
Less than NT$1,000,000		
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)		
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	Andy Chang	Andy Chang
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Jin-Long Sie、Fu-Long Deng	Jin-Long Sie、Fu-Long Deng
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Eric Chen、Cheer Du、Mark Chen	Eric Chen、Mark Chen
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)		Cheer Du
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)		
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)		
NT$50,000,000 (inclusive) to NT$100,000,000 (exclusive)		
NT$100,000,000 and above		
Total	6	6

Note1: The names of the president and vice presidents shall be separately listed, and the amount of each payment shall be disclosed on an aggregate basis. Fill out this table and the remuneration table for directors and independent directors if the director is also the president or vice president.

Note2: Refers to the salaries, duty allowances, and severance pay paid to the president or vice president in the most recent year .

Note3: Refers to the remuneration paid to the president or vice president, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., in the most recent year . Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not including the remuneration.Furthermore, the salaries recognized in accordance with IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock options at cash capital increase, shall be calculated as remuneration.

Note4: Refers to the amount of compensation distributed to the president and vice presidents approved by the Board of Directors in the most recent year.

Note5: The total pay to the president or vice president from all companies in the consolidated statements (including the Company).

Note6：Refers to the total remunerations paid to each president and vice president by the Company, and the names of presidents and vice presidents shall be disclosed in the corresponding remuneration bracket.

Note7: Refers to the total remuneration all companies (including the Company) in the consolidated financial statements paid to each president and vice president of the Company, and the names of presidents and vice presidents shall be disclosed in the corresponding remuneration bracket.

Note8: Net income meant for the net profit after tax in the most recent year.For those companies with the international financial reporting standard adopted,net income meant for the net income after tax in the proprietary or individual financial report of the most recent year.

Note9: a. This column is for the amount of relevant remuneration received by the Company's president and vice president from invested companies other than subsidiaries or the parent company.

b. Where the Company's president and vice president received relevant remuneration from invested companies other than subsidiaries or the parent company, the remuneration received by the Company's president and vice president from invested companies other than subsidiaries or the parent company shall be included in the "E" column of the remuneration bracket table with the column name changed to "the parent company and all invested companies."

c. The remuneration means pay, compensation (including compensation of employees, directors and supervisors) and business expense received by the president or vice president serving as a director, supervisor or manager of an invested company other than subsidiaries or the parent company.

＊The information on the remuneration disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

(4) The name of the manager who distributes the employee compensation and the distribution situation

2020.12.31；Unit: NT$1,000

	Title	Name	Amount of stock	Amount of cash	Total	Proportion of total amount to net profit after tax (%)
Manager	General Manager	Eric Chen (Note 2)	-	18,570	18,570	3.46%
	CEO	Cheer Du				
	Senior Executive Vice President	Mark Chen				
	Senior Vice President	Lin, Wen-Chang				
	Senior Vice President	Jin-Long Sie				
	Vice President	Fu-Long Deng				
	Finance Manager	Jasmine Wu				
	Accounting Manager	Mandy Chiu				

Note 1：The scope of application of managers is based on the regulations of the Association's Order No. 0920001301 dated March 27, 1992.

Note 2： Eric Chen act as Chairman and General Manager on 2018/03/24.

(5) Compare and describe separately the analysis of total remunerations paid to the Company's directors, supervisors, president, and vice presidents for the past two years by the Company and all companies in the consolidated report as a percentage of the net income after tax, and describe the correlation among the remuneration payment policy, standards and combination, remuneration establishing procedures, and management performance .

※The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, supervisors, president and vice presidents of the Company, to the net income after tax.

Unit: NT$1,000

Item	2020		2019		Rate of change	
	Amount	%	Amount	%	Amount	%
Director President and Vice Presidents	47,461	7.85	48,414	8.97	(953)	(1.97)
Consolidated Net Income	604,676	100	539,482	100	65,194	12.08

Remuneration policy, standard and package, procedure for determination, and linkage thereof to operating performance and future risk exposure:

1) In accordance with Article 20 of the Articles of Incorporation of the Company, if the Company makes profits in the year (i.e. the profit before net profit before tax deducting remuneration for employees and remuneration for directors), the Company shall allocate no more than 3% as the remuneration for directors. However, if the Company still has accumulated losses (including adjusting the amount of undistributed earnings), it shall keep the amount to make up in advance.

2) The remuneration of the directors, general manager and deputy general manager shall be based on the "Articles of Incorporation of Remuneration Committee" and the "Performance Evaluation Procedure of the Board of Directors", and shall be reasonably remunerated with the consideration of the operating results of the Company and their contribution to the performance of the Company; in addition to the reference of the Company's overall operating performance, industry management risk and future development trend, it shall also refer to the individual performance success rate and the contribution of corporate performance, to give reasonable compensation; the related performance appraisal and compensation rationality are examined by Remuneration Committee and the Board of Directors, and timely review the remuneration system according to actual operating conditions and relevant laws, to strike a balance between corporate sustainability and risk management.

4. Implementation of corporate governance

(1) Board of Directors：In the most recent year (2020), the Board of Directors had 6 meetings[A] , and the attendance of directors and supervisors is as follows:

Title	Name	Attendance in person B	By proxy	Attendance in person (%) [B/A]	Notes
Chairman	Eric Chen	6	-	100%	Re-elected on June 14, 2019
Director	Cheer Du	6	-	100%	Re-elected on June 14, 2019
Director	Ciou-Jiang Hu	6	-	100%	Re-elected on June 14, 2019
Director	Chuang Fong investment Co., Ltd. (Representative: Ming-Jhen Jhu)	6	-	100%	Re-elected on June 14, 2019
Independent Director	Jiang-Long Guo	6	-	100%	Re-elected on June 14, 2019
Independent Director	Siou-Ming Huang	6	-	100%	Re-elected on June 14, 2019
Independent Director	Han-Liang Hu	6	-	100%	Newly-elected on June 14, 2019

Attendance of independent directors in the 6 Board meetings in 2020:

2020	2020.03.17	2020.05.12	2020.06.15	2020.08.12	2020.11.12	2020.12.29
Jiang-Long Guo	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person
Siou-Ming Huang	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person
Han-Liang Hu	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person

Other matters that require reporting：

1) If any of the following circumstances occurs in the operation of the Board of Directors, the date, period, content of the motions, the opinions of all independent directors, and the Company's handling of independent directors' opinions shall be stated:

(a)ters referred to in Article 14 -3 of the Securities and Exchange Act.

(b)addition to the aforementioned matters, other Board meeting resolutions with independent directors' dissenting and unqualified opinions in records or written statements: No such incident occurred.

2) Directors recused from themselves from discussion or voting on an agenda item in which they have an interest:

(a)2019/06/15 The Company intends to participate in the NT$48 million capital increase and NT$6 million equity purchase of CT CONTINENTAL CORPORATION The directorsrecused are: Eric Chen and Cheer Du.

(b)2020/08/12 Directors: Eric Chen and Cheer Du recused from the case of bonus distribution and salary adjustment for managers and employees in 2020.

(c)2020/12/29 Directors: Eric Chen and Cheer Du recused from the case of the Company's annual bonus payment for managers in 2020.

3) Objectives for strengthening the Board's functions in the current and recent years (e.g., setting up the Audit Committee, improving the information transparency, etc.) and performance evaluation

(a) In order to improve the corporate governance and strengthen the relevant functions of the Board of Directors, the Company has established three independent directors in accordance with the Articles of Incorporation and Article 14-2 of the Securities and Exchange Act, and has established the Remuneration Committee since December 16, 2011 to assist the Board of Directors in the execution of relevant remuneration management; since June 14, 2019, the Audit Committee has been established to perform relevant operations and act as a supervisor in accordance with Article 14-5 of the Securities and Exchange Act.

(b) Since the establishment of the Remuneration Committee on December 16, 2011, its operation has been smooth. Since the establishment of the Audit Committee on June 14, 2019, the Audit Committee has performed related operations in accordance with Article 14-5 of the Securities and Exchange Act and acted as a supervisor.

4) Implementation of self-evaluations by the Company's Board of Directors:

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	Performance evaluation for January 1, 2020 to December 31, 2020	Board of Directors	Board of Directors self-evaluation	■ Participation in the operation of the company. ■ Improvement of the quality of the board of directors' decision making. ■ Composition and structure of the board of directors. ■ Selection and continuing education of directors. ■ Internal control.

Table 1

Period	Date	Content of motion and follow-up actions	Items listed in Article 14-3 of Securities and Exchange Act	Opinions of Independent Directors
5th meeting of the 12th-term Board of Directors	2020.03.17	In order to meet the Company's operating needs, the Company plans to apply for a line of credit to financial institutions	V	None
		Approved 2019 employees' and directors' remuneration	V	None
		Adoption of 2019 Business Report and Financial Statements.	V	None
		Internal Control System Statement for 2019	V	None
		Approved 2019 profits distribution proposal	V	None
		Approved amendments to Codes of Ethical Conduct	V	None
		ApprovedRe-establish the Ethical Corporate Management Best Practice Principles	V	None
		Approved establish "Procedures for Ethical Management and Guidelines" for Conduct	V	None
		Approved amendments to Rules of Procedure for Shareholders' Meetings	V	None
		Approved amendments to Rules of Procedure for Board Meetings	V	None
		Approved amendments to Articles of Incorporation	V	None
		Resolved to convene 2020 annual Shareholders' Meeting	V	None
		Accepted the shareholders' meeting proposal review standards and operating procedures related matters	V	None
		Proposed appointment of CPA and independence assessment.	V	None
		Independent directors' opinions: No dissenting or unqualified opinions.		
		The Company's handling of independent directors' opinions: N/A.		
		Resolution: Passed as proposed after the chairperson consulted all attending directors.		
6th meeting of the 12th-term Board of Directors	2020.05.12	In order to meet the Company's operating needs, the Company plans to apply for a line of credit to financial institutions	V	None
		Approved Q1 (First Quarter) 2020 Consolidated	V	None

Period	Date	Content of motion and follow-up actions	Items listed in Article 14-3 of Securities and Exchange Act	Opinions of Independent Directors
		Financial Statements.		
		Approved the establish in the Company's "Corporate Governance Best Practice Principles."	V	None
		Approved the establish in the Company's "Self-Evaluation or Peer Evaluation of Board of Directors."	V	None
		Approved amendments to Rules Goveming the Scope of Powers of Independent Directors	V	None
		Approved the establish in the Company's "Risk Management Policy."	V	None
		Approved the proposal to establish a dedicated corporate governance unit and assigning a corporate governance manager	V	None
		Independent directors' opinions: No dissenting or unqualified opinions.		
		The Company's handling of independent directors' opinions: N/A.		
		Resolution: Passed as proposed after the chairperson consulted all attending directors.		
7th meeting of the 12th-term Board of Directors	2020.06.15	Stipulated the cash dividend payment date and reference date of the Company of NT$408,223,042	V	None
		The Company intends to participate in the capital increase of CT CONTINENTAL CORPORATION of NT$48 million and the purchase of equity of NT$6 million	V	None
		Independent directors' opinions: No dissenting or unqualified opinions.		
		The Company's handling of independent directors' opinions: N/A.		
		Resolution: Passed as proposed after the chairperson consulted all attending directors.		
8th meeting of the 12th-term Board of Directors	2020.08.12	In order to meet the Company's operating needs, the Company plans to apply for a line of credit to financial institutions	V	None
		Approved Q2 (Second Quarter) 2020 Consolidated Financial Statements.	V	None
		The Company's annual bonus distribution and salary adjustment for managers	V	None
		Independent directors' opinions: No dissenting or unqualified opinions.		
		The Company's handling of independent directors' opinions: N/A.		
		Resolution: Passed as proposed after the chairperson consulted all attending directors.		
9th meeting of the 12th-term Board of Directors	2020.11.12	In order to meet the Company's operating needs, the Company plans to apply for a line of credit to financial institutions	V	None
		Approved Q3 (Third Quarter) 2020 Consolidated Financial Statements.	V	None
		Independent directors' opinions: No dissenting or unqualified opinions.		
		The Company's handling of independent directors' opinions: N/A.		

Period	Date	Content of motion and follow-up actions	Items listed in Article 14-3 of Securities and Exchange Act	Opinions of Independent Directors
		Resolution: Passed as proposed after the chairperson consulted all attending directors.		
10th meeting of the 12th-term Board of Directors	2020.12.29	In order to meet the Company's operating needs, the Company plans to apply for a line of credit to financial institutions	V	None
		2021 Audit Plan.	V	None
		2021 Operational plan(2021 Budget)	V	None
		2020 executive officers' year-end bonus payment.	V	None
		The Company's good faith operation and implementation in 2020	V	None
		2020 annual performance evaluation report of the Board of Directors of the Company	V	None
		Revised the "Appointment and Removal, Appraisal, Salary and Remuneration Method of Internal Auditors" of the Company	V	None
		Payment on account of the customer, Quanta for US$10 million to the original factory AOS as the refundable deposit	V	None
		Amendments to certain articles of the Company's " Audit Committee Charter."	V	None
		Independent directors' opinions: No dissenting or unqualified opinions.		
		The Company's handling of independent directors' opinions: N/A.		
		Resolution: Passed as proposed after the chairperson consulted all attending directors.		

(2) Operation of the Audit Committee: The Company established Audit Committee on June 14, 2019

In the most recent year (2020), the Audit Committee convened 5 meetings [A], and the attendance of independent directors in the meetings is as follows:

Title	Name	Attendance in person [B]	Attendance in person (%) [B/A]	Notes
Independent Director	Han-Liang Hu	5	100%	Newly-elected on June 14, 2019
Independent Director	Jiang-Long Guo	5	100%	Re-elected on June 14, 2019
Independent Director	Siou-Ming Huang	5	100%	Re-elected on June 14, 2019

Other matters that require reporting:

一、If any of the following circumstances occurs in the operation of the Audit Committee, the date, period, content of the proposals, the Audit Committee's resolution, and the Company's handling of Audit Committee members' opinions shall be stated:

（一）Matters referred to in Article 14-5 of the Securities and Exchange Act:

Audit Committee	Agenda items and resolutions
4th meeting of the 1th-term 2020.03.17	1. Approved 2019 employees' and directors' remuneration 2. Adoption of 2019 Business Report and Financial Statements. 3. Internal Control System Statement for 2019 4. Approved 2019 profits distribution proposal

		5. Proposed appointment of CPA and independence assessment. 6. Approved amendments to Codes of Ethical Conduct 7. ApprovedRe-establish the Ethical Corporate Management Best Practice Principles 8. Approved establish “Procedures for Ethical Management and Guidelines“ for Conduct	
		Audit Committee members’opinions: No dissenting or unqualified opinions. The Company’s handling of Audit Committee members’ opinions: N/A. Resolution: Passed as proposed after the chairperson consulted all attending members.	
	5th meeting of the 1th-term 2020.05.12	1. Approved Q1 (First Quarter) 2020 Consolidated Financial Statements.	
		Audit Committee members’opinions: No dissenting or unqualified opinions. The Company’s handling of Audit Committee members’ opinions: N/A. Resolution: Passed as proposed after the chairperson consulted all attending members.	
	6th meeting of the 1th-term 2020.08.12	1. Approved Q2 (Second Quarter) 2020 Consolidated Financial Statements.	
		Audit Committee members’opinions: No dissenting or unqualified opinions. The Company’s handling of Audit Committee members’ opinions: N/A. Resolution: Passed as proposed after the chairperson consulted all attending members.	
	7th meeting of the 1th-term 2020.11.12	1. Approved Q3 (Third Quarter) 2020 Consolidated Financial Statements.	
		Audit Committee members’opinions: No dissenting or unqualified opinions. The Company’s handling of Audit Committee members’ opinions: N/A. Resolution: Passed as proposed after the chairperson consulted all attending members.	
	8th meeting of the 1th-term 2020.12.29	1. 2021 Audit Plan. 2. 2021 Operational plan(2021 Budget)	
		Audit Committee members’opinions: No dissenting or unqualified opinions. The Company’s handling of Audit Committee members’ opinions: N/A. Resolution: Passed as proposed after the chairperson consulted all attending members.	

(二)Besides the matters above, other resolutions adopted with the approval of two-thirds or more of all directors, without having been passed by the Audit Committee: None.

二、If independent directors recused from themselves from an agenda item in which they have a conflict of interest, specify the name of the independent director, agenda item, reason for -39- recusal, and participation in voting: None.

三、Communication between independent directors and the chief internal auditor and CPAs (must include material matters of communication, methods, results relating to the Company's financial reports and business conditions):

(1) The shareholders' meeting of the Company on June 14, 2019 elected three independent directors and established the Audit Committee.

(2) The independent director communicates directly with the internal audit supervisor and accountant through E-mail, telephone or meeting if necessary, and the communication is satisfactory.

(3) The Company's audit unit shall, in addition to regularly submitting various internal audit reports to the independent directors, attend the audit committee meeting at least once a quarter after the establishment of the audit committee to explain the findings and improvements of the last quarter to the independent directors, and report the results of the meeting to the Board of Directors. In case of internal audit, the "Internal Control System" and "Rules for Implementation of Internal Audit" shall be amended, and the

relevant contents shall be discussed and approved by the audit committee before being submitted to the Board of Directors for approval.

(4) The accountant shall check and audit the Company's financial situation, adjust the entries and revision of IFRSs bulletin, publish the influence of comprehensive strategy to the Company against with the company act, tax law and labor law and other fiscal and taxation issues, explain to independent directors in the audit committee at least once a year; in case of serious matters, the meeting could be convened at any time. The accountant and independent director shall communicate on the important and key audit matters of the Company every year and reach a consensus.

(5) The communication between the independent directors of the Company and the internal audit supervisor as well as the accountant (the way, matters and results of the communication regarding the Company's financial report and financial business situation, etc.) has been disclosed in the Corporate Governance section of the Company's website.

（六）Please see the table below for an abstractof communications between the Independent Directors and the Internal Audit Manager and CPAs:

Participant	Meeting date	Nature and subject of communication	Independent Directors' Opinions
Head of Audit	2020.03.17	• Internal Control System Statement for 2019 • 2020Q1 Presentation of audit report	No major lack of internal control and abnormal events.
Head of Audit	2020.06.15	• 2020Q2 Presentation of audit report	No major lack of internal control and abnormal events.
Head of Audit	2020.08.12	• 2020Q3 Presentation of audit report	No major lack of internal control and abnormal events.
Head of Audit	2020.12.29	• 2020Q4 Presentation of audit report • 2021 Audit Plan	
Certified Public Accountant	2020.03.17	Major findings from the CPA's audit of the Company's 2019 consolidated financial reports(including journal entry adjustment and material weaknesses in internal control), the subsequent audit report was submitted to the meeting for discussion.	All of above matters were reviewed and approved by the Audit Committee whereupon independent directors raised no objection.
Certified Public Accountant	2020.12.29	Explaining the findings and results of the review of the 2020 consolidated and standalone financial reports and communicating key review matters.	All of above matters were reviewed and approved by the Audit Committee whereupon independent directors raised no objection.

4. Annual Work Priorities of Audit Committee:

(1) Discuss the annual operating plan.

(2) Discuss the business report and the proposals on the distribution of earnings or the allocation and compensation of losses.

(3) Review the annual financial report and interim financial report.

(4) Assess the remuneration and independence of visa accountant.

(5) Communicate with the accountant and audit supervisor every six months.

(6) Other major matters specified by the competent authority.

5. Financial report review

The Board of Directors of the Company prepared the annual business report, financial statements and surplus distribution proposals, among which the financial statements were examined and completed by Accountants Li, Li-Huang and Wong, Bo-Ren of Deloitted & Touche Accounting Firm, and the audit report was issued. The aforementioned business report, financial statements and surplus distribution proposals have been examined by the Audit Committee and found to be valid.

6. Effectiveness evaluation of internal control system

According to the judgment items on the effectiveness of internal control system specified in "Guidelines for handling the establishment of internal control system for public offering companies", the Company judges the design and implementation of internal control system to be effective, which can reasonably ensure the achievement of the objectives of internal control system. The Audit Committee found that the Company's risk management and internal control systems were effective and that the Company had put in place the necessary control mechanisms to monitor and correct the non-compliance.

7. Visa accountant appointment

In accordance with the "Guidelines on corporate governance practices of listed companies" and Article 31 of the Company's "Guidelines on corporate governance practices", the Company should regularly evaluate (once a year) the appointment of the independence and competency of certified public accountants; after the Company's own internal assessment for the independence and competency of visa accountants Li, Li-Huang and Wong, Bo-Ren of Deloitted & Touche Accounting Firm, and according to the Declaration of

Independence of the Visa Accountant, it conforms to the independence and competency. On March 17, 2020, the Audit Committee and the Board of Directors reviewed the independence and competency of accountants Li-Li Huan and Wong-Bo Ren of Deloitted & Touche Accounting Firm.

Note:

* If any independent director resigns before the end of the year, the resignation date shall be indicated in the remarks column, and the actual attendance rate (%) shall be calculated based on the number of audit committee meetings and actual attendance during his/her term of office.
* Before the end of the year, if any independent director is re-elected, the new and former independent directors shall be listed, and the former, new or re-elected independent director and the date of re-election shall be indicated in the remarks column. Actual attendance rate (%) is calculated on the basis of the number of meetings of the Audi Committee during his/her tenure and his/her actual attendance.

(3)Corporate governance implementation status and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons:

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
一、Does the company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has adopted the "Code of Practice on Corporate Governance for Listed Companies" by resolution of the Board of Directors on May 12, 2020, which is disclosed on the Company's website and public information observatory.	No difference
二、Shareholding structure & shareholders' rights				
(一) Does the company establish internal operating procedures for handling shareholder suggestions, questions, complaints or litigation and handled related matters accordingly?	✓		(I) The Company has set up a spokesman, an acting spokesman and a stock affair unit to deal with the issues such as shareholders' motions or disputes.	No difference
(二) Does the company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?	✓		(II) The Company keeps track of the shareholding situation of directors, managers and major shareholders holding more than 10% shares, and reports the shareholding changes of major shareholders on time.	No difference
(三) Does the company establish and implement risk management and firewall systems within its conglomerate structure?	✓		(III) The finance and business of the Company with each affiliated enterprise are operated independently, and the "Related financial business regulations between	No difference

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			affiliated enterprises" have been established.	
(四) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(IV) The Company has established the "Management measures for insider trading prevention", and shows the cases related to insider trading.	No difference
三、Composition and duties of the board of directors				
(一) Does the board of directors develop and implement a diversified policy for the composition of its members?	✓		The Company has formulated a diversity policy in the Code of Practice on Corporate Governance under the heading of "Enhancing the Board Functions". Nomination and selection of directors of the Board of Directors of the Company shall be conducted in the way of candidate nomination in accordance with the provisions of the Articles of Incorporation of the Company. In addition to the assessment of academic qualifications of the candidates, the Company shall follow the "Method for election of directors" and the "Code of corporate governance practice" to ensure the diversity and independence of the Board of Directors. Board members should consider the diversity, and the Company itself operation, operation pattern and development requirements to draw up the appropriate diversification policy; in addition to the basic conditions such as gender, age, nationality, culture and value, it shall also consider its professional knowledge and skills, including the professional background (such as legal, accounting, industry, finance, marketing or technology),	No difference

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			professional skills, and industrial experience, etc. The Company also pays attention to gender equality in the composition of the Board of Directors. The target ratio of female directors is at least 25%. The current list of seven directors includes one director who is also the general manager of the Company, two female directors, one external director and three independent directors. The Board members are skilled in leadership, operational judgment, operation management, crisis management, industry knowledge and international market view, accounting and financial analysis, and decision-making. The proportion of directors also as employees is 28.57%, the proportion of independent directors is 42.86%, and the proportion of female directors is 28.57%. Two independent directors are re-elected and renewed, one independent director is re-elected in 2019; five directors are aged over 60, and two directors are aged between 50 and 59. The selection of directors is not specifically limited to gender, except in accordance with relevant regulations and diversity policies. For the implementation of diversity in the Board members, please refer to Note 1.	
(二) Does the company voluntarily establish other functional committees in addition to	✓		(二)In addition to the Remuneration Committee and the Audit Committee, other corporate governance	No difference

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
the Remuneration Committee and Audit Committee?			functions are operated by various departments according to their responsibilities and functions, and will be set up according to future needs assessment.	
(三) Does the company establish standards and method for evaluating Board performance, conduct annual performance evaluations, submit performance evaluation results to the Board, and use the results as a basis for determining the remuneration and nomination of individual directors?	✓		(三)On May 12, 2020, the Board of Directors of the Company adopted the "Operational procedure for performance evaluation of the Board of Directors", covering the performance evaluation of the Board of Directors as a whole, individual directors and functional committees. Evaluation methods including internal self-evaluation of the Board, self-evaluation of directors, peer evaluation, and performance evaluation of external professional institutions, experts, or other appropriate ways, should be completed before the end of the first quarter in the next year for the director performance evaluation, and collected by the execution unit of the Board activities related information to complete the evaluation report and submit to the Chairman for summary, and then send to the Board of Directors to review the report, and make improvements. The measurement items for performance evaluation of the Board of Directors of the Company include the following five aspects: 1. Participation in the operation of the Company 2. Improvement in the decision-making quality of the Board of Directors 3. Composition and structure of the Board of	No difference

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			Directors 4. Director selection and continuing education 5. Internal controls The measurement items of the Company's functional committee performance evaluation include the following five aspects: 1. Participation in the operation of the Company 2. Cognition of the responsibilities of functional committees 3. Improvement in the decision-making quality of functional committees 4. Composition and selection of members of the functional committees 5. Internal controls The measurement items for performance evaluation of directors include the following items: 1. Mastering the Company's objectives and tasks 2. Cognition of directors' responsibilities 3. Participation in the operation of the Company 4. Internal relationship management and communication 5. Professional and continuing education of Directors 6. Internal controls The evaluation results were reported to the Board of Directors on December 29, 2020, and the result will be used as a basis for future selection or nomination of directors and compensation for individual directors, with a view to implementing the corporate	

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			governance and enhancing the participation and communication channels of directors in the operation of the Company.	
(四) Does the company regularly evaluate the independence of CPAs?	✓		(四)In accordance with the contents of "Integrity, impartiality, objectivity and independence" in the Notice No. 10 of the Code of independence and professional ethics stipulated in Article 47 of the CPA Law, the Company develops the evaluation items, and evaluates the independence of accountants regularly every year 1. Report to the Audit Committee on March 23, 2019, acquire the declaration of independence of the accountants, and submit the result to the Board of Directors on March 23, 2019. 2. Report to the Audit Committee on March 17, 2020, acquire the declaration of independence of the accountants, and submit the result to the Board of Directors on March 17, 2020. 3. Report to the Audit Committee on March 24, 2021, acquire the declaration of independence of the accountants, and submit the result to the Board of Directors on March 24, 2021. 4. The evaluation objects include the accountants, their spouses and dependant relatives, and the assessment items and scope are: whether there is direct or indirect financial interest relationship with	No difference

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			the Company, financing or guarantee behavior with the Company or the directors, close business relationship and employment relationship with the Company, serving as director, manager, or in the post with significant influence on audit work of the Company in current year or recent two years, providing the non-audit services directly affecting the audit work, intermediating the stock or other securities issued by the Company, acting as a defender of the Company or coordinating the conflicts between the Company and other third parties on behalf of the Company, or with kinship to any director, manager or person who has significant influence on the audit of the Company. 5. Evaluation result: all of them meet the independence evaluation criteria of the Company and are qualified to serve as a visa accountant of the Company.	
四、Does the public company have a suitable number of competent corporate governance personnel, and has it appointed a corporate governance supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to	✓		Through the resolution of the Board of Directors on May 12, 2020, the Company shall designate the accounting department manager Qiu, Hui-Ling as the corporate governance director, to whom the stock affair unit report, so as to protect the shareholders' rights and interests and strengthen the function of the Board of Directors, with the work experience of more than three years in finance, stock affairs or deliberations and other management in the public offering company. The main duties of the	No difference

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
perform their duties, assisting directors and supervisors with regulatory compliance, handling matters related to Board meetings and shareholders' meetings, and preparing proceedings for Board meetings and shareholders' meetings)?			corporate governance officer are to handle matters related to the meetings of the Board of Directors and the Board of Shareholders, prepare the proceedings of the Board of Directors and the Board of Shareholders, assist the directors in their appointment and continuing education, and provide the information necessary for the directors to carry out their business and other matters stipulated in the Articles of Incorporation or the deeds of the Company. Operational performance in 2020 was as follows: 1. Regularly informing the Board of Directors of the latest changes and developments of laws and regulations related to the Company's business field and corporate governance. 2. Handling the operation of the Board of Directors and the functional committees according to laws. 3. Planning and implementing the director education courses. 4. Insurance and maintenance of directors liability insurance. 5. 2020 performance evaluation of the Board of Directors shall be carried out in accordance with the "Performance Evaluation Method of the Board of Directors" established by the Company. 6. Responsible for all matters related to the shareholders' meeting. 7. Reviewing the achievement of corporate governance evaluation indicators and proposing the improvement plans and countermeasures for the	

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			indicators that are not achieved. 8. 18 hours of study have been completed in 2020 according to laws. Please refer to Note 2 for details.	
五、Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and properly respond to corporate social responsibility issues of concern to the stakeholders?	✓		(I) The Company has a spokesperson and an acting spokesperson, and relevant contact information is announced on the Open Information Observatory in accordance with the regulations. Meanwhile, the financial and stock affair information is regularly announced on the Open Information Observatory and the Company's website, so as to establish a good communication mode with investors. (II) At present, all information is placed in corresponding area of the Company's website, and a special area for interested parties is also set up on the Company's website.	No difference
六、Does the company designate a professional shareholder service agency to deal with shareholder affairs?	✓		The Company appoints the professional stock affair agency: the stock affairs agency department of Yuanta Securities Co., Ltd., and has formulated the "Management method of stock affairs".	No difference
七、Information disclosure				

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
(一) Does the company establish a corporate website to disclose information regarding the company's financial, business and corporate governance status?	✓		(I) The Company shall declare its financial business and corporate governance on the Public Information Observatory in accordance with the law, and disclose them simultaneously on the Company's website (www.promate.com.tw).	No difference
(二) Does the company have other information disclosure channels (e.g., maintaining an Englishlanguage website, appointing responsible people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conference on company website)?	✓		(II) The Company has a special person responsible for the disclosure of all information of the Company, and has set up a spokesman system according to the provisions. If there is a legal person to explain the information of meeting, it will also be placed on the Company's website.	No difference
(三) Does the company announce and report annual financial statements within two monthsafter the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓		(III) The Company is still announcing and reporting the financial reports and monthly operations in accordance with the time limit stipulated in Article 36 of the Securities and Exchange Act.	No difference
八、Is there any other important information to	✓			No difference

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			(I) Employee right and care: The Company attaches great importance to the rights and interests of colleagues; in addition to the statutory protection, there are many welfare measures and multiple appeal channels. Salary: annual salary adjustment, performance bonus, year-end bonus, employee dividend Training: annual educational training, professional training Off-days: 2 off-days per week, annual leave, paternity leave Welfare: enjoying the labor insurance, health insurance and group insurance, staff travel allowance, staff fellowship hall - vegetable restaurant, staff birthday gift certificate, funeral and illness allowance, Christmas Party, year-end activities, staff library, and club activities, etc. (II) Investor relationship: Full disclosure of information through the public	

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			information observatory and the Company’s website, to enable the investors to understand the Company's operating conditions, and through the shareholder meeting and spokesperson channels to communicate with investors. (III) Supplier relationship: The Company is the electronic component agency, stipulates the code of conduct for supplier, and has signed relevant contracts with all suppliers; the orders and purchases are handled according to the contract, to ensure the full source of goods. (IV) Rights of interested parties: a. As for shareholders' responsibilities: the Company strives to fully safeguard the shareholders' rights and interests. b. As for customer responsibilities: in addition to providing the professional design services with added value, the Company also provides sufficient	

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			stock according to the customer's order to meet the customer's needs. (V) Training of Directors and Supervisors: The Company complies with the "Key points for directors and supervisors of listed companies" and regularly provides relevant refresher courses for directors and supervisors. Directors and supervisors may enroll in relevant refresher courses upon their personal needs. Please refer to the Open Information Observatory for further study of directors and supervisors. (VI) Implementation of risk management policies and risk measurement standards: The Company has the risk management policy, and each department must analyze the identified risk events according to the actual situation, use the information to determine the occurrence possibility of risk events, and analyze the impact	

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	
			of the results on the Company; the audit office shall audit and regularly issue reports to the Board of Directors and Audit Committee. (VII) Implementation of customer policies: The Company constantly enriches professional skills and strengthen the partnership with manufacturers with professional technical team and clear product market positioning, to jointly create the added value. (VIII) Liability insurance purchased by the Company for directors and supervisors: The Company purchases the liability insurance for directors and supervisors every year with an underwriting amount of NT$150 million. The renewal of insurance will be completed before the expiration of May 31 of this year and reported to the Board of Directors in the near future.	

Evaluation Item	Implementation status			Deviations from Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary	

九、Specify the improvement of corporate governance with reference to the evaluation of corporate governance by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and the measures prioritized for issues that require improvement.

1. The indicators of the seventh corporate governance evaluation of the Company are gradually improved, and most of the self-evaluation operations participated in and completed in accordance with the corporate governance methods have been in line with the spirit of corporate governance, and there is no significant difference.
2. Items that have not been improved in the seventh corporate governance indicators and will be prioritized to be strengthened in 2021:

NO.	Indicator Item	Priority Matters the Require Strengthening and Measures
1.10	Does the Company upload the English version of the Agenda and supplementary information to the meeting 30 days prior to the regular shareholders' meeting?	The agenda in English and supplementary information will be uploaded in 2021
1.11	Does the company upload the English version of the annual report 7 days prior to the annual shareholders' meeting?	The annual report in English will be uploaded in 2021 synchronously

Note 1:The implementation of the diversification policy of all board members is as follows:

Title	Name	Gender	Age	Ability to make sound business judgments	Accounting and financial analysis capability	Ability to manage a business	Ability to respond to a crisis	Industry knowledge	Anunderstanding of international markets	Leadership	Decision-making capability
Director	Eric Chen	Male	68	✓		✓	✓	✓	✓	✓	✓
Director	Cheer Du	Female	65	✓	✓	✓	✓	✓	✓	✓	✓
Director	Ciou-Jiang Hu	Male	67	✓	✓	✓	✓	✓	✓	✓	✓
Director	Ming-Jhen Jhu	Female	57	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Han-Liang Hu	Male	53	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Jiang-Long Guo	Male	67	✓		✓	✓	✓	✓	✓	✓
Independent Director	Siou-Ming Huang	Male	66	✓		✓	✓	✓	✓	✓	✓

Note 2: 2020 further education of corporate governance manager is as below:

Corporate governance manager			
Date	Organizer	Course	Hours
2020.11.24	Securities and Futures Institute	(Independent) Directors and Supervisors and Corporate Governance Practice Workshop	12
2020.11.17	Securities and Futures Institute	Impact of the latest tax reform on business operations and its response	3
2020.11.05	Securities and Futures Institute	Trends and challenges in information security governance	3

(4)If the company has a Remuneration Committee, disclose its composition, responsibilities and operations:

1. Composition: The Company has the Remuneration Committee, which consists of three independent directors.
2. Responsibilities: The Company has established the "Organizational Rules for Remuneration Committee", whose main powers and responsibilities are as follows:

(1) To review the rules and regulations of the organization on a regular basis and propose the amendments.

(2) To formulate and regularly review the policies, systems, standards and structures for annual and long-term performance evaluation and remuneration of directors, supervisors and managers.

(3) To regularly evaluate the achievement of performance objectives of directors, supervisors and managers, and determine the contents and amounts of their individual salaries and rewards.

3. Operations: The committee is required to convene at least two meetings each year, and convened three meetings in 2020.

(1) Members of the Remuneration Committee

Title (Note 1)	Qualifications / Name	Has at least 5 years of work experience and meet one of the following professional qualifications			Meet the independence criteria (Note 2)										Number of other public companies in which the member also serves as a member of their Remuneration Committee	Notes
		An instructor or higher position in the department of commerce, law, finance, accounting or other department related to the business needs of the Company in a public or private junior college or university	Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists Who Has Passed a National Examination and Been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have work experience in commerce, law, finance, or accounting or a profession necessary for the business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent Director	Jiang-Long Guo	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	
Independent Director	Jiang-Long Guo	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	
Independent Director	Han-Liang Hu	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	

Note 1: Please fill the director, independent director or other in the Title column.

Note 2: : If the committee member meets any of the following criteria in the two years before being appointed or during the term of office, please check "   " the corresponding boxes.

(1)Not an employee of the Company or any of its affiliates.

(2)Not a director or supervisor of the Company or any of its affiliates (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).

(3)Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.

(4)Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of a manager in (1) or personnel in (2) and (3).

(5)Not a director, supervisor, or employee of a corporate shareholder that directly holders 5% or more of the Company's outstanding shares, is a top five shareholder, or appointed a representative as the Company's director or supervisor in accordance with Article 27, Paragraph 1 or 2 of the Company Act (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).

(6)Not a director, supervisor, or employee of other companies controlled by the same person with over half of the Company's director seats or shares with voting rights (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).

(7)Not a director, supervisor, or employee of another company or institution who is the same person or spouse of the Company's chairperson, president or equivalent position (not applicable in cases where the person is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).

(8)Shareholders (not applicable in cases where the specific company or institution holds 20% or more but less than 50% of the Company's outstanding shares, and is an independent director of the Company, its parent company, subsidiary, or the subsidiary of the same parent company in accordance with the Act or with local laws).

(9)Not a professional individual who, or an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or institution that audited or provided commercial, legal, financial, or accounting services for total compensation not exceeding NT$500,000 in the most recent two years to the company or to any affiliate of the company, or a spouse thereof, This does not apply to members of the Remuneration Committee, Public Tender Offer Review Committee, or Merger and Acquisition Special Committee performing duties in accordance with the Securities and Exchange Act or laws and regulations related to mergers and acquisitions.

(10)Not having any of the situations set forth in Article 30 of the Company Act of the R.O.C.

(2) Operations of the Remuneration Committee

一、There are three members in the Company's Remuneration Committee.

二、Current term of office: From June 14, 2019 to June 13, 2022. In the most recent year the Remuneration Committee met four times [A], and the members' qualifications and attendance are as follows:

Title	Name	Attendance in person [B]	By proxy	Attendance rate (%) [B/A] (Note)	Notes
Convener	Jiang-Long Guo	3	-	100	
Committee Member	Siou-Ming Huang	3	-	100	
Committee Member	Han-Liang Hu	3	-	100	Newly-elected on June 14, 2019

Other matters that require reporting:

一、If the board of directors did not adopt or revised the recommendations of the compensation committee, describe the date of board meeting, term of the board, agenda item, resolutions adopted by the board, and actions taken by the company in response to the opinion of the compensation committee (if the remunerations approved by the board of directors are better than those recommended by the compensation committee, describe the difference and reasons): None.

二、If with respect to any resolution of the Remuneration Committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, describe the date of committee meeting, term of the committee, agenda item, opinions of all members, and actions taken by the company in response to the opinion of members: None.

三、Proposals and resolutions of the Remuneration Committee meetings and the Company's handling of the members' opinions in the most recent year:

Remuneration Committee	Agenda items and resolutions
3rd meeting of the 4th-term 2020.03.17	1. Stipulated 2020 annual calendar of Remuneration Committee 2. Examined the Company's current reward system and evaluated the performance measurement system 3. Amount of directors' compensation and employees' bonuses in 2019 of the Company
	Remuneration Committee member'sopinios: :Passed as proposed after the chairperson consulted all attending members. The Company's handling of the opinions of the Remuneration Committee: Submitted to the Board of Directors and approved by all attending directors.
4th meeting of the 4th-term 2020.08.12	1. 2019 annual bonuses paid according to the performance of the Company's managers and the time of payment
	Remuneration Committee member'sopinios: Passed as proposed after the chairperson consulted all attending members. The Company's handling of the opinions of the Remuneration Committee: Submitted to the Board of Directors and approved by all attending directors.
5thmeeting of the 4th-term 2020.12.29	1. Proportion, amount and payment time of year-end bonus in 2020 based on the performance of the Company's managers
	Remuneration Committee member'sopinios: Passed as proposed after the chairperson consulted all attending members. The Company's handling of the opinions of the Remuneration Committee: Submitted to the Board of Directors and approved by all attending directors.

(5) Fulfillment of Social Responsibility and Deviations from the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Evaluation Item	Implementation status			Deviations from the "Corporate Social Responsibility BestPractice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
一、Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		1. Environment and society: ■ Product responsibility: The Company requires its suppliers to identify and manage the chemicals and other substances that may cause harm to the environment, so as to ensure that these substances are safely handled, transported, stored, used, recovered or reused and disposed to minimize the harm to the environment, by the rigorous quality management, to provide customers with good product quality and service quality, so as to improve the customer satisfaction, which is the cornerstone of sustainable development of theCompany. ■ Occupational safety: The Company has the occupational safety staff to conduct the hazard assessment and continuous risk improvement for all work contents and work areas of the Company. Through various related occupational safety training, it can reduce the occupational safety accidents and fulfill the responsibility of protecting the employees. 2. Corporate governance: The Company has adopted the "Code of Corporate Social Responsibility" in its internal operation and management, as well as related internal management systems, to fulfill its corporate social responsibility role.	No difference
二、Does the company establish a dedicated or concurrent unit in charge of promoting CSR with senior management authorized by the board to take charge of proposing CSR policies and reporting to the board?	✓		The Company has designated the chairman's office to be responsible for the presentation and implementation of corporate social responsibility policies and structures, disclosing the implementation of corporate social responsibility in the annual report, and regularly reporting to the Board of Directors.	No difference
三、Environmental issues				
(一) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low	✓		(一)In addition to the demand for quality regarding the IC components that the Company represents, the products of our upstream original manufacturers are also considered based on their life cycle. From raw material production, transportation,	No difference

Evaluation Item	Implementation status			Deviations from the "Corporate Social Responsibility BestPractice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
impact on the environment?			production, product transportation, product use to product disposal after discarding, etc., their impact on the environment during the entire process is taken into consideration. Therefore, the Company also effectively executes criteria regarding the management of hazardous substances, pollution prevention, energy-saving, water-saving, and waste reduction, etc., in its own operating office areas and storage centers. Hoping to gradually form a green supply chain from our upstream (original supplier), midstream (the Company) to downstream (customers).	
（二）Does the company endeavor to improve the efficiency of resource utilization and use recycled materials which have a low impact on the environment?	✓		(二) The Company is committed to the recycling and utilization of various recyclable materials and uses recycled materials with a low impact on the environment.	No difference
（三）Does the company evaluate potential risks and opportunities brought by climate change, and take response measures to climate-related issues?	✓		(三) The Company is not in the manufacturing industry and faces potential risks of climate change mainly at environmental and operational levels. For example, as extreme climate change causing resource shortages and personnel having difficulties adapting physically, resulting in increased raw material costs, suppliers struggling to complete production, and increased transportation costs, etc. These could all potentially lead to climate change directly or indirectly impacting our operating results. The Company recognizes that climate change is a major issue, hence adopting countermeasures including improving the efficiency of resource utilization, reducing water consumption, and practicing solar power generation.	No difference
（四）Does the company compile statistics of greenhouse gas emissions, water use, and total weight of waste in the past two years, and does it establish policies for energy conservation & carbon reduction, greenhouse gas emission reduction, water use reduction, and other waste management?	✓		(四)In response to the impact of climate change on operations, aside from actively introducing new products, the Company continues to promote energy-saving and carbon-reduction policies. We have fully adopted T5 energy-saving light tubes within the Company and implemented indoor temperature regulation standards. At the same time, the Promate Solar Photovoltaic Field has a capacity of 392.6 kW. It generates about 490,000 kWh and reduces carbon emissions by approximately 242 tons annually.	No difference
四、Social issues				
（一）Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(一) The Company devises employee work rules and other relevant management methods according to labor laws to safeguard the legal rights and interests of employees, and at the same time, has an employee welfare committee.	No difference
（二）Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		(二) In addition to those regulated in the labor law, employees also enjoy bonuses based on their performances. It is further stipulated in the Company's charter that if there is a profit, 7.5-10% shall be allocated as employee compensation. At the same time, employees enjoy domestic and foreign travel subsidies.	No difference
（三）Does the company provide a safe and healthy working	✓		(三) The Company has the occupational safety staff, and regularly conducts the safety inspection in accordance with the regulations on fire control, declare the building	No difference

Evaluation Item	Implementation status			Deviations from the "Corporate Social Responsibility BestPractice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
environment and provide employees with regular safety and health training?			public security inspection, regularly monitor the drinking water, lighting and concentration of carbon dioxide yearly, to ensure the quality of working environment and safety; as for the implementation of policy, 4-hour occupational safety training, firefighting and escape drill are held every year. In addition, the Company also conducts regular physical examination for employees, promotes the smoke-free working environment, provides non-toxic and safe food for employees in the staff canteen, holds irregular or regular outdoor activities to adjust the physical and mental health of employees, and encourages the employees to have various activities and clubs.	
(四) Does the company set up effective career development and training programs for its employees?	✓		(四)In addition to creating a good working environment, the Company also encourages employees to take on-the-job training to enrich their relevant professional skills.	No difference
(五) Does the company comply with relevant regulations and international standards in customer health and safety, customer privacy, and marketing and labeling its goods and services, and has it established consumer rights protection policies and complaint procedures?	✓		(五) The Company plays the role of connecting technology and creating value through providing services. To practice relevant sales and technical services, we must sign agency sales contracts that meet laws and international regulations with our domestic and foreign upstream manufacturers, before proceeding with relevant sales and services. Because the intellectual property rights of the products sold belong to our upstream original manufacturers, the product labels must also comply with the original manufacturers' specifications. Additionally, the company's website has a designated area for stakeholders to protect policies of consumer rights and keep appeal procedures smooth.	No difference
(六) Does the company have a supplier management policy, require suppliers to comply with regulations on environmental protection, occupational safety and health, and labor rights, and what is its implementation status?	✓		(六) The Company has set up a "Supplier Control Procedure" and disclosed the "Supplier Control Policy" on the company website, which requires suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, and labor rights. The Company evaluates suppliers annually based on quality, delivery, and service then determines the frequency of dealing with each supplier according to the evaluation results.	No difference
五、Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?		✓	The Company has established the "Code of Corporate Social Responsibility" on February 18, 2014. Our business policy is based on beliefs in the innocence of humanity, the power of forward-looking technology, the sentiment of enriched partnerships, and the hope of giving back to society. Thereupon fulfilling a sustainable business model and creating a high-quality working environment dedicated to the pursuit of competitiveness and the stable growth of profitability in order to give back to shareholders and customers, as well as take care of employees. Neither do we forget the social responsibility of the Company and abide by the law and respect policies related to people, communities, and the environment.	The Company follows the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility
六、If the Company has established corporate social responsibility principles based on "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the principles and their implementation: The Company has yet to establish "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies." However, the corporate social responsibility principles in it, taking into consideration the current situation of the Company and legal requirements, have been adopted gradually. There are no major differences regarding the implementation.				

Evaluation Item	Implementation status			Deviations from the "Corporate Social Responsibility BestPractice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
七、Other important information to facilitate a better understanding of the company's corporate social responsibility practices: ◆The Company highly regards the importance of social responsibility and actively participates in community activities. We interact amicably with suppliers and stakeholders, ensuring the protection of our consumers' rights. ◆The Company supporting local agricultural products with substantial actions. Selecting local small farmers to supply seasonal and local ingredients; encouraging employees to primarily purchase these agricultural products and extending the concept to the ingredients of the employee cafeteria in hopes of helping disadvantaged farmers in rural or specific areas with these actions; also reducing food miles at the same time, achieving energy conservation and carbon reduction; as of 2020, the purchased items have summed up about 150 items and the revenue on average of ~$228 million/year. ◆Promate Group actively implements corporate social reciprocation and supports baked goods made by mentally challenged children with substantial actions, hoping to distribute income to disadvantaged groups and achieve long-term care. Therefore, the Group always orders gifts from the Children Are Us bakery on Mid-Autumn Festival or other major festivals; as of 2020, the purchases have summed up to exceed NTD 240,000. The Group also encourages employees and the general public to join and help disadvantaged groups operate more smoothly, spreading love to the corners in need.				

(6)Implementation of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons:

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management BestPractice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
一、Establishment of ethical corporate management policy and approaches				
(一)Did the company establish an ethical corporate management policy that was approved by the Board of Directors, and declare its ethical corporate management policy and methods in its regulations and external documents, as well as the commitment of its Board and management to implementing the management policies?	✓		(1) The Company has a "Code of Ethical Operation" established by the Board of Directors, which applies to the companies and organizations in our group. It is strictly implemented in our internal management and external business activities.	No difference
(二) Does the company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes (II) Does the company establish mechanisms for assessing the risk of unethical conduct, periodically analyze and assess operating activities within the scope of business with relatively high risk of unethical conduct, and formulate an unethical conduct prevention plan on this basis, which at least includes？	✓		(2) The companies and organizations in our group conduct the mentioned matters following the relevant provisions and operating procedures stipulated in the corporation's "Code of Ethical Operation."	No difference

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management BestPractice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
（三）Did the company specify operating procedures, guidelines for conduct, punishments for violation, rules of appeal in the unethical conduct prevention plan, and does it implement and periodically review and revise the plan?	✓		(3) To enhance the management of ethical operations, the Company has set up a dedicated unit under the Board of Directors, allocating sufficient resources and qualified personnel to it. It is responsible for the formulation and supervision of ethical management policies and precautionary measures. It primarily administers the following affairs and regularly reports to the Board of Directors (at least once a year).	No difference
二、Implementation of ethical corporate management				
（一）Does the company evaluate the ethical records of parties it does business with and stipulate ethical conduct clauses in business contracts?	✓		(1) Contracts signed between the Company and suppliers or manufacturers are performed in good faith. Generally, there are provisions in place that prohibit the receiving of kickbacks.	No difference
（二）Did the company establish a dedicated unit under the board of directors to promote ethical corporate management, and periodically (at least once a year) report to the Board of Directors and supervise the implementation of the ethical corporate management policy and unethical conduct prevention plan?	✓		(2) he Company has set up a dedicated (part-time) unit under the Board of Directors to implement ethical corporate management. It regularly reports to the Board of Directors regarding its operation. The primary focus when it comes to the promotion of company managers and the appointment of employees is their integrity records, and these are one of the focal points in the consideration for promotions. On December 29, 2020, the Board of Directors completed the 2020 annual reporting on the implementation of ethical management.	No difference
（三）Does the company establish policies to prevent conflict of interests, provide appropriate channels for filing related complaints and implement the policies accordingly?	✓		(3) The Company has a "Code of Ethical Operation" and "Code of Moral Conduct" to prevent conflicts of interest and avoid personal gain. If the directors or their legal representatives have a stake in the motions set forth by the Board of Directors, the shall disclose the nature of their interest and not be included in the related discussion or vote on the said motion, or represent other directors in exercising their voting rights.	No difference
（四）Does the company have effective accounting system and internal control systems set up to facilitate ethical corporate management, does the internal auditing unit formulate audit plans based on unethical conduct risk assessment results, and does it audit compliance with the unethical conduct prevention plan or commission a CPA to perform the audit?	✓		(4) The accounting system of the Company is based on the Securities and Exchange Act, the Company Act, the Business Entity Accounting Act, the Regulations Governing the Filing of Financial Reports by Public Companies, and other relevant legislation, then devised according to the actual situation of the company's business; the internal control system is based on the "Regulations Governing the Establishment of Internal Control Systems by Public Companies" and other relevant regulations, which are all thoroughly implemented. The audit department also regularly examines the status of the accounting system and internal control system and reports to the Board of Directors.	No difference

Evaluation Item	Implementation status			Deviations from the "Ethical Corporate Management BestPractice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Summary	
（五）Does the company regularly hold internal and external educational trainings on ethical corporate management?	✓		(5) The Company periodically organizes promotions and training on ethical management at appropriate times.	No difference
三、Operation of whistleblowing system				
（一）Does the company establish concrete whistleblowing and reward system and have a convenient reporting channel in place, and assign an appropriate person to communicate with the accused?	✓		(1) The Company has "Employee Work Rules" and "Reporting System Management Measures," which clearly stipulates the relevant content, and will assign designated personnel to handle each of the reported cases.	No difference
（二）Does the company establish standard operating procedures for investigating reported cases, and does it take subsequent measures and implement a confidentiality mechanism after completing investigation?	✓		(2) The Company has relevant employee reporting procedures in place, along with confidentiality mechanisms.	No difference
（三）Does the company provide proper whistleblower protection?	✓		(3) Designated personnel will be appointed to handle each of the reported cases. During the appeal process, the informant will be protected from improper punishment due to the reporting.	No difference
四、Enhancing information disclosure （一）Does the company disclose information regarding the company's ethical corporate management principles and implementation status on its website and the Market Observation Post System?	✓		The Company has established the "Code of Ethical Operation" to enhance the management of ethical operations and placed it on our company website. With the chairman's office as a designated unit, we allocate sufficient resources and qualified personnel to it. It is responsible for the formulation and supervision of ethical management policies and precautionary measures and regularly reports to the Board of Directors (at least once a year). At the same time, we set up a designated area for stakeholders on our website, establishing a communication platform. In 2020, no illegal, unethical, or untrustworthy conduct has been reported.	No difference
五、If the company has established Ethical Corporate Management Principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", describe difference with the principles and implementation status: The Company established the "Ethical Corporate Management Best Practice Principles" to establish a corporate culture of ethical management and to achieve sound development. There is no deviation between actual operations and the Company's Best Practice Principles.				
六、Other important information to facilitate a better understanding of the company's implementation of ethical corporate management: In addition to the "Code of Ethical Operation," the Company also establishes relevant regulations of ethical management in the contracts with manufacturers. Employees are also required to adhere to the code of ethical conduct when they take up their posts. In 2020, the Company held internal and external education training with a collective attendance of 12 people for a total of 108 hours (the scope covers compliance with ethical management, the accounting system, and the internal control system).				

(7) If the company has established corporate governance principles and related guidelines, disclose the means of accessing this information: Please refer to the Company’s website.

(8) Other Significant Information that will Provide a Better Understanding of the State of the Company's Implementation of Corporate Governance may also be Disclosed:Please refer to the Company’s website.

(9) Implementation of internal control system should disclose the following matters:
1. Internal control statement

Promate Electronic Co., Ltd.

Statement of internal control system

Date: March 24, 2021

Based on the results of self-inspection, we hereby declare as below for the internal control system in 2020:

I. The Company acknowledges that the establishment, implementation and maintenance of internal control system is the responsibility of the Board of Directors and managers of the Company, and the Company has established such system. The objective is to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance and asset safety, etc.), reliability, timeliness, transparency of reporting, and compliance with relevant regulations.

II. The internal control system has its innate limitations; no matter how perfect the design is, the effective internal control system can only provide reasonable guarantee for the achievement of the above three objectives; moreover, due to the change of environment, the effectiveness of internal control system may change too. However, the Company's internal control system has the self-monitoring mechanism, and the Company will take corrective action if any deficiency is identified.

III. The Company judges whether the design and implementation of internal control system is effective or not according to the judgment items on the effectiveness of internal control system stipulated in the "Guidelines for Handling the Establishment of Internal Control System of Public Offering Companies" (hereinafter referred to as "Guidelines"). The internal control system used in the "Guidelines" is the process of management control. The internal control system is divided into five components: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Supervision. Each component includes a number of items. For the foregoing items, please refer to the "Guidelines".

IV. The Company has adopted the above internal control system's judgement items and check the effectiveness of design and implementation of internal control system.

V. Based on the results of the foregoing inspection, the Company considers that the internal control system of the Company (including the supervision and management of its subsidiaries) as of December 31, 2020, includes to understand the effectiveness of operations and the extent of efficiency objectives achieved, and the report is reliable, timely, transparent and in accordance with relevant regulations and relevant laws; the design and implementation of internal control system is effective, which can reasonably ensure to the achieve the above objectives.

VI. This Statement will be the main content of the Company's annual report and disclosure statement and will be made public. Any false or concealment of the above information will be subject to the legal liability of Articles 20, 32, 171 and 174 of the Securities and Exchange Act.

VII. This Statement has been approved by the Board of Directors of the Company on March 24, 2021. None of the seven directors present have any objection to this Statement and hereby declare that they agree to the contents of this Statement.

Promate Electronic Co., Ltd.

Chairman: Eric Chen Signed or Sealed

General Manager: Eric Chen Signed or Sealed

2.If the company engages an accountant to examine its internal control system, disclose the CPA examination report: None.

(10)The Company and its internal staff being punished lawfully, the punishment given by the Company to the violators of internal control system, major nonconformity,and the improvement in the most recent year and as of the publication of the annual report:None.

(11)Important resolutions adopted in shareholders meeting and board of directors' meeting in the past year and as of the date of report:

1)Major resolutions of the shareholders' meeting and implementation

Date	Major resolutions
2020.06.15	1.Approved 2019 profits distribution proposal Implementation status: July 29, 2020 was set as the ex-dividend record date and dividends were distributed on August13, 2020. 2.Approved amendments to Articles of Incorporation Implementation status: Registration of changes completed on 2020/06/19 3.Accept of 2019 Business Report and Financial Statements Implementation status: Resolved as proposed. 4.Approved amendments to Rules of Procedure for Shareholders' Meetings Implementation status:It has been uploaded and updated on the Company's website (important measures of the Company)

2)Major resolutions of the Board of Directors

Date	Major resolutions
2020.03.17	1. Approved the Company to apply for a line of credit from financial institution 2.Approved 2019 employees' and directors' remuneration. 3.Adoption of 2019 Business Report and Financial Statement. 4.Internal Control System Statement for 2019. 5.Approved 2019 profits distribution proposal. 6.Approved amendments to Codes of Ethical Conduct. 7.Approved Re-establish the Ethical Corporate Management Best Practice Principles. 8.Approved establish "Procedures for Ethical Management and Guidelines"for Conduct. 9.Approved amendments to Rules of Procedure for Shareholders' Meetings. 10.Approved amendments to Rules of Procedure for Board Meetings. 11.Approved amendments to Articles of Incorporation. 12.Resolved to convene 2020 annual Shareholders'. 13. Accepted the matters related to the review standards and operating procedures of shareholders' meeting proposals 14.Proposed appointment of CPA and independence assessment.
2020.05.12	1. Approved the Company to apply for a line of credit from financial institution 2.Approved Q1 (First Quarter)2020 Consolidated Financial Statements. 3.Approved the establish in the Company's "Corporate Governance Best Practice Principles." 4.Approved the establish in the Company's "Self-Evaluation or Peer Evaluation of Board of Directors." 5.Approved amendments to Rules Goveming the Scope of Powers of Independent Directors. 6.Approved the establish in the Company's "Risk Management Policy." 7.Approved the proposal to establish a dedicated corporate governance unit and assigning a corporate governance manager.
2020.06.15	1. Approved the cash dividend payment date and reference date of NT$ 408,223,042 of the Company 2. Approved the Company to participate in NT$48 million capital increase and NT$6 million equity purchase of CT CONTINENTAL CORPORATION
2020.08.12	1. Approved the Company to apply for a line of credit from financial institution 2.Approved Q2 (Second Quarter) 2020 Consolidated Financial Statements. 3. Approved the Company's annual bonus distribution and salary adjustment for managers and employees in 2020

Date	Major resolutions
2020.11.12	1. Approved the Company to apply for a line of credit from financial institution 2.Approved Q3 (Third Quarter) 2020 Consolidated Financial Statements.
2020.12.29	1. Discussed the Company intends to apply for a line of credit from financial institution. 2.2021 Audit Plan. 3.2021 Operational plan (2021 Budget). 4.2020 executive officers' year-end bonus payment. 5. Approved the Company's 2020 honest operation and implementation 6. Approved 2020 annual performance evaluation report of the Board of Directors of the Company 7. Approved the revision of the "Appointment and Removal, Appraisal and Remuneration Methods of Internal Auditors" of the Company 8. Approved the payment on account of US$10 million to the original factory AOS on behalf of the customer Quanta as the refundable deposit 9.Amendments to certain articles of the Company's "Audit Committee Charter."

(12)Dissenting or qualified opinion of directors or supervisors against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and as of the date of report: None.

(13)Resignation and dismissal of managerial officers related to the financial report (including chairperson, president, chief accounting officer, chief financial officer, chief internal auditor, corporate governance supervisor, and R&D supervisor) in the past year and as of the date of report: None.

5.Information on fees to CPA

(1) Accountants' fee brackets

Name of accounting firm	Name of CPA		Audit period	Notes
Deloitted & Touche	Li, Li-Huang	Wong, Bo-Ren	2020.01.01-2020.12.31	

Unit:NT$1,000

Fees classification / Range of amount		Audit fee	Non-audit fee	Total
1	Less than NT$2,000,000		✓	850
2	NT$2,000,000 (inclusive) to NT$4,000,000			
3	NT$4,000,000 (inclusive) to NT$6,000,000	✓		5,975
4	NT$6,000,000 (inclusive) to NT$8,000,000			
5	NT$8,000,000 (inclusive) to NT$10,000,000			
6	NT$10,000,000 (inclusive) or above			

(2)If the non-audit fees paid to the CPA, the CPA's accounting firm and its affiliated enterprises is more than one quarter of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed: None

Name of accounting firm	Name of CPA	Audit fee	Non-audit fee					Audit period	Notes
			System design	Commercial registration	Human resource	Other	Subtotal		
Deloitted & Touche	Li, Li-Huang Wong, Bo-Ren	5,975				850	850	2020/01/01 2020/12/31	(Note)

Note: Other items of non-audit fee: NT$ 150,000 for transfer pricing research and analysis, NT$ 500,000 for tax consulting service and NT$ 200,000 for convertible bond review service.

(3)If the accounting firm is changed and the audit fees paid in the year of the replacement is less than that of the previous year, the amounts of the audit fees before and after the replacement and the causes shall be disclosed: None.

(4)If the audit fees were reduced more than 15% from that of the prior year, the reduction amount, percentage and reasons for the reduction of audit fees shall be disclosed: None.

6.Information on the replacement of CPA: None.

7.The Company's Chairman, President, and Finance or Accounting Officer have held a position in the independent auditing firm or its affiliates over the past year: None

8.Share transfer by directors, supervisors, managers and shareholders holding more than 10% interests and changes to share pledging by them in the past year and as of the date of report:

1.Changes in the equity of directors, supervisors, managers, and major shareholders

Title	Name	2020		As of April16, 2021	
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares
Director	Eric Chen	-	-	-	-
Director	Cheer Du	-	-	-	-
Director	Ciou-Jiang Hu	-	-	-	-
Director	Chuang Fong investment Co., Ltd.(Representative: Ming-Jhen Jhu)	-	-	-	-
Independent Director	Han-Liang Hu	-	-	-	-
Independent Director	Jiang-Long Guo	-	-	-	-
Independent Director	Siou-Ming Huang	-	-	-	-
Senior Executive Vice President	Mark Chen	-	-	-	-
Senior Vice General Manager	Jin-Long Sie	-	-	-	-
Vice President	Fu-Long Deng	-	-	-	-
Vice President	Andy Chang	-	-	-	-
Finance Manager	Jasmine Wu	-	-	(6,000)	-
Accounting Manager	Mandy Chiu	-	-	-	-

2. Shares Trading with Related Parties: None.

3. Shares Pledge with Related Parties: None.

9.Top 10 Shareholders Who are Related Parties, Spouses, or within Second Degree of Kinship to Each Other

April 16, 2021

Name	Shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Titles, names and relationships between top 10 shareholders (related party, spouse, or kinship within the second degree)		Notes
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Eric Chen	8,717,851	4.86%	3,385,088	1.89%			Chuang Fong investment Co., Ltd. Cheer Du	Owner Man and Wife	
Man-Li Song	4,193,354	2.34%							
Chuang Fong investment Co., Ltd. (Representative: Eric Chen)	3,694,901	2.06%					Eric Chen	Owner	
	8,717,851	4.86%	3,385,088	1.89%			Chuang Fong investment Co., Ltd. Cheer Du	Owner Man and Wife	
Cheer Du	3,385,088	1.89%	8,717,851	4.87%	609,000	0.34%	Eric Chen	Man and Wife	
Ciou-Jiang HU	2,248,949	1.25%	1,505,036	0.84%					
Yi-Lin Song	1,840,688	1.03%					Nai-Ke Song	son	
Nai-Ke Song	1,820,000	1.02%					Yi-Lin Song	father	
Bei-Ling Chen	1,743,175	097%							
Ying-Da Liu	1,640,000	0.91%							
Heng-Huang Wu	1,601,670	0.89%							

10.The shares of the invested company held by the Company, the Company's directors, supervisors, managers, and companies controlled directly or indirectly, and the aggregated overall shareholding ratio: None.

% December 31, 2020/Unit: thousand shares; %

Reinvestment Entities	Investments by the Company		Directors, supervisors, managers and direct or indirect control of investment in the business		Consolidated investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
PROMATE INTERNATIONAL CO., LIMITED(Note)	12,360,000	100.00	-	-	12,360,000	100.00
Promate Solutions Corporation (Note)	25,327,500	66.21	993,981	2.59	26,321,481	68.80
HAPPY ON SUPPLY CHAINMANGEMENT LTD. (Note)	3,000,000	100.00	-	-	3,000,000	100.00
PROMATE ELECTRONICS COMPANY USA(Note)	20,000	100.00	-	-	20,000	100.00
Promate Electronic(Shenzhen)Co., Ltd.	-	100.00	-	-	-	100.00
Promate Electronic(Shanghai)Co., Ltd.	-	100.00	-	-	-	100.00
CT Continental Corporation (Note))	5,400,000	90.00	-	-	5,400,000	90.00
PROMATE JAPAN	66,210	66.21	-	-	66,210	66.21

Note: Long-term equity investments made by the Company using equity method.

IV. Capital overview

1.Capital and shareholding

(1) Sources of capital

1.Types of Shares

2021.3.31; Unit: Share

Types of Shares	Authorized capital			Notes
	Outstanding Shares	Unissued Shares	Total	
Common Shares	179,126,039 (Listed on the market) (Note)	70,873,961	250,000,000	

Note: It includes 80,845 shares of convertible corporate bonds, and the registration of change has not been completed.

2. Capital stock formation process

Unit: Shares/NT$ thousand

Year/Month	Issue price	Authorized capital		Paid-in capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Capital Source	Subscriptions paid with property other than cash	Other
1986.05	10,000	600	6,000,000	600	6,000,000	Establishment capital	None	—
1988.11	10,000	1,600	16,000,000	1,600	16,000,000	Seasoned equity offering	None	—
1992.09	10,000	2,800	28,000,000	2,800	28,000,000	Seasoned equity offering	None	—
1995.10	10	5,600,000	56,000,000	5,600,000	56,000,000	Capital increase by merger	None	—
1997.12	10	8,000,000	80,000,000	8,000,000	80,000,000	Seasoned equity offering	None	—
1998.06	10	10,000,000	100,000,000	10,000,000	100,000,000	Seasoned equity offering Capital increase by retained earning	None	—

Year/Month	Issue price	Authorized capital		Paid-in capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Capital Source	Subscriptions paid with property other than cash	Other
1999.09	10	30,000,000	300,000,000	15,000,000	150,000,000	Seasoned equity offering Capital increase by retained earning	None	—
2000.06	18 10	30,000,000	300,000,000	23,500,000	235,000,000	Seasoned equity offering Capital increase by retained earning	None	—
2001.07	10	30,800,000	308,000,000	30,200,000	302,000,000	Capital increase by retained earning	None	—
2002.07	10	110,000,000	1,100,000,000	41,200,000	412,000,000	Capital increase by retained earning	None	—
2003.02	40	110,000,000	1,100,000,000	46,375,000	463,750,000	Seasoned equity offering	None	—
2003.06	10	110,000,000	1,100,000,000	60,062,675	600,626,750	Capital increase by retained earning Capital Surplus Transferred to common stock	None	—
2004.07	10	110,000,000	1,100,000,000	77,194,850	771,948,500	Capital increase by retained earning	None	—
2004.11	11.5	110,000,000	1,100,000,000	77,703,850	777,038,500	Exercising employee stock warrant	None	—
2005.01	11.5	110,000,000	1,100,000,000	77,882,850	778,828,500	Exercising employee stock warrant	None	—
2005.05	11.5/40.1	110,000,000	1,100,000,000	78,142,538	781,425,380	Exercising employee stock warrant Shares converted from corporate bonds	None	—
2005.08	11.5/40.1/10	110,000,000	1,100,000,000	95,621,932	956,219,320	Exercising employee stock warrant Shares converted from corporate bonds Capital increase by retained earning Capital Surplus Transferred to common stock	None	—
2005.11	10/32.8	110,000,000	1,100,000,000	98,929,068	989,290,680	Exercising employee stock warrant Shares converted from corporate bonds	None	—

Year/Month	Issue price	Authorized capital		Paid-in capital		Notes		
		Number of shares	Amount	Number of shares	Amount	Capital Source	Subscriptions paid with property other than cash	Other
2006.03	10/32.8	200,000,000	2,000,000,000	99,073,896	990,738,960	Exercising employee stock warrant Shares converted from corporate bonds	None	—
2006.12	10/27.6	200,000,000	2,000,000,000	119,040,884	1,190,408,840	Exercising employee stock warrant Shares converted from corporate bonds	None	—
2007.03	10/27.5/25	200,000,000	2,000,000,000	125,852,429	1,258,524,291	Exercising employee stock warrant Shares converted from corporate bonds Seasoned equity offering	None	—
2007.10	10/27.5/31.26	200,000,000	2,000,000,000	164,041,139	1,640,411,390	Capital increase by retained earning Capital Surplus Transferred to common stock Exercising employee stock warrant Shares converted from corporate bonds	None	—
2007.12	10/22.81/25.14	200,000,000	2,000,000,000	168,281,248	1,682,812,480	Exercising employee stock warrant Shares converted from corporate bonds	None	—
2008.08	10/22.81/25.14	200,000,000	2,000,000,000	181,409,101	1,814,091,010	Capital increase by retained earning Capital Surplus Transferred to common stock Shares converted from corporate bonds	None	—
2010.01	18.39	250,000,000	2,500,000,000	182,317,194	1,823,171,940	Shares converted from corporate bonds	None	—
2011.07	10	250,000,000	2,500,000,000	181,810,194	1,818,101,940	Cancellation of treasure stocks	None	—
2012.07	10	250,000,000	2,500,000,000	179,045,194	1,790,451,940	Cancellation of treasure stocks	None	—
2021.04	10/32.16	250,000,000	2,500,000,000	179,126,039	1,791,260,390	Shares converted from corporate bonds	None	—

Note: The Company held an interim shareholders' meeting on March 1, 2006, to amend the Articles of Incorporation and increase the rated capital to NT$ 2 billion.

Note 1: Approved by SFRC (2000) Taiwan Finanncial Certificate (1) No. 50726 of the Securities and Futures Regulatory Commission of the Ministry of Finance dated June 20, 2000.

Note 2: Approved by SFRC (2001) Taiwan Finanncial Certificate (1) No. 142196 of the Securities and Futures Regulatory Commission of the Ministry of Finance dated July 2, 2001.

Note 3: Approved by SFRC (2002) Taiwan Finanncial Certificate (1) No. 0910132187 of the Securities and Futures Regulatory Commission of the Ministry of Finance dated June 13, 2002.

Note 4: Approved by SFRC (2002) Taiwan Finanncial Certificate (1) No. 0910154527 of the Securities and Futures Regulatory Commission of the Ministry of Finance dated Nov. 26, 2002.

Note 5: Approved by SFRC (2003) Taiwan Finanncial Certificate (1) No. 0920125694 of the Securities and Futures Regulatory Commission of the Ministry of Finance dated June 11, 2003.

Note 6: Approved by Financial Management Certificate (1) No. 0930131408 of the Financial Supervisory Commission of the Executive Yuan dated July 14, 2004.

Note 7: Jing-Shou-Shang-Zi No. 09301208080 dated Nov. 9, 2004

Note 8:Jing-Shou-Shang-Zi No. 09401015760 dated Jan. 26, 2005

Note 9:Jing-Shou-Shang-Zi No. 09401073410 dated May 3, 2005

Note 10: Jing-Shou-Shang-Zi No.09401168320 dated Aug. 26, 2005

Note 11: Jing-Shou-Shang-Zi No. 09401219600 dated Nov. 2, 2005

Note 12: Jing-Shou-Shang-Zi No. 09501052320 dated Mar. 27, 2006

Note 13: Jing-Shou-Shang-Zi No.09601081980 dated Apr. 23, 2007

Note 14: Jing-Shou-Shang-Zi No. 09601231670 dated Oct. 1, 2007

Note 15: Jing-Shou-Shang-Zi No. 09601296060 dated Dec. 3, 2007

Note 16: Jing-Shou-Shang-Zi No. 09701028720 dated Feb. 1, 2008

Note 17: Jing-Shou-Shang-Zi No. 09701113220 dated May 15, 2008

Note 18: Jing-Shou-Shang-Zi No. 09701202430 dated Aug. 13, 2008

Note 19: Jing-Shou-Shang-Zi No. 09901014070 dated Jan. 22, 2010

Note 20: Approved by Tai-Zheng-Shang-Zi No. 10000237711 of the stock exchange dated July 18, 2011.

Note 21: Jing-Shou-Shang-Zi No. 10101137610 date Jul. 11, 2012

Note 22: Jing-Shou-Shang-Zi No. 11001061810 date Apr.9, 2021

(2) Shareholder structure

2021.4.10; Unit: Share

Shareholder structure / Quantity	Government institutions	Financial institution	Other institutions	Individuals	Foreign institutions and foreigners	Total
Head count	-	-	159	29,270	74	29,503
Number of shares held	-	-	11,655,050	155,919,888	11,719,010	179,293,948
Shareholding percentage	-	-	6.50	86.96	6.54	100.00

(3) Dispersion of equity ownership

2021.4.16; Unit: Share

Class of Shareholding	Number of shareholders	Number of shares held	Shareholding percentage%
1 to 999	13,213	505,349	0.28
1,000 to 5,000	11,866	25,333,060	14.13
5,001 to 10,000	2,217	17,317,195	9.66
10,001 to 15,000	718	9,109,304	5.08
15,001 to 20,000	396	7,278,078	4.06
20,001 to 30,000	438	11,066,056	6.17
30,001 to 40,000	187	6,619,419	3.69
40,001 to 50,000	109	5,023,897	2.80
50,001 to 100,000	175	11,995,479	6.69
100,001 to 200,000	80	11,229,233	6.26
200,001 to 400,000	34	9,446,867	5.27
400,001 to 600,000	13	6,569,234	3.66
600,001 to 800,000	14	10,116,905	5.64
800,001 to 1,000,000	5	4,395,904	2.45
1,000,001 or more	20	43,287,968	24.16
Total	29,503	179,293,948	100

(4)List of Major Shareholders: Repurchasing shares of the Company during the most recent fiscal year or as of the date of printing of the annual report

April 16，2021

Shares / Name of major shareholder	Number of shares held	Shareholding percentage
Eric Chen	8,717,851	4.86%
Man-Li Song	4,193,354	2.34%
Chuang Fong investment Co., Ltd.	3,694,901	2.06%
Cheer Du	3,385,088	1.89%
Ciou-Jiang HU	2,248,949	1.25%
Nai-Ke Song	1,840,688	1.03%
Yi-Lin Song	1,820,000	1.02%
Bei-Ling Chen	1,743,175	0.97%
Heng-Huang Wu	1,640,000	0.91%
Ying-Da Liu	1,601,670	0.89%

(5)Stock price, net worth, earnings, dividends and related information for the previous two years

Unit: Shares/NT$ thousand

Item \ Year			2019 (Distributed in 2018)	2020 (Distributed in 2019)	As of March31, 2020 (Note 9)
Stock price (Note 1)	Max		36.10	36.60	39.90
	Low		28.25	26.05	34.60
	Average		32.80	33.83	36.37
Net worth per share (Note 2)	Before distribution		22.55	23.80	21.30
	After distribution		20.27	Note 8	-
Earnings per share	Weighted Average Shares		179,045	179,126	179,126
	Earnings Per Share (Note3)	Before Retrospective Adjustment	2.62	2.99	1.23
		After Retrospective Adjustment	2.62	2.99	-
Dividends per share	Cash dividends		2.28	Note 8	-
	Stock dividends	Earnings	-	Note 8	-
		Capital surplus	-	Note 8	-
	Accumulated unpaid dividend (Note4)		-	-	-
Return analysis	Price-earnings ratio (Note 5)		12.51	Note 8	-
	Price-dividend ratio (Note 6)		14.38	Note 8	-
	Cash dividend yield (Note 7)		6.96%	Note 8	-

Note 1:The year's high and low market prices of common stock are provided, and the average price for the year is computed based on the year's transaction amount and volume.

Note 2:Based on the distribution resolved by the shareholders meeting of the next year.

Note 3: The earnings per share before and after the adjustment should be shown in case of retroactive adjustment due to free allotment.

Note 4: If the conditions of issuance of equity securities stipulate that the accrued dividends of current year shall be paid in a year with surplus, the accrued dividends as of current year shall be disclosed separately.

Note 5:Price-earnings ratio = Year's average per share closing price / earnings per share.

Note 6:Price-dividend ratio = Year's average per share closing price / cash dividend per share.

Note 7:Cash dividend yield = Cash dividend per share / year's average per share closing price.

Note 8:The proposal for the 2020 earnings distribution has not yet been resolved in the shareholder's meeting.

Note 9:For the net value per share and earnings per share, data as of the printing date of the annual report has not been certified by CPAs.

(6) Dividend policy and implementation status

1.Dividend policy stipulated in the Company's Articles of Incorporation:

In accordance with Company Act and the Company's Articles of Incorporation, the annual total surplus, if any, should be withdrawn for the tax firstly, to make up the losses of the past year, then allocated by 10% for the statutory surplus reserves from the balance; after listing and returning the special surplus reserves according to the laws or regulations, if there are balance, together with the accumulated undistributed earnings, the Board of Directors shall formulate the distribution proposal, and the shareholders' meeting resolution shall determine the distribution. In consideration of the Company's environment and growth stage, in accordance with its future capital needs and long-term financial plans, and to meet the needs of shareholders for cash inflows, the shareholders' dividends may be paid in the form of cash or share, of which the proportion of cash dividends shall not be less than 20% of the total dividends.

The Company was approved by the Board of Directors on March 24, 2021 to pay a cash dividend equal to 94% of the current net profit.

2.Distribution of dividend proposed for approval at the Shareholders' Meeting:

The 2020 annual earnings distribution plan of the Company has been approved by the Board of Directors on March 24, 2021, and it is proposed to distribute the cash dividends of NT$ 501,553,000 (NT$ 2.8 per share) to the shareholders, pending the resolution of the shareholders' meeting.

(7)Effect of Stock Dividends to Operating Performance and EPS:

Not applicable. There is nostock dividend this year

(8)Remuneration of directors, managers and employees:

For the directors, managers and employees remuneration system, Promate's Remuneration Committee shall evaluate the remuneration policy and system of Promate's directors, managers, and employees with professional objective status, at least twice meetings a year, and may hold a meeting at any time depending on the need, to assist the Board of Directors to evaluate and supervise the remuneration policy of the Company as a whole, for reference of its decision-making. The Committee shall take into account the usual salary level of the same industry, and consider the performance of Promate's operation and employees' personal performance appraisal as well as the future operational risks. It shall not guide the directors, managers and employees to pursue higher salary and reward and engage in the behaviors beyond the Company's risk. On the basis of the principle of determining the proportion of remuneration to be paid to directors, managers and employees for short-term performance and the time of partial variable remuneration, taking into account the characteristics of the industry and the nature of the Company's business, it shall faithfully perform the following functions and powers, and submit the suggestions to the Board of Directors for discussion:

a. To ensure that the Company's remuneration level is in line with relevant labor laws and regulations and sufficient to attract the talented people.

b. To formulate and regularly review the policies, systems, standards and structures for performance appraisal and remuneration levels of directors, managers and employees.

c. To determine and regularly evaluate the performance and remuneration of directors, managers and employees.

d. The content and amount of remuneration for directors, managers and employees shall consider their reasonability. The determination of remuneration for directors, managers and employees shall not be materially inconsistent with the financial performance.

1.Percentage or scope of remuneration to employees, directors and supervisors provided in Company's Articles of Incorporation:

According to the provisions of Article 235-1 of the Company Act, the Company's Articles of Incorporation were revised by the interim shareholders' meeting on December 16, 2015. If the Company makes profits in the year, it shall allocate 7.5%~10% for the remuneration of employees, and the remuneration of directors and supervisors shall not be higher than 3%. However, if the Company still has accumulated losses, it shall reserve to make up for them in advance.

2.Basis for estimating the amount of compensation for employees, directors and supervisors, basis for calculating the number of shares to be distributed as stock compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period:

The Company estimated the remuneration for employees, and remuneration for directors and supervisors as of December 31, 2019 to be NT$ 52 million and NT$ 10.5 million respectively. After the end of the year, if there is a significant change in the distribution amount decided by the Board of Directors prior to the adoption of annual financial report, such change shall adjust the original annual expenses. If there is still any change in the amount after the adoption of annual financial report, it will be adjusted and recorded in the next year according to changes in accounting estimates.

3.Distribution of compensation passed by the Board of Directors:

(1)Employee and directors' remuneration will be distributed in cash or stocks.If there is any difference from the annual estimated amount of recognized expenses, the amount of the difference, the reasons for the difference and the treatment shall be disclosed:

The Board of Directors of the Company has determined that the remuneration for employees, directors and supervisors in 2020 is NT$52 million and NT$10.5 million respectively, and the difference between the remuneration for employees and directors and supervisors recognized in the financial report of 2020 is adjusted to the profit and loss of 2020.

(2)Amount of employee compensation distributed in the form of stock and as a percentage of the after-tax profit provided in this year's standalone financial statements and total employee compensation combined: None.

4.Actual distribution of employee bonus and remuneration of board directors and supervisors in the previous year (including dividend shares, amount and stock price), discrepancies if any from the amount of employees' bonus and directors and supervisors' remuneration previously recognized, and the causes and treatments for the discrepancies:

The remuneration of the Company's employees and directors and supervisors in 2019 as determined by the Board of Directors is NT$45.7 million and NT$9.9 million respectively, and there is no difference between the compensation of the employees, directors and supervisors recognized in the financial report of 2019.

(9)Repurchasing shares of the Company during the most recent fiscal year or as of the date of printing of the annual report: None.

2.Issuance of corporate bonds (include overseas corporate bond)

(1) Issuance of corporate bonds:

Type of Corporate Bonds		Third domestic unsecured convertible corporate bonds
Issuance date		June 8, 2020
Par value		NT$100,000
Place of issue and trading		(Note)
Issue price		NT$101,000
Total amount		NT$1.0 billion
Interest Rate		Coupon rate of 0%
Interest Rate		3 years: Matures on June8, 2023
Guarantor agency		None
Trustee		Trust Department, Chang Hwa Commercial Bank, Ltd.
Underwriting institution		CAPITAL SECURITIES CORP.
Certified lawyer		N/A
CPA		N/A
Repayment method		Except for the holders of this converted corporate bond who convert the ordinary shares of the Company in accordance with Article 10 of the Issue and Conversion Measures, the early redeemer of the Company in accordance with Article 18 of the Same Law, or the write-off of the Company's purchase and write-off by the Securities Dealer's Office, the Company shall repay the converted corporate bonds held by the bondholders in cash at the maturity of the bonds.
Outstanding principal		NT$997,400,000 (as of March 31, 2021)
Terms of redemption or advance repayment		None
Restriction clauses		None
Names of credit rating agency, rating date, rating of corporate bonds		N/A
Other rights attached	Amount converted to common shares as of the date of report	The amount and number of ordinary shares converted as of April 30, 2021 are as follows: NTD 2,487,540 248,754 Shares
	Issuance and conversion method	For details, please refer to the Company's terms of issuance and conversion of the third domestic unsecured convertible corporate bonds.

Issuance and conversion, and potential dilution and impact on existing shareholders' equity from the terms of issuance	For the issuance of convertible corporate bonds of NT$1.0 billion, with a conversion price of NT$34.5 at the time of issue, the maximum number of the Company's common stock convertible is approximately 28,985,507 shares. Based on the 179,045,194 outstanding shares issued by the Company at the time of issue, the maximum dilution of shareholding is approximately 13.93%. For shareholders' equity, the conversion of corporate bonds into the Company's common shares not only reduces liabilities, but also increases shareholders' equity, thereby increasing the net value per share. Thus, it better protects shareholders' equity in the long run.
Name of the transfer agent	N/A

Note: For overseas corporate bonds.

(2) Information on convertible corporate bonds:

Type of Corporate Bonds		Third domestic unsecured convertible corporate bonds	
Item \ Year		2020	As of April 8, 2021
Market price of the convertible corporate bonds	Max	116.00	128.80
	Low	103.50	111.20
	Average	106.79	118.82
Conversion price		32.16	32.16
Issuance date and conversion price at issuance		Issuance date: June 8, 2020 Conversion price at issuance: 34.5	
Fulfilling the conversion obligation		The common shares of the Company are the subject matter of conversion, and the conversion obligation is fulfilled by issuing new shares. The bondholders shall conduct the conversion in the form of book transfer through Nordic CSD.	

(三)Information on exchange of corporate bonds: None.

(四)Shelf registration relating to issuance of corporate bonds: None.

(五)Information on corporate bonds with warrants: None.

3.Issuance of preferred shares: None.
4.Issuance of global depositary receipts (GDR): None.
5.Issuance of employee stock warrants: None.
6.Issuance of new restricted employee shares: None.
7.Mergers, acquisitions or issuance of new shares for acquisition of shares of other companies: None.

8.Financing plans and implementation:

Capital raising					Implementation of financing plans
Method	Amount	Receipt date:	Purpose	Subjects	
Third domestic unsecured convertible corporate bonds	NT$1.0 billion	June 4, 2020	Repayment of bank loan	100% publicly offered	Bank loan repaid in full on Q2 (Second Quarter) 2020

V. Business Overview

1.Business Activities

(I) Business scope

(1) Major business activities:

1. Mechanical Equipment Manufacturing.
2. Office Machines Manufacturing
3. Electronic Parts and Components Manufacturing.
4. Computer and Peripheral Equipment Manufacturing.
5. Electrical Appliances and Audiovisual Electronic Products Manufacturing
6. Optical Instruments Manufacturing
7. Watches and Clocks Manufacturing
8. Toys Manufacturing
9. Computing Equipments Installation Construction
10. Wholesale of Ironware
11. Wholesale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
12. Wholesale of Glasses
13. Wholesale of Machinery
14. Wholesale of Electronic Materials.
15. Wholesale of Precision Instruments
16. Wholesale of Computers and Clerical Machinery Equipment
17. Retail Sale of Computer Software
18. Wholesale of Electronic Materials
19. Retail Sale of Hardware.
20. Retail Sale of Culture, Education, Musical Instruments and Educational Entertainment Supplies
21. Retail Sale of Watches and Clocks
22. Retail Sale of Electrical Appliances
23. Retail Sale of Computers and Clerical Machinery Equipment
24. Retail Sale of Precision Instruments
25. Retail Sale of Other Machinery and Equipment
26. Retail Sale of Computer Software
27. Retail Sale of Electronic Materials
28. Restrained Telecom Radio Frequency Equipments and Materials Import.
29. Software Design Services
30. Data Processing Services.
31. General Advertising Services.
32. All business items that are not prohibited or restricted by law, except those that are subject to special approval.

(2) Operation proportion: the operation proportion of various major products of the merged company in 2020 is as follows:

Unit: NT $1,000

Item	Operating revenue	Operating proportion
Specific applications and LCD panel related products	5,458,049	20.43
Linear/distributed components	12,039,535	45.07
Applied chips	1,930,122	7.23
Image processing IC	5,636,472	21.10
Others (Note)	1,646,635	6.17
Total	26,710,813	100.00

Note:The agent products including the microcomputer controller, LED and memory are merged into other items

(3) Current products and services of the Company:

①Agency of specific applied IC
②Agency of LCD panel
③Agency of microcomputer controller
④Agency of image processing IC
⑤Agency of linear/distributed component
⑥Agency of embedded LCD module product
⑦Agency of other electronic component

(4) New commodities and services planned for development

With the rapid change of industry environment, the Company expects to develop new products, including the industrial applications, automotive electronics, wireless communications, analog IC and consumer electronics components and other niche products.

(II) Industry overview

(1) Current situation and development of the industry:

International Monetary Fund (IMF) revised its forecast for global economic growth in 2021 to 5.5% (Fig. 1), higher than the estimate of 5.3% in October 2020, according to its updated World Economic Outlook (WEO) released on January 26. The reason for the revision of 2021 growth estimate is that the accelerated promotion of COVID-19 vaccine and additional fiscal stimulative measures will offset the immediate challenges posed by the resurgence of the epidemic. IMF also revised its forecast for global economic contraction in 2020 to -3.5% from -4.4% estimated in October 2020, a sharp upward revision of 0.9%, mainly due to a better performance in the second half of the year than previously expected.

Overall economic trends in China: National Bureau of Statistics of China announced that China's gross domestic product (GDP) in 2020 was CNY101,598.6 billion yuan, up 2.3% from 2019. This is China's lowest growth rate in 30 years, but it is one of the few countries in the world that is growing in the face of the epidemic. According to the National Bureau of Statistics of China, the annual growth rate of GDP in the four quarters of 2020 is -6.8%, 3.2%, 4.9% and 6.5% respectively. According to the preliminary calculation, the annual GDP in 2020 was CNY101,598.6 billion yuan (about NT$436,874 billion), with an increase of 2.3% over 2019.

	Year over Year				Difference from October 2020 WEO Projections 1/	
		Estimate	Projections			
	2019	2020	2021	2022	2021	2022
World Output	**2.8**	**–3.5**	**5.5**	**4.2**	**0.3**	**0.0**
Advanced Economies	**1.6**	**–4.9**	**4.3**	**3.1**	**0.4**	**0.2**
United States	2.2	–3.4	5.1	2.5	2.0	–0.4
Euro Area	1.3	–7.2	4.2	3.6	–1.0	0.5
Germany	0.6	–5.4	3.5	3.1	–0.7	0.0
France	1.5	–9.0	5.5	4.1	–0.5	1.2
Italy	0.3	–9.2	3.0	3.6	–2.2	1.0
Spain	2.0	–11.1	5.9	4.7	–1.3	0.2
Japan	0.3	–5.1	3.1	2.4	0.8	0.7
United Kingdom	1.4	–10.0	4.5	5.0	–1.4	1.8
Canada	1.9	–5.5	3.6	4.1	–1.6	0.7
Other Advanced Economies 3/	1.8	–2.5	3.6	3.1	0.0	0.0
Emerging Market and Developing Economies	**3.6**	**–2.4**	**6.3**	**5.0**	**0.3**	**–0.1**
Emerging and Developing Asia	5.4	–1.1	8.3	5.9	0.3	–0.4
China	6.0	2.3	8.1	5.6	–0.1	–0.2
India 4/	4.2	–8.0	11.5	6.8	2.7	–1.2
ASEAN-5 5/	4.9	–3.7	5.2	6.0	–1.0	0.3
Emerging and Developing Europe	2.2	–2.8	4.0	3.9	0.1	0.5
Russia	1.3	–3.6	3.0	3.9	0.2	1.6
Latin America and the Caribbean	0.2	–7.4	4.1	2.9	0.5	0.2
Brazil	1.4	–4.5	3.6	2.6	0.8	0.3
Mexico	–0.1	–8.5	4.3	2.5	0.8	0.2
Middle East and Central Asia	1.4	–3.2	3.0	4.2	0.0	0.2
Saudi Arabia	0.3	–3.9	2.6	4.0	–0.5	0.6
Sub-Saharan Africa	3.2	–2.6	3.2	3.9	0.1	–0.1
Nigeria	2.2	–3.2	1.5	2.5	–0.2	0.0
South Africa	0.2	–7.5	2.8	1.4	–0.2	–0.1
Memorandum						
Low-Income Developing Countries	5.3	–0.8	5.1	5.5	0.2	0.0
World Growth Based on Market Exchange Rates	2.4	–3.8	5.1	3.8	0.3	0.0

註：數據源自 IMF 於 2021 年 1 月發布之全球 GDP 預測數據
資料來源：IMF

圖 1. 全球 GDP 未來趨勢預測

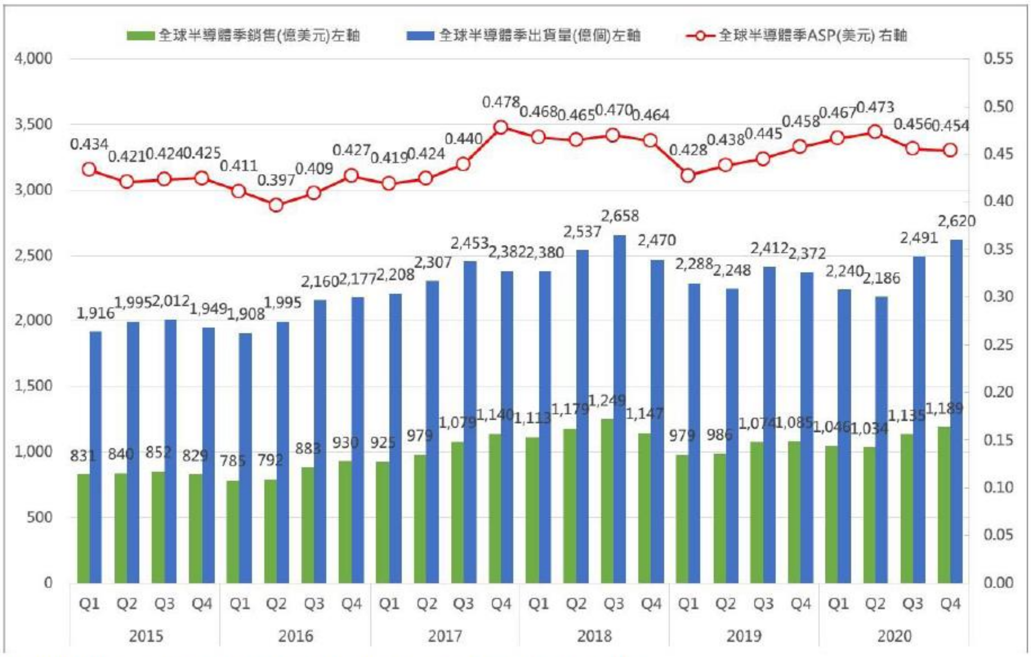
According to WSTS, the global semiconductor marketing sales value was US$118.9 billion in 2020 Q4 (Fig. 2), up 4.7% from the previous quarter (2020 Q3) and up 9.6% from the same period in 2019 (2019 Q4); sales volume reached 262 billion units, up 5.2% from the previous quarter (2020 Q3) and up 10.5% from the same period in 2019 (2019 Q4); ASP was US$0.454, down 0.4% from the previous quarter (2020 Q3) and down 0.8% from the same period in 2019 (2019 Q4).

The global semiconductor marketing sales value reached US$440.4 billion in 2020, up 6.8% from 2019; total sales volume in 2020 reached 953.7 billion units, up 2.3% from 2019; ASP in 2020 was US$ 0.462, up 4.4% from 2019.

U.S. semiconductor marketing sales value reached US$26.3 billion in 2020 Q4, up

9.3% from the previous quarter (2020 Q3) and up 16.4% from the same period in 2019 (2019 Q4); Japan's semiconductor marketing sales value reached US$9.9 billion, up 8.0% from the previous quarter (2020 Q3) and up 8.4% from the same period in 2019 (2019 Q4); European semiconductor marketing sales value reached US$10.2 billion, up 11.7% from the previous quarter (2020 Q3) and up 5.5% from the same period in 2019 (2019 Q4); the Mainland China marketing sales value was US$39.8 billion, down 1.5% from the previous quarter (2020 Q3) and up 4.0% from the same period in 2019 (2019 Q4); the Asia-Pacific semiconductor marketing sales value was US$32.6 billion, up 6.3% from the previous quarter (2020 Q3) and up 13.3% from the same period in 2019 (2019 Q4).

Total U.S. semiconductor marketing sales value in 2020 reached US$95.4 billion, up 21.3% from 2019; Japan's semiconductor marketing sales value reached US$36.5 billion, up 1.3% from 2019; Europe's semiconductor marketing sales value reached US$37.5 billion, down 5.8% from 2019; Mainland China’s marketing sales value reached US$151.5 billion, up 4.8% from 2019; the Asia-Pacific semiconductor marketing sales value reached US$119.5 billion, up 5.4% from 2019. The total annual global semiconductor marketing sales value reached US$440.4 billion in 2020, up 6.8% from 2019.



註：數據源自於 WSTS 於 2021 年 01 月所發布全球半導體逐月市場值

資料來源：工研院產科國際所

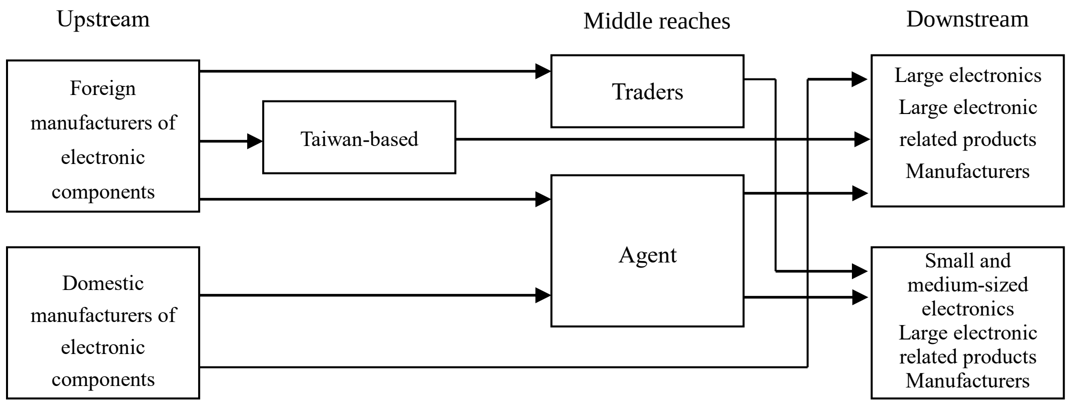
圖 2. 全球半導體市場季度成長趨勢

Through the analysis of various regions in the world semiconductor market share trends, it shows that the after 2016, the Mainland China is the first largest semiconductor market; under the current situation of Mainland China as the world's major assembly country, Mainland China needed semiconductor proportion accounts the world market share of 34% in 2020 (Fig. 3); under the influence of U.S.-China trade conflict, in 2020, China's share shows a slight downward trend. The Asia-Pacific region (excluding Mainland China and Japan, mainly the Southeast Asia, South Korea, Taiwan and other regions) has the second largest proportion, with a global proportion of 27%. The United States is the third largest market, with a 22% share, and is likely to increase its share of the global semiconductor market in the future under its continued policy of promoting the production in the United States. Europe accounts for 9%. Japan accounts for 8%, showing a slowly declining trend.

註：1. 數據源自於 WSTS 於 2021 年 01 月所發布各地區半導體市場值，經計算後之各地區比重
資料來源：工研院產科國際所
圖 3. 全球半導體市場各地區比重

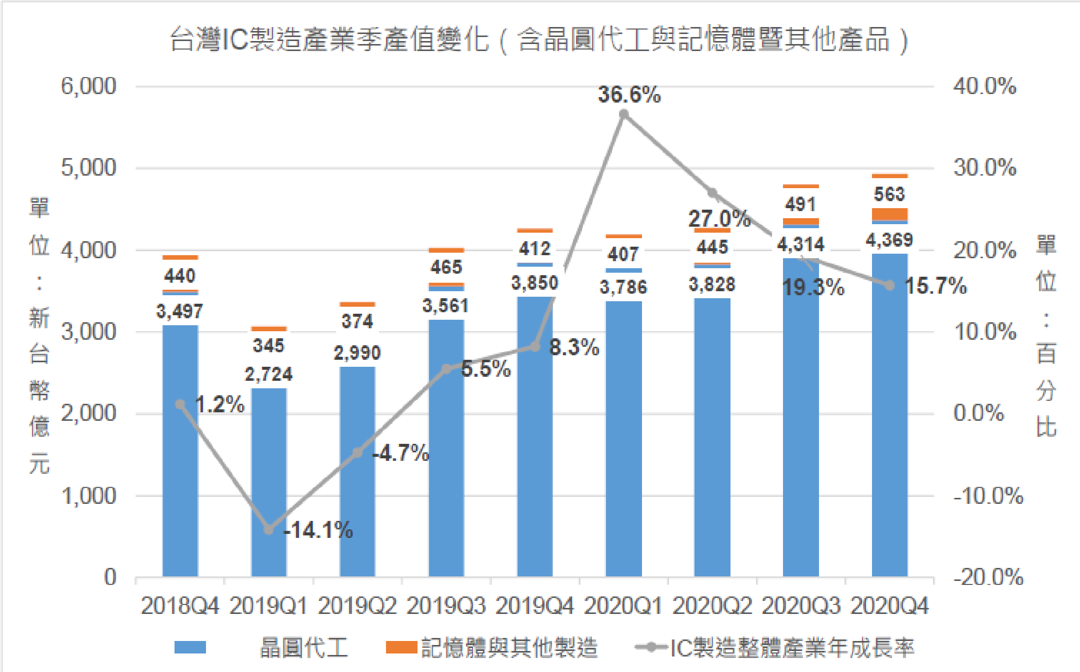
(2) Relevance of upstream, midstream and downstream of the industry

The main business of the Company is the distribution of electronic components. The industry is a bridge between the domestic and foreign upstream electronic component manufacturers and downstream computer, information, communications, optoelectronics, industrial electronics, national defense and aerospace, and transportation electronics manufacturers, and manages a wide range of product items. Therefore, maintaining the smooth flow of goods through the channels is a key part of our business performance. For the upstream manufacturers, we construct a complete and dense sales network, and save the cost of management and marketing. For the downstream manufacturers, we can quickly provide the required electronic components and application engineering support, reduce their research and development costs, and effectively reduce the inventory costs. Therefore, the agency and the downstream manufacturers form a close business community of co-existence and co-prosperity, and not only a pure trading relationship, but through its channel advantage, to effectively provide the overall industry operation efficiency. The upstream, midstream and downstream association diagram of the industry is shown as follows:



(3) Future development trend of products

Taiwan's IC manufacturing output in the fourth quarter of 2020 was NT$493.2 billion, up 2.6% from the third quarter of 2020. In terms of wafer foundry industry development, the overall wafer foundry production in Taiwan grew to NT$436.9 billion in the fourth quarter, up 1.3% from the previous quarter and up 13.5% from the same period of last year, on the premise of continued demand for applications related to communications and consumer electronics. The output value of memory and other products was generally improving, with only some terminal product prices stagnating. The output value increased to NT$56.3 billion, up 14.7% from the previous quarter and up 36.7% from the same period of last year. (Fig. 1).



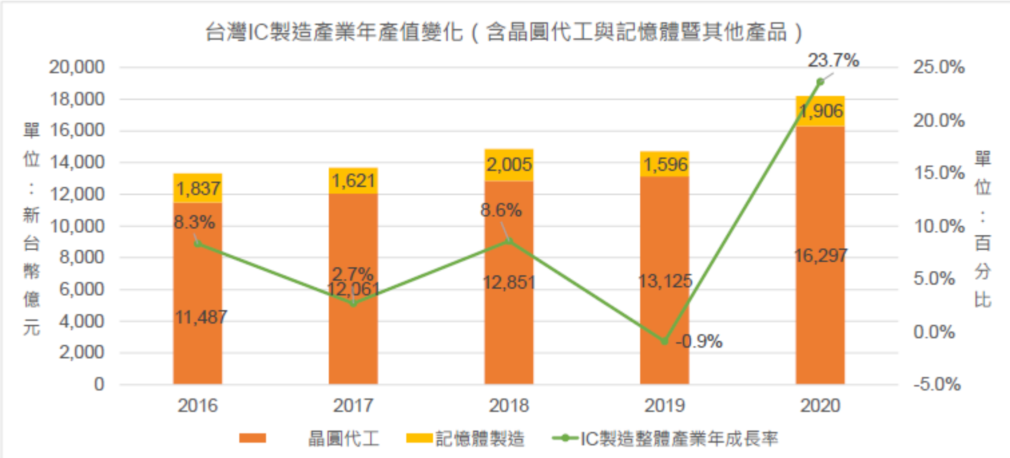
資料來源：工研院產科國際所

圖一、台灣 IC 製造產業季產值變化

The main global demand comes from the growth of the demand for related devices brought about by long-distance working and learning. The increase of orders including PC and NB also indirectly leads to the increase of the demand for servers. Therefore, the demand for communication-related 5G and high-efficiency computing of data centers also rises, becoming the growth momentum of advanced manufacturing processes throughout the year.

In addition, due to the increasing demand for IoT devices, the demand for power management ICs, radio frequency components for communication modules, panel drive ICs, image sensors (CIS), microprogrammed control units (MCU) and other products has increased, making the 8-inch special process capacity presented a boom.

In the memory part, it is also benefits from the needs of remote working and learning, driving the growth of information products, as well as server-related applications. Among them, DRAM products gradually breaks away from the situation of oversupply in 2019, and the revenue and profit gradually stabilize, while Flash related products rise slightly after the middle of 2020, and the growth stagnates. Overall, the memory-related products in 2020 is out of the gloom, the output value grows to NT$190.6 billion, with a growth rate of 19.4%.



資料來源：工研院產科國際所

圖二、台灣 IC 製造產業年產值變化

From the aspect of products, the development trend of semiconductor components in the future will move towards the way of AI integration with IoT. For the specification requirements of chips, in addition to the miniaturization of components, the features such as high-speed computing and transmission, heterogeneous integration of multiple components, and low power consumption will be considered in the design of products and manufacturing processes in the future. AI+IoT will enhance the functions and popularity of the Internet of Things. The key of chip technology in the future IoT era will be to enhance the computing power and computation amount through the integration of AI functions, and strengthen the ability of interconnection and learning and judgment between devices. The future applications of IoT chips are expected to be mainly used in automobiles, followed by household and industrial products, which will expand the market in a new direction.

(III) Technology and R&D overview

(1) Technical levels of operating business, technologies and products of R&D and successful development

The sustainable operation of professional electronic components sales agency is to meet the customer demand and grasp the market pulse; responding to the fast electronic information science and technology change and product alternation, the Company set up the product field application engineer (FAE) from 1986 in the business department of various components and products division, to provide the customers the professional technical support services and products complete solutions, to help the customers to shorten R&D time and save R&D costs, so as to improve the quality of service, and then strengthen the cooperation with customers and suppliers. In 1995, "MCU Software R&D Engineer" was set up in the second division of sales department to cooperate with the product line. The engineer was responsible for the software design of MCU products to provide customers with product value-added services. As the Company's R&D strength was becoming mature, the module product business department was established in 1999, which belonged to "R&D Department", and formally developed towards the field of R&D design. In 2001, the Company integrated the R&D teams into the independent department. In 2004, the Company actively adjusted the R&D department by adding an optical department, committed to integrating its existing product lines and R&D technology capabilities, and jointly developed the derivative related application products with the original factory. And in 2005, it began to carry on the relevant quality certification of manufacturing plant, until 2007, the R&D department had the data center and test division, as well as the optical, institution, system software, application software and hardware units. At present, the Company's customers are mainly concentrated in NB, PC, Netcom, industrial computer and specific application fields. We can provide the perfect solutions for all kinds of electronic consumption products to meet the needs of customers for new products.

(2) R&D personnel and their education background

As of March 31, 2021, the Company has a total of 25 product field application engineers, who are responsible for providing the technical support services to customers.

Unit: person; year

Item / Year	R&D engineer	Education background analysis			Average seniority
		Master	College and above	High school and below	
2019	24	-	100%	-	8.45
2020	26	-	100%	-	8.66
March 31, 2021	25	-	100%	-	9.23

(3) R&D expenditure for the most recent year and as of the publication date of annual report

Unit: NT$ 1,000

Item	2019	2020	As of March 31, 2021
R&D expense	86,313	87,364	20,356
Operating revenue	22,824,272	26,710,813	7,884,524
Ratio of R&D expense to total business turnover (%)	0.38	0.33	0.26

The R&D expenses of the merged company in the latest year were NT$87,364,000 and NT$86,313,000, respectively, mainly the personnel salaries and laboratory equipment expenses. With the expansion of the Company's operation scale, the Company will continue to actively recruit the talents, strengthen its technical ability to integrate the existing product lines, and develop its own modular products, thus increasing the Company's overall added value.

(4) Long-term and short-term business development plans

(1) Short-term plan

A. Continuously seeking for sales agent of niche products

Constantly seeking for sales agent of niche products has always been the policy of the Company; in order to make the Company operating growth steady and add the future development power, in the current characteristics of fast information electronic products promotion and short life cycle, the Company fully authorizes the department deputy general manager on the opportunity to seek new agent, and get closer to the customer and market demand fluctuation; at the same time, by the accumulation of many years of experience in technology, marketing, and keen judgment to product application market, the Company also fully grasps the future product application market development trend, actively cooperates with the upstream original suppliers at home and abroad, develops and sells new electronics, photoelectricity, and communication related components as well as hardware and software products, to have a more complete product line portfolio to meet the needs of customer integration, and then improve the Company's performance and profit.

B. Continuously strengthening the marketing and technical support capabilities, improving the customer relations and value-added services

The Company attaches great importance to and provide the customers a complete solution. In today's fierce competition in the market, to provide the customers a complete technical support is a key to the success of electronic components sales agent; the Company continues to strengthen its technical support ability, to master relevant technology and cultivate the professional talents, to provide the customers a higher quality of professional and technical support services and complete solutions, through a good process of interaction to cultivate the customer relations of trusting the professional service, to help the customers to more quickly promote their finished products to the market, and enhance the competitiveness of the Company's service.

C. Using the information technology to improve business performance and service quality

In order to strengthen the management efficiency and effectively control the inventory and real-time profit analysis, the Company has fully introduced the application of SAP sound information management to effectively integrate the logistics support system, which will make the Company more efficient in the management, and effectively monitor the Company's inventory and management.

(2) Long-term plan

A. Actively expanding the overseas territory

The product sales agency of the Company is mainly in Asia and Taiwan, and the marketing scope of embedded specific application products consists of Asia, America and Europe, while the downstream industry has expanded to the industrial control, instruments, medical, entertainment, automible, etc. In the future, the Company will continue deepening the existing market, hope to build the global sales network by the specific application products division, and further expand the marketing area of electronic components to the whole world. For the overseas service offices, the Company has set up the subsidiary in Hong Kong and the United States, and service points in Japan, Europe and Mainland China; cooperating with the future global operation layout, the successful experience of professional agent and customer service shall be introduced to every new marketing point, to accelerate the extension of market. At present, the marketing points have been established in China, the United States, Japan and Europe. It has gradually shown the benefits and will continue to be transplanted to each new marketing base to accelerate the expansion of market.

B. Enhancing the strategic cooperation with suppliers and customers, and jointly developing new products and new markets

Electronic components sales agent is the communication bridge between industry upstream and downstream. The Company will continue to play the role of distribution agent, to reflect the status of market sales and customer information to the upstream suppliers, in order to grasp the market information and expand the customer base advantage, strengthen the stability of supply chain, and to continuously provide professional integrated technology services to the downstream customers; in the future, we will cooperate with suppliers to jointly develop the niche module products with different uses, provide the best solution for downstream customers, and give full play to the benefits of upstream and downstream integration. In other words, the Company will continue to increase the sales of niche products, for he balanced development towards 4C+ simulation + module.

C. Enhancing the personnel training and education through technical cooperation with academic institutions

The Company has established the cooperative relationship and information exchange platform with relevant academic and research institutions, hoping that through the academic and practical exchanges, the Company can fully grasp the latest technology and cultivate the high-quality professionals, so as to provide the customers with high-quality services and strengthen the competitiveness and added value of the Company.

D. Enhancing the employee quality and implementing the business philosophy

We shall continuously strengthen the education and training of employees, so that they are fully familiar with the products of the agent brands and related application technologies, to meet the customer service requirements, and provide the professional and value-added services; with new technology and new service, to implement the business philosophy of "honesty, diligence, righteousness, intelligence", to cultivate the organizational culture and value of "humanity and sincerity, advanced technology, value-added partnership, feedback to society"; under the leadership of excellent management team, to construct the future of Promate electronic internationalization with the components professional knowledge, and achieve the vision of becoming a world top-class component solution provider.

2. Overview of market, production and sales

(I) Market analysis

(1) Sales areas of major commodities

Unit: NT$1,000; %

Year	2018		2019		2020	
Region	Amount	%	Amount	%	Amount	%
Asia	17,477,506	88.66	20,689,548	90.65	24,450,4511	91.54
America	1,551,291	7.87	1,551,291	7.11	1,541,893	5.77
Europe	678,259	3.44	505,605	2.22	715,473	2.68
Other	5,180	0.03	5,686	0.02	2,996	0.01
Total	19,712,236	100.00	22,824,272	100.00	26,710,813	100.00

(2) Market share

According to the statistics of the World Semiconductor Trade Statistics Organization (WSTS), the scale of the global semiconductor market in 2020 reached US$440.4 billion, and the Company's annual net operating income in 2020 was about US$947 million, with a market share of about 0.22%.

(3) Future supply and demand conditions and growth of the market

In 2020, the global economy was affected by the COVID-19 epidemic. IMF released a global GDP contraction of 3.5% in 2020, and estimated that the global GDP will turn to positive growth of 5.5% in 2021. The global economy shifted to online office and shopping in 2020, which led to the positive growth in certain electronic products. Global computer products showed a positive growth of 10.7% in the fourth quarter of 2020 compared to the fourth quarter of 2019; global tablet computer products in the fourth quarter of 2020 also showed a positive growth of 19.5% compared to the fourth quarter of 2019, showing in the era that the computer and remote video call and file transfer is very common, the people communication and electronic commerce is using the computer and tablet computer, leading to the positive growth momentum of this kind of products.

Benefited from the high degree of global electronization, although people reduce the actual face-to-face communication, they use the computer products for the remote video function to meet the demand of face to face, thus driving the global semiconductor demand not affected by the global economic stagnation in 2020. According to WSTS, the global semiconductor marketing sales value was US$118.9 billion in 2020 Q4, up 9.6% from the same period of last year (2019 Q4); sales volume reached 262 billion units, up 5.2% from the same period of last year (2019 Q4). WSTS estimates that the global semiconductor market will positively grow 6.8% in 2020, pushing the global semiconductor market to US$440.4 billion.

(4) Company competition niche

① Complete product line portfolio

The Company has accumulated many years of electronic components sales experience and sensitivity to the electronic components market trends, so that the Company has developed a professional electronic components distribution channel. The Company's agent product line includes the specific application chips, linear IC, RF and communication related IC, image processing IC, liquid crystal display panel products and other fields, with further self-development of TFT-LCD, GPS module related products; the scope of application covers 4C and optoelectronic products. Our suppliers include AUO, ITE, LTC, EMC, AOS, Parade, Diodes, AMC, ITE, Silego, Silergy, Leadtrend, UPI, Gigadevice, XMC, VLI and other well-known manufacturers at home and abroad. As we have established a close and harmonious long-term relationship with our suppliers, we are the main agents of these suppliers.

② Clear product and market positioning

With many years of marketing experience and a good grasp of the current trends of electronic components market, the Company has become one of the important members of domestic distributors. The Company’s agent product lines are mainly linear IC and LCD panel products, positioning in the design-in market of high technology and high additional value, with obvious market segments to the domestic companies of the industry; plus complete goods combinations in relevant product market, we can provide the professional technical services and complete product portfolio. In addition, the Company has been actively introducing the high-price electronic components in line with future market trends and technology orientation, especially in the communications, optoelectronic industry and peripheral products in the post-PC era, so as to develop new markets and maintain the competitive edge.

③ Professional technical service ability

As the global information industry is developing towards international division of labor integration, professional electronic component distributors must play a key role in the promotion of product market. Due to the trend of specialization, the electronics industry, the professional electronic components providers are no longer limited to provide the value of products and reduce the cost for the downstream customers, and extend to the logistical support; so the Company not only provides the customers with complete delivery plan to cooperate with the downstream system manufacturer's production plan, but also sets up a technical support team, in addition to assist the business personnel to promote the products to the customer, and also to provide the customers complete solutions (total solutions) to help them to solve the problem of engineering application, even for customers tailored products according to the demand of individual module, which can enable the customers to research and develop new products ahead of the market, so as to enhance the overall efficiency and the satisfaction of the market.

④ Strong and powerful management team

The Company was founded by the experienced electronic components distribution agents, and the main cadres of management team have more than 10 years of relevant experience, with a good tacit understanding and business philosophy; their accumulated professional services and technical capabilities and deep understanding to the customer needs and market, have been recognized by the industry and customers. Promate is dedicated in electronic industry, the management team is also thinking of electronic components distribution business strategy, and hopes that with the power of the team, to pursue the goal of business continuity; Promate Electronic has become the important business partner of the upstream and downstream cooperation, and the Company maintains profiting and win various awards of professional institutions since its establishment, which can prove the Company's ability to operate the channels and the strong strength of the management team.

⑤Channel advantage highly recognized by suppliers

In recent years, the Company has been working hard in the electronic component channel industry and has established a good reputation in the industry. Therefore, some of our suppliers have taken the initiative to negotiate with us for our professional service reputation. With the professional and complete marketing network, the agency number of the Company is still increasing, which shows that the Company has a strong ability of sales agency. In addition, because of the considerable research and development and technical support ability, the Company obtains the agent affirmation and then becomes the agent's business partner, creates various module products to meet the customer demands, which is one of the big competitive niche of the Company in the electronic component channel industry in the future.

⑥ Perfect marketing network

In addition to the sales agency of electronic components in Taiwan, the Company has set up subsidiaries in Hong Kong and Mainland China to develop the business in Hong Kong and Mainland China. The Company also has subsidiaries in the United States, and has expanded to Europe and Japan. The Company has a complete marketing channel, to meet the downstream customers, set up factories overseas for component demand, and increase the flexible application of spot scheduling, which can effectively enhance the substantial competitiveness of both the Company and customers.

(5) Favorable and unfavorable factors and countermeasures of development prospect

① Favorable factors

A. Consumer electronics market demand continuing to grow

In view of the structural changes of global information industry, the emergence of emerging markets in Asia, and the interaction and agitation of the trend of information household electronics and home appliance informatization, the integration of 4C (computer, communication, consumption and car electronics) has become the trend of information electronics industry. With the demand for various components derived from the continuous integration and innovation of electronic information, communication, optoelectronics and other related industries mentioned above, the Company's performance and profit should be positively influenced by the advantage that Taiwan is the main production base of information and electronic products in the world.

B. Complete product lines and diversification of agent products

The Company's current agent product lines include AUO, ITE, LTC, EMC, AOS, Parade, Diodes, AMC, ITE, Silego, Silergy, Leadtrend, UPI, Gigadevice, XMC, VLI and other well-known domestic and foreign manufacturers. And the products include the linear IC, specific application chips, liquid crystal display panels, RF, and communications related IC, image processing IC related electronic components products, and with the existing agent product lines, the Company develops in line with the future market trend and technology oriented application derivative products, including LCD panel module products, to provide the customers a complete portfolio of products, and meet the integrated needs of customers.

C. Vertical division of labor in the industry making the value of distribution agents more important

Distribution agents has complete logistics and inventory management, which can realize the order confirmation, goods preparation and Door-to-Door shipping service in the shortest possible time; in addition to provide the customers relevant information of new products and new industrial development areas, to help the customers planning new products, the distribution agents can also pass the downstream market information to the upstream suppliers; and the distribution agents also act as a bridge in the upstream and downstream industries of electronic information. Therefore, under the vertical division of labor structure in Taiwan's electronics-related industries, the distribution agents are closely integrated with upstream suppliers and downstream manufacturers, which makes the distribution agents more important.

D. Stable agency

Generally speaking, the agency contract is signed once a year based on the nature of the business. If there is no objection from both parties at the expiration of the contract, the contract will be automatically renewed. The Company has accumulated more than 20 years of sales experience in this field, the current agency upstream suppliers are more than 20, with stable cooperative relationship and good performance; there was no agency forced to be terminated, but repeatedly obtained the affirmation of the original supplier; even if the original factory was merged, such as S3 merged by VIA, and original Acer Display Technology and Unipac Optoelectronics Corporation merged to AUO, the Company not only retains the original agency by virtue of the strength of management, but also derives a new agency or even closer relations, so the stability of agency will be beneficial to the Company's operating profit in the future of the promotion and expansion of the business.

E. Professional technical support and R&D strength

As the distribution agents have a wide coverage in electronic components, the upstream manufacturers often rely on the experience and professional advice of distribution agents in the development and planning of new products. Therefore, professional technical support services have become one of the necessary conditions for distribution agents. Thus, the Company sets up the technical support team and R&D department, grasps the product market development trend timely, provides the technical support, assists the customers for early application of electronic components on the products, and even initiatively design products for the customer to meet the demand of individual module, for the downstream customers to grasp the market opportunities, save time in the new product development, and provide the market trend analysis, advice and perfect after-sales service and total solution, with the expectation of establishing the long-term cooperative business partnership with customers.

F. Strong and powerful management team

The strength of management team and the management philosophy are also important factors that affect the operation effectiveness of the enterprise. Due to the Company's main management teams all have the electronic components distribution specialty, with good business ideas and cooperative tacit understanding, to create the value of the Company with the group power; since 2002, the operating indicators of the Company show continued growth, ranked top in the sane industry, enough to prove the strength of the Company’s management ability and team, which will be of great positive help to our future business.

② Unfavorable factors

A. Fierce competition in agency market and continuous fermentation of cheap computer making the profit space continuously compressed

The competition in the agency market is becoming increasingly fierce, and the consumer electronics and personal computers, due to the fierce competition, have a short life cycle and fast price reduction. In order to cope with this trend, the downstream customers will have to reduce their purchase costs, which will directly affect the profit space of distribution agents.

<u>Countermeasures:</u>

a. Our technical support team and R&D department actively help the customers to adopt the supplier components as soon as possible and provide the customers complete hardware and software package of products, help them to shorten the product design schedule, launch new products, and timely grasp the market opportunities, to transfer the old value of distributors, and effectively reduce the price wars in the same industry, so as to maintain a competitive edge, and continue to introduce new distribution products to grasp the business opportunities of market replacement.

b. Enhance the education and training of employees to familiarize them with the products of the distribution brands, so as to facilitate the development of future marketing business.

c. The Company will timely reflect the overall market competition situation to the upstream suppliers, and actively strive for the full support of suppliers to expand the performance and increase the profits.

d. Integrate the existing product line and jointly develop the derivative application products with the original factory, so as to increase the added value of the agent dealers and improve the Company's competitive advantage.

B. Consumer electronics market demand risk

The electronics industry is characterized by rapid product renewal and short life cycle, and the sales of products are susceptible to the adverse economic conditions, buying season, business cycle, technological innovation or poor market acceptance. In addition, if the average sales unit price of customers' products drops sharply, the sales unit price of components used in the products will also be affected. Therefore, it is particularly important for the electronic components distributor to control the inventory and grasp the product information.

Countermeasures:

a. In addition to the business departments and each department monthly convening the business meeting, review the market supply and demand, needs of customers, accounts receivable, inventory and price trend, the business review meeting of each business department shall be convened once a week, to overall review the production and developed machine used components and purchase and sales status, and clear inventory aging analysis through the computer information management system, to manage the inventory quantity and take appropriate action.

b. According to the market product trends and technical trends, to set the Company's future development direction, actively agent the products that meet the needs of customers, and timely introduce new product agency and develop new customers, so as to optimize the connection of product portfolio, grasp the growth opportunities of replacement, and reduce the operational risks.

C. Industrial offshoring

Due to the labor shortage in Taiwan, rising production costs and specialization in the international industry, some electronic manufacturers have moved abroad, which has a relative impact on the delivery locations of downstream customers.

Countermeasures:

a. Actively develop the overseas locations and develop the emerging markets, make good use of the marketing system of Hong Kong, set up the service points in Shanghai, Beijing, Shenzhen, Singapore, the United States and South America, and serve customers nearby, so as to meet the demand of downstream customers for components to set up factories overseas and increase the flexibility of spot scheduling, and use it as a niche to win new product lines or new regional agency rights from original suppliers.

b. Strengthen the computer network system, effectively manage the enterprise resources to improve the business performance, actively strive for new agency lines that meet the market demand and create new business opportunities.

(II) Important use and production process of main products

(1) Use of main products:

Main product name	Use
Specific application chipsets	Personal computers, laptops, VGA add-on cards, image processing cards
Embedded related products	Personal computer, LCD monitor, home security & entertainment system, medical device, PDA, vending machine & cash machine, vehicle system, LCM for industrial control, LCD TV, GPS, Bluetooth, etc.
Linear IC	PC, laptop, VGA, communication, industrial control, PDA, LCD Monitor/Projector
Image processing IC	Communications market (ADSC), display, mobile phone
Other	Main board, communication, power supply

(2) Production process: omitted (the Company is not a manufacturing company)

(III) Supply of major raw materials: omitted (the Company is not a manufacturing company)

(IV) List of major suppliers and customers

(1) Information of main suppliers in recent two years

	2019				2020				As of the previous quarter in 2021			
Item	Name	Amount	Ratio to net purchase amount of whole year (%)	Relationship with issuer	Name	Amount	Ratio to net purchase amount of whole year (%)	Relationship with issuer	Name	Amount	Ratio to net purchase amount of current year as of the previous quarter (%)	Relationship with issuer
1	B	5,722,222	26.63	None	B	6,716,560	26.51	None	B	2,000,272	27.38	None
2	A	3,843,588	17.89	None	A	4,406,198	17.39	None	A	1,149,922	15.74	None
	Others	11,923,057	55.48		Others	14,211,288	56.10		Others	4,154,673	56.88	
	Net purchase amount	21,488,867	100.00		Net purchase amount	25,334,046	100.00		Net purchase amount	7,304,867	100.00	

Reasons for increase or decrease:

There was no significant change in the suppliers in 2019 and 2020.

(2) Information of major customers in recent two years: No customer whose individual sales amount exceeded more than 10% of the total sales amount in the first quarters of 2019, 2020 and 2021.

(V) Table of production volume in recent two years: The Company is an agent dealer of electronic components, so it is not applicable.

(VI) Table of sales volume in recent two years:

Unit: 1,000; NT$1,000

	2019		2020	
Product category	Volume	Value	Volume	Value
Specific application and LCD panel related products	2,899	5,691,575	3,509	5,458,049
Specific application chips	710,320	1,694,430	1,037,443	1,930,122
Linear/distributed components	4,104,404	9,466,496	5,391,158	12,039,535
Image processing IC	257,500	4,437,361	344,825	5,636,472
Other	169,239	1,534,410	238,076	1,646,635
Total	5,244,362	22,824,272	7,015,011	26,710,813

3. Number of employees in recent two years and as of the publication date of annual report

Year		2019	2020	As of March 31, 2021
Number of employee	Manager	71	70	70
	General staff	118	128	128
	Total	189	198	198
Average age		40.41	40.64	40.64
Average service senority (years)		9.98	10.31	10.31
Distribution ratio of educational background	Doctor	-	-	-
	Master	2.65%	3.03%	3.03%
	Junior college/bachelor	90.47%	90.41%	90.41%
	High school	6.88%	6.56%	6.56%
	Below high school	-	-	-

4. Environmental protection expenditure information

In recent year and as of the publish date of annual report, the total losses (including compensations) and penalties of the Company due to the environmental pollution, indicating the future responding strategies (including improvements) and possible expenses (including the estimated amount of possible loss, penalty and compensation for no responding strategy; if unable to reasonably estimate, please specify the fact of unable to make a reasonable estimate): none.

5. Labor-capital relationship:

(I) List the Company's various employee benefits, education, training and retirement systems and their implementations, as well as the agreements between employers and employees, and the protection of employee rights and interests

(1) Employee welfare measure and implementation:

A. Accident group insurance / accident medical insurance / hospitalization insurance / occupational accident insurance.

B. Travel security insurance.

C. Inclusion of labor insurance and health insurance

According to the provisions of the labor insurance and national health insurance ordinances, all employees are insured from the date of employment.

D. Holiday bonus

Spring Festival, Dragon Boat Festival, Mid-Autumn Festival gifts and year-end bonus.

E. To allocate funds for the establishment of welfare committee.

F. To subsidize the annual travel of employees, and organize regular staff dinners and year-end parties.

G. Employees shall be provided with education and training both inside and outside the Company from time to time.

H. To subsidize the employees to form their own associations.

(2) Retirement system and implementation:

A. The retirement system and regulations of employees of the Company shall be governed by relevant provisions of the Labor Standards Law.

B. Until June 30, 2006, for the implementation of Article 56 of the Labor Standards Law to allocate and manage the labor pension reserve funds, the Company set up the labor pension reserve fund supervision committee according to "Labor pension reserve fund supervision committee organization code for public institutions" in Order Tai-Nei-Lao-Zi No. 321291 of the Ministry of the Interior on July 1, 1985, responsible for the management and use of retirement reserve fund, and 2% of the paid salary shall be set aside as the retirement reserve and deposited in the special account in Bank of Taiwan. Starting from July 1, 2005, employees who choose the pension system under the Labor Pension Ordinance will be allocated to the individual pension account of the Labor Insurance Bureau at the rate of 6% of their monthly salary.

(3) Agreement between employers and employees: any new or amended measures relating to labor relations shall be decided only after full agreement between employers and employees, so there is no dispute.

(II) In the most recent fiscal year and as of the publishment date of annual report, the loss incurred from the labor disputes, and the estimated amount and response measures exposing the present and future possible losses: in terms of labor relations, the Company's labor and the management have been in a rational communication and maintain a harmonious relationship, so the Company has no major labor disputes since its establishment.

6. Significant contract

Contract nature	Party involved	Beginning and ending dates of the contract	Main content	Restrictive clause
Agency contract	Zilog Inc. (Note 3)	1994.05	Semiconductor parts sales agent	Taiwan
Agency contract	ITE Technology	2000.03	Semiconductor parts sales agent	No
Agency contract	AMCC	1999.03	Semiconductor parts sales agent	No
Agency contract	AU Optronics (Note 2)	1999.06	TFT-LCD crystal display panel sales agent	Greater China Region
Agency contract	Alpha & Omega Semiconductor Inc.,(AOS)	2001.07	Electronic component	-
Agency contract	MELLANOX TECHNOLOGIES	2001.07	Communication product	-
Agency contract	Bitek	2002.10	Electronic component	Greater China Region
Agency contract	Audience	2007.06	Electronic component	-
Agency contract	Oxford	2007.08	Electronic component	-
Agency contract	UPI	2008.06	Electronic component	Greater China Region
Agency contract	Mastouch	2010.01	Electronic component	Greater China Region
Agency contract	Silergy	2010.03	Electronic component	Greater China Region
Agency contract	ANAX	2010.11	Electronic component	Greater China Region
Agency contract	Tehuti Network Ltd.	2012.11	Electronic component	Greater China Region

Contract nature	Party involved	Beginning and ending dates of the contract	Main content	Restrictive clause
Agency contract	Electric Connector Technology	2013.04	Electronic component	Greater China Region
Agency contract	UBIQ Semiconductor	2013.06	Electronic component	Greater China Region
Agency contract	SQ	2013.08	Electronic component	Mainland China
Agency contract	ITTI Company Ltd.	2014.01	Semiconductor parts sales agent	Taiwan
Agency contract	Silego Technology, Inc.	2014.05	Semiconductor parts sales agent	-
Agency contract	Conexant Systems, Inc.	2014.09	Semiconductor parts sales agent	Taiwan/ Mainland China
Agency contract	Active-Semi Hong Kong Limited	2014.09	Semiconductor parts sales agent	Taiwan
Agency contract	NDK	2015.05	Semiconductor parts sales agent	Taiwan
Agency contract	EMC	2015.06	Semiconductor parts sales agent	Taiwan
Agency contract	SGMICRO	2016.09	Semiconductor parts sales agent	Taiwan
Agency contract	Amazing	2016.10	Semiconductor parts sales agent	Taiwan
Agency contract	JOULWATT	2017.09	Semiconductor parts sales agent	Taiwan
Agency contract	LFC SEMICONDUCTOR LIMITED	2018.05	Semiconductor parts sales agent	Taiwan
Agency contract	BVI Capxon Technology Co., Ltd. Taiwan Branch	2018.07	Semiconductor parts sales agent	Taiwan
Agency contract	Wuhan Xinxin Semiconductor Manufacturing Co., Ltd. (XMC)	2019.02	Semiconductor parts sales agent	Taiwan
Agency contract	LOWPOWERSEMI CONDUCTOR CO., LTD.	2019.02	Semiconductor parts sales agent	Taiwan / Mainland China
Agency contract	GIGADEVICE SEMICONDUCTOR (HK) LIMITED	2019.11	Semiconductor parts sales agent	Taiwan / Hong Kong

Contract nature	Party involved	Beginning and ending dates of the contract	Main content	Restrictive clause
Agency contract	VIA Labs Inc	2020.03	Semiconductor parts sales agent	Taiwan / Hong Kong
Agency contract	Telink Semiconductor Co., Ltd.	2020.05	Semiconductor parts sales agent	Taiwan
Agency contract	Lanxin System Co., Ltd.	2020.07	Semiconductor parts sales agent	Taiwan
Agency contract	CHIPLUS SEMICONDUCTOR CORP.	2021.01	Semiconductor parts sales agent	Taiwan / Mainland China/
Agency contract	Jiangsu Zhenhua Xinyun Electronics Co., Ltd.	2021.03	Semiconductor parts sales agent	Taiwan / Mainland China

Note 1: The above contract shall be extended for one year each time upon expiration.

Note 2: S3 International Ltd. (Asahi) was merged by Via Electronics and changed its name to S3/VIA. Unipac and Acer Display Technology merged and the surviving company was AU Optronics.

Note 3: There is a price protection agreement with the supplier.

VI. Financial Overview

1. Brief financial information for the past five years

(1) Condensed balance sheet and consolidated income statement

Condensed Balance Sheet (Consolidated)

Unit: NT$1,000

Item \ Year		Financial statements for the past five years					Financial statements as of March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Current assets		7,428,087	7,777,939	8,135,995	9,216,649	10,934,870	11,451,900
Property, plant and equipment (Note 2)		421,915	431,983	410,916	388,807	391,976	389,415
Intangible assets		13,448	11,639	13,216	10,579	6,704	7,477
Other assets (Note 2)		65,849	67,906	227,418	407,502	710,850	717,018
Total Assets		7,929,299	8,289,467	8,787,545	10,023,537	12,044,400	12,565,810
Current liabilities	Before distribution	4,161,750	4,219,012	4,598,280	5,657,878	6,259,944	6,525,802
	After distribution	4,573,554	4,541,293	5,069,169	6,066,101	Note 3	Note 3
Non-current liabilities		209,861	190,263	147,999	327,318	1,520,720	1,516,347
Total liabilitieS	Before distribution	4,371,611	4,409,275	4,746,279	5,985,196	7,780,664	8,042,149
	After distribution	4,783,415	4,731,556	5,217,168	6,393,419	Note 3	Note 3
Equity attributable to owners of parent		3,392,288	3,511,719	3,691,076	3,677,608	3,886,392	4,128,797
Capital		1,790,452	1,790,452	1,790,452	1,790,452	1,791,260	1,791,260
Capital surplus		513,731	689,038	657,809	657,690	712,730	712,730
Retained earnings	Before distribution	1,084,693	1,036,773	1,247,604	1,244,671	1,375,624	1,599,815
	After distribution	685,422	725,234	776,715	836,448	Note 3	Note 3
Other equity		3,412	(4,544)	(4,789)	(15,205)	6,778	24,992
Treasury stock		-	-	-	-	-	–
Non-controlling interests		165,400	368,473	350,190	360,733	377,344	394,864
Total amount of Equity	Before distribution	3,557,688	3,880,192	4,041,266	4,038,341	4,263,736	4,523,661
	After distribution	3,145,884	3,557,911	3,570,377	3,630,118	Note 3	Note 3

Note 1: The financial statements on March 31, 2021 have been audited and approved by the accountant.

Note 2: Asset revaluation has not been processed.

Note 3: The surplus distribution of 2020 has to be determined by the shareholders' meeting.

Condensed Balance Sheet (Parent Company Only)

Unit: NT$1,000

Year / Item		Financial statements for the past five years					Financial statements as of March 31, 2021 (Note 1)
		2016	2017	2018	2019	2020	
Current assets		6,359,883	6,286,519	6,664,490	7,667,002	9,459,984	-
Property, plant and equipment (Note 2)		343,919	335,133	329,723	322,945	317,389	-
Intangible assets		5,889	4,763	3,480	3,312	2,649	-
Other assets (Note 2)		680,399	816,381	978,030	1,050,442	1,445,506	-
Total Assets		7,390,090	7,442,796	7,975,723	9,043,701	11,225,528	-
Current liabilities	Before distribution	3,817,806	3,775,871	4,164,976	5,142,657	5,894,194	-
	After distribution	4,229,610	4,098,152	4,635,865	5,550,880	Note 3	-
Non-current liabilities		179,996	155,206	119,671	223,436	1,444,942	-
Total liabilities	Before distribution	3,997,802	3,931,077	4,284,647	5,366,093	7,339,136	-
	After distribution	4,409,606	4,253,358	4,755,536	5,774,316	Note 3	-
Capital		1,790,452	1,790,452	1,790,452	1,790,452	1,791,260	-
Capital surplus		513,731	689,038	657,809	657,690	712,730	-
Retained earnings	distribution	1,084,693	1,036,773	1,247,604	1,244,671	1,375,624	-
	After distribution	685,422	725,234	776,715	836,448	Note 3	-
Other equity		3,412	(4,544)	(4,789)	(15,205)	6,778	-
Treasury stock		-	-	-	-	-	-
Total amount of Equity	Before distribution	3,392,288	3,511,719	3,691,076	3,677,608	3,886,392	-
	After distribution	2,980,484	3,189,438	3,220,187	3,269,385	Note 3	-

Note 1: No individual financial statements have been issued for the first quarter of 2021.

Note 2: Asset revaluation has not been processed.

Note 3: The surplus distribution of 2020 has to be determined by the shareholders' meeting.

Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT$1,000 (Except EPS: NT$)

Item / Year	Financial statements for the past five years					Financial statements as of March 31, 2021 (Note 1)
	2016	2017	2018	2019	2020	
Operating Revenue	18,817,347	18,484,111	19,712,236	22,824,272	26,710,813	7,844,524
Operating margin	1,540,495	1,536,597	1,782,744	1,804,849	2,019,758	600,281
Operating income	659,736	597,080	784,029	835,142	1,032,481	315,484
Non-operating income and expense	(57,755)	(110,254)	(32,303)	(160,638)	(284,866)	(25,170)
Pre-tax profit	601,981	486,826	751,726	674,504	747,615	290,314
Continuing operations Current period net profit	478,476	401,954	585,743	539,482	604,676	235,315
Income (loss) on Discontinued Operations	-	-	-	-	-	-
Net income (loss)	478,476	401,954	585,743	539,482	604,676	235,315
Other comprehensive income (Net amount after tax)	(7,642)	(9,811)	317	(13,123)	31,726	24,610
Total comprehensive income	470,834	392,143	586,060	526,359	636,402	259,925
Net profit attributable to parent company shareholders	448,209	351,155	521,974	469,655	536,016	219,809
Profit Attributable to Noncontrolling Interest	30,267	50,799	63,769	69,827	68,660	15,506
Comprehensive Income (Loss) Attributable to Owners of the Parent	440,623	343,395	522,125	457,540	561,159	242,405
Comprehensive Income Attributable to Noncontrolling Interest	30,211	48,748	63,935	68,819	75,243	17,520
Earnings Per Share	3	2	3	3	3	1

Note 1: The financial documents on March 31, 2021 have been audited and approved by the accountant.

Condensed Statement of Comprehensive Income (Parent Company Only)

Unit: NT$1,000 (Except EPS: NT$)

Item \ Year	Financial statements for the past five years					Financial statements as of March 31, 2021 (Note 1)
	2016	2017	2018	2019	2020	
Operating Revenue	17,393,675	16,848,004	18,018,996	21,061,405	25,061,287	-
Operating margin	1,068,980	998,897	1,196,302	1,226,093	1,439,044	-
Operating income	440,965	376,747	537,663	556,056	738,012	-
Non-operating income and expense	100,679	25,858	109,013	(2,272)	(108,413)	-
Pre-taxprofit	541,644	402,605	646,676	553,784	629,599	-
Continuing operations Current period net profit	448,209	351,155	521,974	469,655	536,016	-
Income (loss) on Discontinued Operations	-	-	-	-	-	-
Net income (loss)	448,209	351,155	521,974	469,655	536,016	-
Other comprehensive income (Net amount after tax)	(7,586)	(7,760)	151	(12,115)	25,143	-
Total comprehensive income	440,623	343,395	522,125	457,540	561,159	-
Earnings Per Share	2.50	1.96	2.92	2.62	2.97	-

Note 1: No individual financial statements have been issued for the first quarter of 2021.

(2) Name of CPA and Auditors' Opinions for the last five years

Year	Name of accounting firm	Name of CPA	Audit opinion
2016	Deloitte & Touche Taiwan	Li, Li-Huang and Chen, Huei-Ming	Unqualified opinion
2017	Deloitte & Touche Taiwan	Li, Li-Huang and Chen, Huei-Ming	Unqualified opinion
2018	Deloitte & Touche Taiwan	Li, Li-Huang and Sie, Ming-Jhong	Unqualified opinion
2019	Deloitte & Touche Taiwan	Li, Li-Huang and Wong, Bo-Ren	Unqualified opinion
2020	Deloitte & Touche Taiwan	Li, Li-Huang and Wong, Bo-Ren	Unqualified opinion

2. Financial analysis

(1) Financial ratio

IFRS- Consolidated Financial

Item (Note 3) \ Year (Note 1)		Financial analysis of the last five years					Financial statements as of March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Financial structure %	Debt to asset ratio	55.13	53.19	54.01	59.71	64.60	64.00
	Long-term Fund to Property, Plant and Equipment	892.96	942.27	1,019.49	1,122.83	1,475.72	1,551.05
Liquidity %	Current Ratio	178.48	184.35	176.94	162.90	174.68	175.49
	Quick Ratio	122.07	125.58	114.16	114.51	137.15	143.39
	Times interest earned	23.29	16.27	14.72	6.90	11.03	20.55
Operating ability	Average Collection Turnover (Times)	5.66	5.25	5.59	5.52	5.48	1.37
	Average days of collection	65	70	65	66	66	265
	Average Inventory Turnover (Times)	6.61	6.9	6.55	7.53	9.75	3.28
	Average Payables Turnover (Times)	8.95	8.37	9.27	11.22	10.49	2.47
	Average days of sales	55	53	56	48.00	37	111
	Property, Plant and Equipment Turnover (Times)	44.6	42.79	47.97	57.08	68.42	20.08
	Total Assets Turnover (Times)	2.37	2.23	2.24	2.43	2.42	0.64
Profitability	Return on Total Assets (%)	6.4	5.28	7.37	6.71	6.02	2.01
	Return on Equity (%)	13.38	10.81	14.79	13.35	14.57	5.36
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 7)	33.62	27.19	41.99	37.67	41.74	16.21
	Net Margin (%)	2.54	2.17	2.97	2.36	2.26	3.00
	Earnings Per Share (NT$)	2.5	1.96	2.92	2.62	2.99	1.23
Cash flows	Cash Flow Ratio (%)	13.9	8.09	3.47	(5.73)	8.37	6.36
	Cash Flow Adequacy Ratio (%)	63.73	71.4	54.64	49.02	54.58	74.42
	Cash Flow Reinvestment Ratio (%)	1.06	(1.69)	(3.78)	(18.36)	2.02	6.94
Leverage	Operating leverage	1.13	1.14	1.1	1.13	1.10	1.10
	Financial leverage	1.04	1.06	1.08	1.16	1.08	1.05

Please provide the reasons for changes in financial ratios in the most recent two years.

1. Long-term capital to property, plant and equipment ratio: mainly due to the increase of long-term capital from issuance of convertible corporate bond NT$1 billion
2. Interest coverage: mainly due the significant decrease of interest expense from issuance of convertible corporate bond NT$1 billion and material growth of operating income
3. Inventory turnover rate (time): mainly due to increasing demand of PC, NB, IOT related devices as required by remote working for COVID-19 pandemic, resulting in excess demand for electronic components. Both the revenue and cost were increased significantly while the inventory was decreased

greatly, therefore the inventory turnover time was increased while the average days of goods sales was decreased.

4. Average number of days of goods sales: same as above
5. Cash flow ratio: due to significant increase of net cash inflow from operating activities
6. Cash re-investment ratio: due to significant increase of operating capital and net cash inflow from operating activities

Note 1: The financial statements on March 31, 2021 have been audited and approved by the accountant.

Note 2: A company that is listed or whose shares have been traded at the business premises of securities dealer shall also incorporate the financial information for the previous quarter as of the publication date of annual report.

Note 3: At the end of this annual report, the following calculation formula should be given:

1. Financial structure

(1)Debt to asset ratio = Total Liabilities / Total Assets

(2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment

2. Liquidity

(1)Current Ratio = Current Assets / Current Liabilities

(2) Quick Ratio = (Current Assets – Inventories – Prepaid Expenses) / Current Liabilities

(3)Time interest earned = net income before income tax and interest expense / current interest expense.

3. Operating ability

(1)Average Collection Turnover = Net Sales / Average Trade Receivables (including all accounts receivable and all notes receivable resulting from trade)

(2)Average Collection Days = 365 / Average Collection Turnover

(3) Inventory turnover ratio = cost of goods sold / average amount of inventory

(4)Average Payables Turnover = Cost of Sales / Average Trade Payables (including all accounts payable and all notes payable resulting from trade)

(5)Average Inventory Turnover Days = 365 / Average Inventory Turnover

(6)Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment

(7)Fixed assets turnover ratio = net sales / total average fixed assets

4. Profitability

(1)Return on Total Assets = (Net Income + Interest Expenses * (1-Effective Tax Rate)) / Average Total Assets

(2)Return on Equity = Net Income / Average Equity

(3)Net profit margin = after-tax profit / net operating income

(4)Earnings Per Share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding

5. Cash flows

(1)Cash flow ratio = new cash flows from operating activities / current liabilities

(2)Cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividend) in the past five years

(3)Cash reinvestment ratio = (net cash flows from operating activities –cash dividend) / (gross margin of property, plant and equipment + long-term investment + other noncurrent assets + working capital)

6. Leverage

(1) Operating leverage = (net operating revenue － variable operating cost and expenses) / operating profit

(2)Financial leverage = operating profit / (operating profit － interest expense)

Note 4: The above calculation formula of earnings per share shall be measured with special attention to the following matters:

1. Based on the weighted average number of common shares, not on the number of shares outstanding at year-end.
2. Any trader with cash increase or treasury share shall calculate the weighted average number of shares, taking into account the period of circulation.
3. In the case of conversion of surplus to capital increase or conversion of capital reserve to capital increase, the calculation of earnings per share of previous years and semi-years shall be adjusted retroactively according to the proportion of capital increase, without taking into account the issuing period of such capital increase.
4. If the special shares are non-convertible cumulative special shares, the current year dividend (whether distributed or not) shall be deducted from the net profit after tax or added to the net loss after tax. If the special shares are non-cumulative, the dividend of special shares shall be deducted from the net profit after tax if there is any net profit after tax; if it is a loss, no adjustment is required.

Note 5: Cash use analysis should pay special attention to the following matters when measuring:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the statement of cash flows.
2. Capital expenditure refers to the annual cash outflow from capital investments.
3. The inventory increase is only taken into account when the ending balance is greater than the beginning balance. If the inventory decreases at the end of the year, it is calculated as zero.
4. Cash dividends include the cash dividends of common shares and special shares.
5. Real estate, building and equipment means the total value of real estate, building and equipment before the accumulated depreciation.

Note 6: The issuer shall classify the operating costs and expenses into the fixed and variable by nature. If any of them involve in the estimates or subjective judgments, the issuer shall pay attention to their rationality and maintain consistency.

Note 7: If the shares of the Company are in no denomination or in denomination other than NT$10 per share, the above calculation of paid-in capital ratio shall be based on the equity ratio attributable to the owner of parent company in the balance sheet.

IFRS-Parent Company Only

Item (Note 3) \ Year (Note 1)		Financial analysis of the last five years					Financial statements as of March 31, 2021 (Note 2)
		2016	2017	2018	2019	2020	
Financial structure %	Debt to asset ratio	54.10	52.82	53.72	59.34	65.38	Note 1
	Long-term Fund to Property, Plant and Equipment	1,038.70	1,094.17	1,155.74	1,207.96	1,679.75	Note 1
Liquidity %	Current Ratio	166.58	166.49	160.01	149.09	160.50	Note 1
	Quick Ratio	111.49	110.76	103.70	101.74	125.84	Note 1
	Times interest earned	24.45	15.48	13.34	6.34	10.15	Note 1
Operating ability	Average Collection Turnover (Times)	6.65	5.25	5.69	5.53	5.47	Note 1
	Average days of collection	55	70	64	66	67	Note 1
	Average Inventory Turnover (Times)	7.30	7.41	7.43	8.33	10.58	Note 1
	Average Inventory Turnover (Times)	9.23	8.70	9.76	11.77	10.88	Note 1
	Average days of sales	50	49	49	44	34	Note 1
	Property, Plant and Equipment Turnover (Times)	50.57	50.27	54.65	64.54	78.28	Note 1
	Total Assets Turnover (Times)	2.35	2.26	2.26	2.47	2.47	Note 1
Profitability	Return on Total Assets (%)	6.40	5.05	7.31	6.49	5.83	Note 1
	Return on Equity (%)	13.11	10.17	14.49	12.75	14.17	Note 1
	Pre-tax Income to Paid-in Capital Ratio (%) (Note 7)	30.25	22.49	36.12	30.93	35.15	Note 1
	Net Margin (%)	2.58	2.08	2.90	2.23	2.14	Note 1
	Earnings Per Share (NT$)	2.50	1.96	2.92	2.62	2.99	Note 1
Cash flows	Cash Flow Ratio (%)	9.67	8.01	1.75	(16.59)		Note 1
	Cash Flow Adequacy Ratio (%)	44.25	50.53	41.50	17.03	8.32	Note 1
	Cash Flow Reinvestment Ratio (%)	(4.65)	(2.95)	(6.48)	(34.07)	(2.26)	Note 1
Leverage	Operating leverage	1.07	1.09	1.05	1.05	1.04	Note 1
	Financial leverage	1.06	1.08	1.11	1.23	1.10	Note 1

Please provide the reasons for changes in financial ratios in the most recent two years.

a. Long-term capital to property, plant and equipment ratio: mainly due to the increase of long-term capital from issuance of convertible corporate bond NT$1 billion
b. Quick ratio: due to increase of account receivables derived from growth of revenue
c. Interest coverage: mainly due the significant decrease of interest expense from issuance of convertible corporate bond NT$1 billion and material growth of operating income
d. Inventory turnover rate (time): mainly due to increasing demand of PC, NB, IOT related devices as required by remote working for COVID-19 pandemic, resulting in excess demand for electronic components. Both the revenue and cost were increased significantly while the inventory was decreased greatly, therefore the inventory turnover time was increased while the average days of goods sales was decreased.
e. Average number of days of goods sales: same as above
f. Turnover rate of property, plant and equipment: due to the growth of revenue
g. Cash flow ratio: due to significant increase of net cash inflow from operating activities
h. Net cash flow fair ratio: due to significant decrease of inventory and significant increase of net cash inflow from operating activities.
i. Cash re-investment ratio: due to significant increase of operating capital and net cash inflow from operating activities

Note 1: No individual financial statements have been issued for the first quarter of 2021.

Note 2: A company that is listed or whose shares have been traded at the business premises of securities firm shall also incorporate the financial information for the previous quarter as of the publication date of annual report.

Note 3: The formulas in this chart are the same as the consolidated financial analysis in previous page.

3. Approval and Audit Report of Audit Committee for 2020

Promate Electronic Co., Ltd.

Approval and Audit Report of Audit Committee

The Board of Directors of the Company has prepared the annual business report, financial statements and surplus distribution plan for 2020. The financial statements have been examined and verified by Accountants Li, Li-Huang and Wong, Bo-Ren of Deloitted & Touche Accounting Firm who issued the audit report. The accountant has communicated with the Audit Committee on the key audit matters in the audit report. The Audit Committee, upon examination, finds no discrepancy in the foregoing lists, and in accordance with the provisions of Article 14 of the Securities and Exchange Act and Article 219 of the Company Act, hereby provides a report for your approval.

General Meeting of Shareholders in 2021 of Promate Electronic Co., Ltd.

Convener of Audit Committee: Hu, Han-Liang

March 29, 2021

Statement of consolidated financial statements of affiliated enterprises

In accordance with the "Consolidated business report of affiliated enterprises, consolidated financial statements of affiliated enterprises and relationship report compiling principles", the companies to be incorporated in the consolidated financial statements of affiliated enterprises in 2020 are the same with the companies to be incorporated in the consolidated financial statements of parent-subsidiary enterprises according to IFRS 10, and the relevant information that should be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the above consolidated financial statements of parent-subsidiary enterprises, so the consolidated financial statements of affiliated enterprises will not be prepared separately.

Company Name: Promate Electronic Co., Ltd.

Owner: Eric Chen

March 24, 2021

4.Financial Statements for 2020

INDEPENDENT AUDITORS REPORT

The Board of Directors and Shareholders
Promate Electronics Co. Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Promate Electronics Co. Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2020 is stated as follows:

<u>Occurrence of shipment with revenue gained from specific clients</u>

The Group specializes in trading distributed components, Liquid Crystal Display products, and image processing IC. Based on the materiality and auditing standards, revenue recognition is presumed to be a significant risk. Therefore, the engaging partner believes that the existence of sales revenue with specific clients would materially affect the occurrence of the financial statement, which is the reason the audit team listed the occurrence of shipment with sales revenue from certain clients as the key audit matter of 2020 audit process. Refer to note 4(14) for more details of revenue recognition policy.

Our main audit procedures performed in respect of above matter include the following:

1. We understood the internal control procedures for revenue recognition and the relevant approval process followed by the Group's management.

2 We utilized audit sampling on specific clients' shipments, which we would verify the relevant documents and test the receivable collection to confirm the existence of sales transaction.

3 We ascertained sales returns and discounts that occurred after the balance sheet date, to ensure whether there is a material misstatement on sales revenue from specific clients in the group's financial statement.

Other Matters

We have also audited the parent company only financial statements of Promate Electronics Co. Ltd as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with 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 consolidated financial statements for the year ended December 31, 2020 and are therefore 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.

The engagement partners on the audits resulting in this independent auditors' report are Li-Huang Lee and Po-Jen Weng..

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 34)	$ 2,150,	1	$ 1,625,	1
Financial assets at fair value through profit or loss - current (Notes 4, 7 , and 34)	19,		4,	
Financial assets at amortized cost - current (Notes 4, 9, 10 and 34)	116,		2,	
Notes receivable (Notes 4, 11 and 34)	68,		70,	
Accounts receivable (Notes 4, 10, 11 and 34)	5,513,	4	3,434,	3
Accounts receivable from related parties (Notes 4, 11, 34 and 35)	2,		666,	
Other receivables (Notes 4, 11 and 34)	714,		643,	
Current tax assets (Notes 4 and 28)			31,	
Inventories (Notes 4 and 12)	2,340,	1	2,721,	2
Other current assets (Notes 18)	9,		16,	
Total current assets	10,934,	9	9,216,	9
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 8 and 34)	78,		32,	
Investments accounted for using the equity method (Notes 4 and 14)			4,	
Property, plant and equipment (Notes 4, 15, 32 and 36)	391,		388,	
Right-of-use assets (Notes 4, 16 and 35)	105,		136,	
Other intangible assets (Notes 4 and 17)	6,		10,	
Deferred tax assets (Notes 4 and 28)	117,		74,	
Other non-current assets (Notes 18 and 37)	408,		160,	
Total non-current assets	1,109,		806,	
TOTAL	$ 12,044,	10	$ 10,023,	10
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19, 32, 34 and 37)	$ 2,405,	2	$ 2,712,	2
Short-term bills payable (Notes 19, 32, 34 and 36)	190,		210,	
Contract liabilities - current (Notes 22 and 26)	77,		104,	
Notes payable (Notes 21 and 34)				
Accounts payable (Notes 21 and 34)	2,739,	2	1,922,	1
Accounts payable to related parties (Notes 21, 34 and 35)	19,		26,	
Other payables (Notes 22 and 34)	405,		365,	
Current tax liabilities (Notes 4 and 28)	75,		28,	
Lease liabilities - current (Notes 4, 16, 32 and 34)	34,		33,	
Provisions- current (Notes 4 and 23)	3,		11,	
Current portion of long-term borrowings (Notes 19, 32, 34 and 37)			18,	
Other current liabilities (Note 22)	309,		223,	
Total current liabilities	6,259,	5	5,657,	5
NON-CURRENT LIABILITIES				
Bonds Payable (Notes 20)	967,			
Provisions- noncurrent (Notes 4 and 23)	2,		6,	
Lease liabilities - noncurrent (Notes 4, 16, 32 and 35)	71,		102,	
Deferred tax liabilities (Notes 4 and 28)	146,		110,	
Net defined benefit liabilities - noncurrent (Notes 4 and 24)	47,		47,	
Other non-current liabilities (Notes 22)	284,		60,	
Total non-current liabilities	1,520,	1	327,	
Total liabilities	7,780,	6	5,985,	6
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 24, 25, 29, 30 and 31)				
Share capital	1,791,	1	1,790,	1
Ordinary shares	1,791,	1	1,790,	1
Capital surplus	712,		657,	
Retained earnings				
Legal reserve	818,		771,	
Special reserve	15,		4,	
Unappropriated earnings	541,		468,	
Total retained earnings	1,375,	1	1,244,	1
Other equity	6,		(15,	
Total equity attributable to owners of the Company	3,886,	3	3,677,	3
NON-CONTROLLING INTERESTS (Notes 25, 29, 30 and 31)	377,		360,	
Total equity	4,263,	3	4,038,	4
TOTAL	$ 12,044,	10	$ 10,023,	10

The accompanying notes are an integral part of the consolidated financial statements.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 26 and 35)				
Sales	$ 26,710,813	100	$ 22,824,272	100
OPERATING COSTS (Notes 4, 12, 27 and 35)				
Cost of sales	(24,691,055)	(92)	(21,019,423)	(92)
GROSS PROFIT	2,019,758	8	1,804,849	8
OPERATING EXPENSES (Notes 27 and 35)				
Selling and marketing expenses	(763,525)	(3)	(737,432)	(3)
General and administrative expenses	(136,388)	(1)	(145,962)	(1)
Research and development expenses	(87,364)	-	(86,313)	-
Total operating expenses	(987,277)	(4)	(969,707)	(4)
OPERATING PROFIT	1,032,481	4	835,142	4
NON-OPERATING INCOME AND EXPENSES (Notes 4, 14, 27,30 and 35)				
Interest income	5,444	-	9,483	-
Other income	7,027	-	4,068	-
Other gains and losses	(219,398)	(1)	(59,606)	-
Finance costs	(74,490)	-	(114,283)	(1)
Share of loss of associates	(3,449)	-	(300)	-
Total non-operating income and expenses	(284,866)	(1)	(160,638)	(1)
PROFIT BEFORE INCOME TAX	747,615	3	674,504	3
INCOME TAX EXPENSE (Notes 4 and 28)	(142,939)	(1)	(135,022)	(1)
NET PROFIT FOR THE PERIOD	604,676	2	539,482	2
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans（Notes 4 and 24）	(1,255)	-	(2,358)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income（Notes 4 and 25）	29,879	-	(4,896)	-

(Continued)

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
Income tax relating to items that will not be reclassified（Notes 4 and 28）	$ 251	-	$ 471	-
	28,875	-	(6,783)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations（Notes 25）	(1,491)	-	(3,904)	-
Unrealized gain on investments in debt instruments at fair value through other comprehensive income（Notes 4 ,9 and 25）	4,044	-	(3,218)	-
Income tax relating to items that may be reclassified subsequently to profit or loss（Notes 4 and 28）	298	-	782	-
	2,851	-	(6,340)	-
Other comprehensive income (loss) for the period, net of income tax	$ 31,726	-	($ 13,123)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 636,402	2	$ 526,359	2
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 536,016	2	$ 469,655	2
Non-controlling interests	68,660	-	69,827	-
	$ 604,676	2	$ 539,482	2
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	$ 561,159	2	$ 457,540	2
Non-controlling interests	75,243	-	68,819	-
	$ 636,402	2	$ 526,359	2
EARNINGS PER SHARE (Note 29)				
Basic	$ 2.99		$ 2.62	
Diluted	$ 2.73		$ 2.60	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
	Issued Capital			Retained Earnings			Other Equity				
	Shares (Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operation	Unrealized Gain on financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	179,045	$ 1,790,452	$ 657,809	$ 719,517	$ 4,544	$ 523,543	($ 910)	($ 3,879)	$ 3,691,076	$ 350,190	$ 4,041,266
Appropriation of the 2018 earnings											
Legal reserve	-	-	-	52,197	-	(52,197)	-	-	-	-	-
Special reserve	-	-	-	-	245	(245)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(470,889)	-	-	(470,889)	-	(470,889)
Cash dividends from subsidiaries	-	-	-	-	-	-	-	-	-	(58,169)	(58,169)
Changes in capital surplus：											
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(119)	-	-	-	-	-	(119)	(107)	(226)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	93	-	(93)	-	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	-	469,655	-	-	469,655	69,827	539,482
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(1,792)	(3,115)	(7,208)	(12,115)	(1,008)	(13,123)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	467,863	(3,115)	(7,208)	457,540	68,819	526,359
BALANCE AT DECEMBER 31, 2019	179,045	1,790,452	657,690	771,714	4,789	468,168	(4,025)	(11,180)	3,677,608	360,733	4,038,341
Appropriation of the 2019 earnings											
Legal reserve	-	-	-	46,796	-	(46,796)	-	-	-	-	-
Special reserve	-	-	-	-	10,415	(10,415)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(408,223)	-	-	(408,223)	-	(408,223)
Cash dividends from subsidiaries	-	-	-	-	-	-	-	-	-	(64,632)	(64,632)
Convertible bonds issued by the Company recognized as equity	81	808	1,708	-	-	-	-	-	2,516	-	2,516
Changes in capital surplus：											
Recognition of equity components due to the issuance of convertible corporate bonds-occurred by subscription right	-	-	53,332	-	-	-	-	-	53,332	-	53,332
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-	6,000	6,000
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	4,073	-	(4,073)	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	-	536,016	-	-	536,016	68,660	604,676
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(913)	(1,193)	27,249	25,143	6,583	31,726
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	535,103	(1,193)	27,249	561,159	75,243	636,402
BALANCE AT DECEMBER 31, 2020	179,126	$ 1,791,260	$ 712,730	$ 818,510	$ 15,204	$ 541,910	($ 5,218)	$ 11,996	$ 3,886,392	$ 377,344	$ 4,263,736

The accompanying notes are an integral part of the consolidated financial statements.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 747,615	$ 674,504
Adjustments for:		
Expected loss on credit impairment	3,983	535
Depreciation expenses	62,004	64,199
Amortization expenses	3,876	4,469
Finance costs	74,490	114,282
Share of profit (loss) of associates accounted for using the equity method	3,449	300
Interest income	(5,444)	(9,483)
Dividend income	(3,486)	(3,790)
Impairment loss (gain) on inventories	70	26,727
Loss (gain) on disposal right-of-use assets	-	8
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(5,262)	365
Net (gain) loss on foreign currency exchange	(6,859)	(20,234)
Loss on disposal of scrap inventories and inventory physical count	4,791	5,233
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(9,453)	(1,428)
Notes receivable	1,731	(17,130)
Account receivables	(2,078,906)	(407,341)
Account receivables from related parties	664,014	(489,510)
Other receivables	(70,801)	(304,701)
Inventories	376,800	109,952
Other current assets	8,362	4,080
Contract liabilities	(26,706)	11,159
Notes payable	(6)	(233)
Account payables	816,698	129,864
Account payables to related parties	(6,407)	21,875
Other payables	44,591	28,568
Provisions	(12,600)	(8,891)
Net defined benefit liabilities	(1,115)	(945)
Other current liabilities	79,040	92,504
Cash generated from (used in) operations	664,469	24,938
Interest paid	(68,036)	(100,494)
Income tax paid	(71,753)	(248,589)
Net cash generated from (used in) operating activities	524,680	(324,145)

(Continued)

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	($ 31,077)	($ 36,340)
Proceeds from disposal of financial assets at fair value through other comprehensive income	14,973	1,740
Acquisition of financial assets at amortized cost	(1,457,569)	(955,853)
Proceeds from disposal of financial assets at amortized cost	1,342,035	953,430
Interest received	5,444	9,483
Other dividends received	3,486	3,790
Acquisition of subsidiary company	2,710	-
Proceeds from capital reduction of investments accounted for using equity method	500	1,951
Acquisition of property, plant and equipment	(4,249)	(6,147)
Increase in prepayments for business facilities	(17,175)	(7,721)
Acquisition of intangible assets	-	(1,163)
Increase in refundable deposits	(248,736)	-
Decrease in refundable deposits	-	3,213
Net cash used in investing activities	(389,658)	(33,617)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	(298,952)	746,066
Decrease in short-term notes and bills payable	(20,000)	140,000
Issuance of corporate bond	1,015,887	-
Repayments of long-term debt	(18,828)	(26,739)
Increase in guarantee deposits received	224,624	47,352
Payments of lease liabilities	(38,840)	(37,085)
Payments of cash dividends	(408,223)	(470,889)
Acquisition of equity of subsidiaries	-	(226)
Dividends paid to non-controlling interests	(64,632)	(58,169)
Net cash generated from financing activities	391,036	340,310
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(994)	(3,054)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	525,064	(20,506)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,625,366	1,645,872
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 2,150,430	$ 1,625,366

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Promate Electronic Co., Ltd. (the "Company") is a listed company that was established in May, 1986. The Company is mainly engaged in the distribution and sales of electronic/electrical components, sales of computer software and electrical products and sales of electronic/electrical components.

The Company conducted an IPO on the Taipei Exchange (TPEx) on September, 2002, and its common shares were listed on the Taiwan Stock Exchange (TWSE) since May, 2004.

As of August 1st, 2013, the Company is pleased to announce that this business unit will form a fully owned subsidiary under the name Promate Solutions Corporation.

After carefully evaluating the opportunities of the business unit as well as Promate Electronic as a whole, the Board of Directors concluded that creating a separate entity is the next logical step for the business. As two separate entities, both Promate Electronic and Promate Solutions will have the flexibility and agility necessary to pursue focused avenues of growth. Most importantly, this will enable each entity to more effectively service customers and deliver shareholder value.

The functional currency of the Company is the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors on March 23, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by Financial Supervisory Commission (FSC).

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

b. The IFRs endorsed by FSC for application starting from 2021:

New IFRSs	Effect Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark

Reform - Phase 2”

“Interest Rate Benchmark Reform - Phase 2” primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform.

Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform

The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 6)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 7
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5

Note1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence over an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate, i.e., the Group’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that result in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

3) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Group will restate its comparative information when it initially applies the aforementioned amendments.

4) Amendments to IAS 1 "Disclosure of Accounting Policies"

This amendment clearly stipulates that the consolidated company shall determine the material accounting policy information to be disclosed according to the definition of materiality. Accounting policy information is material to the extent that it can reasonably be expected to influence the decisions made by major users of the financial statements for general purpose on which the financial statements are based. This amendment clarifies:

- Accounting policy information relating to non-material transactions, other matters or circumstances is non-material and the consolidated company is not required to disclose such information.
- The consolidated company may judge the relevant accounting policy information to be material due to the nature of the transaction, other matters or circumstances, even if the amount is not material.
- Not all accounting policy information relating to material transactions, other matters or circumstances is material.

In addition, the amendment provides an example of how accounting policy information may be material if it is related to material transactions, other matters or circumstances and if:

(1) The consolidated company changes its accounting policies during the reporting period and the change results in a material change in the financial statement information;

(2) The consolidated company selects its applicable accounting policies from the options permitted by the Standards;

(3) Accounting policies are established by the consolidated company in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" due to the lack of specific standards;

(4) The consolidated company discloses relevant accounting policies determined by the application of material judgments or assumptions; or

(5) There are complex accounting requirements and users of financial statements rely on such information in order to understand such material transactions, other matters or circumstances.

5) Amendments to IAS 8 "Definition of Accounting Estimates"

This amendment clearly stipulates that the accounting estimates refer to the monetary amounts in financial statements that are affected by measurement uncertainties. When the accounting policies apply to the consolidated company, the financial statement items may have to be measured in terms of monetary amounts that cannot be directly observed but must be estimated. Measuring techniques and input values are used to establish the accounting estimates for this purpose. If the impact of change in the measurement technology or input value on accounting estimates is not correction of previous errors, it is the change in accounting estimates.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34

"Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; and

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held for the purpose of trading;

2) Liabilities due to be settled within 12 months, and

3) Liabilities for which the entity does not have the right at the end of the reporting period to defer settlement beyond 12 months.

Assets and liabilities that are not classified as current are classified as non-current

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13 and Table 6 for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

e. Business combinations

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gains on bargain purchases. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed 1 year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity and included in capital surplus - options is not remeasured at the end of the subsequent reporting period and its subsequent settlement is accounted for within equity and transferred to capital surplus - share premiums. Other contingent consideration is remeasured at fair value at the end of subsequent reporting period with any gain or loss recognized in profit or loss.

f. Foreign Currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for:

1) Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and,
2) Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

h. Investments in associates

An associate is an entity over which the Group has significant influence.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment’s fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group’ consolidated financial statements only to the extent that interests in the associate are not related to the Group.

i. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivable and notes receivable (including associates) at amortized cost, contract assets and other trade receivables (including associates), are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits held for the purpose of meeting short-term cash commitments, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

iii. Investments in debt instruments designated at FVTOC

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Investments in debt instruments designated at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including cash and cash equivalents, trade receivable and notes receivable (including related party) at amortized cost, contract assets and other trade receivables (including related party).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Convertible bonds

The component parts of compound financial instruments (convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

On initial recognition, the fair value of the liability component is estimated at the prevailing market interest rate for similar non-convertible instruments. The amount is recognized as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be reclassified as capital surplus - additional paid-in capital. If the conversion option remains unexercised at maturity, the balance recognized in equity will be reclassified as capital surplus –share premiums..

Transaction costs that relate to the issuance of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that are within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranty

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

n. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods mainly comes from the distribution of electronic components, and the sale and manufacture of embedded control systems, medical displays, and application-specific display modules at the agreed prices stipulated in contracts, quotations or orders. Sales of goods are recognizes as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and contract assets are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to trade receivables when the remaining obligations are performed.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Service revenue

Service revenue mainly comprises revenue from the design of embedded, medical, and application specific display modules during product development; revenue from customers' request for repair when defects occur in products that exceed the warranty period; and revenue recognized at the agreed prices stipulated in contracts.

o. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

The accounting treatment for other long-term employee benefits is the same as that of the defined benefit retirement plan, except that the relevant remeasurements are recognized as profit and loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The accounting policies, estimates, and basic assumptions adopted by the Group have been evaluated by the Group's management, and there are no major accounting judgments, estimates, and assumptions that are uncertain

6. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash on hand	$ 2,129	$ 1,547
Checking accounts	1,880,482	1,185,868
Cash equivalents (investment with original maturities less than three months)		
Time deposits	267,819	437,951
	$ 2,150,430	$ 1,625,366

The market rate intervals of cash in bank, at the end of the reporting period were as follows:

	December 31, 2020	December 31, 2019
Demand deposits	0.001%～0.5%	0.001%～0.43%
Time deposits	0.17%～0.35%	0.59%～2.28%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2020	December 31, 2019
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTP:		
Non-derivative financial assets	$ 19,275	$ 4,560
Redemption option on convertible bonds	100	-
	$ 19,375	$ 4,560

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2020	December 31, 2019
Non-current		
Investments in equity instruments	$ 78,433	$ 32,450
Non-current		
Domestic investments Listed shares		
ITE Tech. Inc.	$ -	$ 195
HIGGSTEC Inc.	76,035	30,310
Unlisted shares		
UPI Semiconductor Corp.	1,009	1,009
Medimaging Integrated Solution Inc.	951	936
Tricorntech Corp.	438	-
	$ 78,433	$ 32,450

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2020	December 31, 2019
Current		
Domestic investments		
Time deposits with original maturities of more than 3 months	$ 2,278	$ 2,423
Foreign investments		
Repurchase agreement		
—PERTAMINA	28,715	-
—CITIC Group Corporation Ltd.	28,567	-
—Corporation Nacional del Cobre de Chile	28,517	-
—Bank of China	28,515	-
	$ 116,592	$ 2,423

Refer to Note 10 for information related to credit risk management and impairment evaluation of financial assets at amortized cost.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments are classified as at FVTOCI and as at amortized cost.

At Amortized cost

	December 31, 2020	December 31, 2019
Gross carrying amount	$ 116,592	$ 2,423
Allowance for impairment loss	-	-
Amortized cost	116,592	2,423
Fair value adjustment	-	-
	$ 116,592	$ 2,423

In order to minimize credit risk, the Group has tasked its credit management committee with the development and maintenance of a credit risk grading framework for categorizing exposures according to the degree of the risk of default. The credit rating information may be obtained from independent rating agencies, where available, and if not available, the credit management committee uses other publicly available financial information to rate the debtors. The Group's exposure and the external credit ratings are continuously monitored and assessed for whether there has been a significant increase in credit risk since the last period to the reporting date.

The Group considers the historical default rates of each credit rating supplied by external rating agencies to estimate 12-month or lifetime expected credit losses.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses
Normal	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs

Gross carrying amount and applicable expected credit loss rate of investments in debt instruments are as follows:

At Amortized Cost

Category		Gross Carrying Amount	
	Expected Loss Rate	December 31, 2020	March 31, 2020

Normal	0%-0.01%	$ 116,592	$ 2,423

There was no change in the allowance for impairment loss of investments in debt instruments at amortized cost for the year ended December 31, 2020 and 2019.

11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2020	December 31, 2019
Notes receivable		
At amortized cost		
Gross carrying amount	$ 68,817	$ 70,548
Less: Allowance for impairment loss	-	-
	$ 68,817	$ 70,548
From operation	$ 68,817	$ 70,548
Accounts receivables		
At amortized cost		
Gross carrying amount-unrelated parties	$ 5,542,797	$ 3,459,312
Gross carrying amount-related parties	2,194	666,208
Less: Allowance for impairment loss	(29,462)	(24,991)
	$ 5,515,529	$ 4,100,529
Overdue receivables		
At amortized cost		
Gross carrying amount	$ 13,972	$ 13,969
Less: Allowance for impairment loss	(13,972)	(13,969)
	$ -	$ -
Others receivables		
Accounts receivables at FVTOCI	$ 623,283	$ 576,586
Tax refund receivables	78,196	59,475
Customs duty refund receivables	1,923	1,488
Others	10,678	5,730
	$ 714,080	$ 643,279

Notes Receivable and Accounts Receivables

At amortized cost

The average credit period of the sales of goods was 90-150 days. No interest was charged on accounts receivables. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual accounts debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Group measures the loss allowance for all accounts receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivables are estimated using an allowance matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, and the current and future economic conditions of the industry as well as the overall economy. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivables and accounts receivable based on the Group's provision matrix.

December 31, 2020

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.00%-0.08%	0.27%-8.34%	3.94%-30.21%	18.75%-56.20%	22.22%-100.%	
Gross carrying amount	$ 4,900,719	$ 615,172	$ 79,122	$ 7,373	$ 11,422	$ 5,613,808
Loss allowance (Lifetime ECL)	(1,093)	(10,943)	(6,095)	(2,294)	(9,037)	(29,462)
Amortized cost	$ 4,899,626	$ 604,229	$ 73,027	$ 5,079	$ 2,385	$ 5,584,346

December 31, 2019

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.04%-1.23%	0.26%-21.89%	0.38%-61.12%	2.52%-82.19%	2.38%-100.00%	
Gross carrying amount	$ 3,791,883	$ 336,655	$ 52,983	$ 4,270	$ 10,277	$ 4,196,068
Loss allowance (Lifetime ECL)	(6,436)	(5,280)	(3,657)	(427)	(9,191)	(24,991)
Amortized cost	$ 3,785,447	$ 331,375	$ 49,326	$ 3,843	$ 1,086	$ 4,171,077

The movements of the loss allowance of accounts receivables and overdue receivables were as follows:

	For the Years Ended December 31			
	2020		2019	
	Trade Receivables	Overdue Receivables	Trade Receivables	Overdue Receivables
Balance at January 1	$ 24,991	$ 13,969	$ 24,466	$ 13,969
Business combination	469	-	-	-
Add: Amount of expected loss recognized	3,983	-	535	-
Classified to overdue receivable	(3)	3		
Foreign exchange gains and losses	22		(10)	-
Balance on December 31	$ 29,462	$ 13,972	$ 24,991	$ 13,969

Compared to the balance on January 1, 2020 and 2019, the gross carrying amount of accounts receivables on December 31, 2020 and 2019 increased $1,417,740 thousand and increased $1,417,740 thousand. Due to increase in projected credit loss, the loss allowance increased $3,983 thousand and $535 thousand.

12. INVENTORIES

	December 31, 2020	December 31, 2019
Raw materials and work in process	$ 111,978	$ 148,102
Merchandise inventories	2,228,351	2,573,878
	$ 2,340,329	$ 2,721,980

Operating costs summarized by nature are as below.

	For the Year ended December 31	
	2020	2019
Cost of Goods Sold	$ 24,686,194	$ 20,987,463
Impairment（Price recovery）	70	26,727
Inventory Scrap	4,791	5,233
	$ 24,691,055	$ 21,019,423

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

The entities included in the consolidated statements are listed below.

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31, 2020	Proportion of Ownership (%) December 31, 2019	Remark
Promate Electronic Co., Ltd	Promate Solutions Corporation.	Production and sale of electronic products	66.21%	66.21%	a
	PROMATE INTERNATIONAL CO., LTD.	Investment	100%	100%	b
	HAPPY ON SUPPLY CHAIN MANAGEMENT LTD.	Warehouse and logistic device	100%	100%	c
	PROMATE ELECTRONICS COMPANY USA	Sales of electronic/ electrical components	100%	100%	d
	CT Continental Corporation	International trade	90%-	-	e
PROMATE INTERNATIONAL CO., LTD.	Promate Electronic (Shenzhen) Co., Ltd.	International trade	100%	100%	f
	Promate Electronic (Shanghai) Co., Ltd	International trade	100%	100%	g
Promate Solutions Corporation.	Promate Japan Inc.	International trade	100%	100%	h

Remarks:

a) Promate Solutions Corporation. (Promate Solutions) was incorporated on May 29, 2000 in Taiwan.

b) PROMATE INTERNATIONAL CO., LTD. (Promate International) was incorporated on October 4, 2000 in Hong Kong.

c) HAPPY ON SUPPLY CHAIN MANAGEMENT LTD. (Happy on) was incorporated in February 2006 in Hong Kong.

d) PROMATE ELECTRONICS COMPANY USA (PROMATE USA) was incorporated in November 2011 in California, U.S.A.

e) CT Continental Corporation (CTC) was incorporated on March 12, 1990. Since September 15, 2020, the Company holds 90% ownership in this subsidiary. Main businesses include manufacturing, distribution, and import and export of computer motherboards and computer peripherals.

f) Promate Electronic (Shenzhen) Co., Ltd. was incorporated in February 2009 in Shenzhen, China by PROMATE INTERNATIONAL, 100% shareholding. Main businesses include the import/export of electronical components, economic information consulting, and the development and transfer of electronical products.

g) Promate Electronic (Shanghai) Co., Ltd. was incorporated in November 2009 in Shanghai, China. by PROMATE INTERNATIONAL, 100% shareholding. Main businesses include the import/export of electronical components and related services.

h) Promate Japan Inc. was incorporated in March 2017 in Tokyo, Japan.

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests December 31, 2020	December 31, 2019
Promate Solutions and its subsidiaries	33.79%	33.79%

See Table 7 for the information on place of incorporation and principal place of business.

Name of Subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Years Ended December 31, 2020	2019	Accumulated Non-controlling Interests December 31, 2020	December 31, 2019
Promate Solutions and its subsidiaries	$ 68,619	$ 69,827	$ 371,303	$ 360,733

The summarized financial information below represents amounts before intragroup eliminations.

Promate Solutions and its subsidiaries

	December 31, 2020	December 31, 2019
Current assets	$ 1,320,594	$ 1,419,184
Non-current assets	180,117	173,042
Current liabilities	(341,446)	(439,908)
Non-current liabilities	(60,410)	(84,745)
Equity	$ 1,098,855	$ 1,067,573
Equity attributable to:		
The Parent Company	$ 727,552	$ 706,840
Non-controlling interests of Promate Solutions	371,303	360,733
	$ 1,098,855	$ 1,067,573

	For the Year ended December 31 2020	2019
Revenue	$ 1,771,303	$ 1,874,393
Net income for the period	$ 203,075	$ 206,641
Other comprehensive income for the period	19,481	(2,986)
Total comprehensive income for the period	$ 222,556	$ 203,655
Net income attributable to:	$ 134,456	$ 136,814
The Parent Company	68,619	69,827

	For the Year ended December 31	
	2020	2019
Non-controlling interests of Promate Solutions	$ 203,075	$ 206,641
Total comprehensive income (loss) attributable to:	$ 147,354	$ 134,836
The Parent Company	75,202	68,819
Non-controlling interests of Promate Solutions	$ 222,556	$ 203,655
Net cash flow from:		
Operating activities	$ 129,110	$ 507,760
Investing activities	(140,087)	(24,607)
Financing activities	(213,508)	(194,345)
Foreign exchange translation	2	(31)
Net cash inflow (outflow)	($ 224,483)	$ 288,777
Dividends paid to non-controlling interests Promate Solutions	$ 64,632	$ 58,169

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in Associates

	December 31, 2020	December 31, 2019
Associates that are not individually material		
Prosperity Venture Capital I, Limited	$ 645	$ 4,693

Name of Associate	Proportion of Ownership and Voting Rights Held by the Group	
	December 31, 2020	December 31, 2019
Prosperity Venture Capital I, Limited	21.62%	21.62%

Refer to Table 7 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of the associates.

Investments accounted for using the equity method and the share of profit or loss and other comprehensive loss of those investments were calculated based on the financial statements that have not been audited. Management believes that there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of investees that have not been audited

The summarized financial information below represents amounts shown in the associates’ financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purpose.

	December 31, 2020	December 31, 2019
Total assets	$ 2,848	$ 21,542
Liability	($ 25)	$ -
Equity	$ 2,823	$ 21,542
Proportion of the Group's ownership	21.62%	21.62%
Equity attributable to the Group	$ 610	$ 4,658
Difference between previous year's investment cost and equity value	35	35
Carry amount	$ 645	$ 4,693

	For the Year ended December 31	
	2020	2019
Revenue	$ -	$ -
Net loss for the period	($ 15,954)	($ 1,389)
Dividend distribution	$ 500	$ -

15. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2020	December 31, 2019
Assets used by the Group	$ 391,976	$ 388,807
Assets leased under operating leases	-	-
	$ 391,976	$ 388,807

Assets used by the Group

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
Cost							
Balance at January 1, 2020	$ 205,987	$ 187,876	$ 72,318	$ 18,771	$ 51,625	$ 70,886	$ 607,463
Additions	-	-	-	72	3,704	473	4,249
Disposals	-	-	-	-	(2,534)	(314)	(2,848)
Acquired in business combination	6,236	3,808	-	1,780	82	280	12,186
Reclassifications	-	-	11,357	-	285	5,670	17,312
Effect of foreign currency	-	689	3	58	(183)	(25)	542
Balance at December 31, 2020	$ 212,223	$ 192,373	$ 83,678	$ 20,681	$ 52,979	$ 76,970	$ 638,904
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 64,239	$ 44,389	$ 16,361	$ 41,919	$ 51,748	$ 218,656
Disposals	-	-	-	-	(2,534)	(314)	(2,848)
Acquired in business combination	-	2,371	-	630	68	233	3,302
Reclassifications	-	-	-	-	-	-	-
Depreciation expenses	-	6,601	7,269	764	3,693	9,274	27,601
Effect of foreign currency	-	333	2	79	(173)	(24)	217
Balance at December 31, 2020	$ -	$ 73,544	$ 51,660	$ 17,834	$ 42,973	$ 60,917	$ 246,928
Carrying amounts at December 31, 2019	$ 205,987	$ 123,637	$ 27,929	$ 2,410	$ 9,706	$ 19,138	$ 388,807
Carrying amounts at December 31, 2020	$ 212,223	$ 118,829	$ 32,018	$ 2,847	$ 10,006	$ 16,053	$ 391,976

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
Cost							
Balance at January 1, 2019	$ 205,987	$ 189,231	$ 71,238	$ 18,099	$ 49,113	$ 66,754	$ 600,422
Additions	-	-	1,084	929	2,629	1,505	6,147
Disposals	-	-	-	-	-	(390)	(390)
Reclassifications	-	-	-	-	-	3,026	3,026
Effect of foreign currency	-	(1,355)	(4)	(257)	(117)	(9)	(1,742)
Balance at December 31, 2019	$ 205,987	$ 187,876	$ 72,318	$ 18,771	$ 51,625	$ 70,886	$ 607,463
Accumulated depreciation							
Balance at January 1, 2019	$ 205,987	$ 189,231	$ 71,238	$ 18,099	$ 49,113	$ 66,754	$ 600,422
Disposals	-	-	1,084	929	2,629	1,505	6,147
Reclassifications	-	-	-	-	-	(390)	(390)
Depreciation expenses	-	-	-	-	-	3,026	3,026
Effect of foreign currency	-	(1,355)	(4)	(257)	(117)	(9)	(1,742)
Balance at December 31, 2019	$ 205,987	$ 187,876	$ 72,318	$ 18,771	$ 51,625	$ 70,886	$ 607,463
Carrying amounts at December 31, 2018	$ 205,987	$ 130,999	$ 34,897	$ 2,852	$ 11,777	$ 24,404	$ 410,916
Carrying amounts at December 31, 2019	$ 205,987	$ 123,637	$ 27,929	$ 2,410	$ 9,706	$ 19,138	$ 388,807

There was no indication of an impairment loss; therefore, the Group did not perform impairment assessment during the year ended December 31, 2020 and 2019.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings- Office in China	20 years
Buildings- Office in Taiwan	61 years
Buildings- Plant in Taiwan	25-30 years
Machinery Equipment	3-10 years
Transportation Equipment	3-10 years
Office Equipment	3-10 years
Miscellaneous Equipment	3-20 years

Property, plant and equipment pledged as collateral for borrowings are set out in Note 36.

16. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amounts		
Buildings	$ 102,075	$ 132,322
Transportation equipment	3,265	3,707
	$ 105,340	$ 136,029

	For the Year ended December 31	
	2020	2019
Additions to right-of-use assets	$ 9,532	$ 6,876
Depreciation charge for right-of-use assets		
Buildings	$ 32,530	$ 32,682
Transportation equipment	1,873	1,084
	$ 34,403	$ 33,766

b. Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amounts		
Current	$ 34,528	$ 33,930
Non-current	$ 71,908	$ 102,364

Range of discount rate for lease liabilities was as follows:

	December 31, 2020	December 31, 2019
Buildings	2.75%～6.4%	2.75%～6.4%
Transportation equipment	5.69%	4.75%～5.69%

c. Material lease-in activities and terms

The Group leased a number of cars for use by business personnel or warehouse personnel in a period of 3 to 5 years. The lease contracts for these cars do not contain terms for the right of renewal or the right of purchase.

The Group also leased certain buildings for use as plant and office in a period of 5 years.

The lease contracts for offices located in Taiwan specify that the lease payments will be adjusted by customer price index each year. The Group does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor’s consent.

d. Other lease information

	For the Year ended December 31	
	2020	2019

	2020	2019
Expenses relating to low-value asset leases	$ 3,112	$ 4,300
Total cash outflow for lease	($ 41,952)	($ 41,385)

The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

17. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2020	$ 29,119
Disposals	(6,012)
Effect of foreign currency	5
Balance on December 31, 2020	23,112
Accumulated amortization	
Balance at January 1, 2020	(18,540)
Amortization expenses	(3,876)
Disposals	6,012
Effect of foreign currency	(4)
Balance on December 31, 2020	(16,408)
Carrying amount on December 31, 2020	$ 6,704
Cost	
Balance at January 1, 2019	$ 27,404
Additions	1,834
Disposals	(110)
Effect of foreign currency	(9)
Balance on December 31, 2019	29,119
Accumulated amortization	
Balance at January 1, 2019	($ 14,188)
Amortization expenses	(4,469)
Disposals	110
Effect of foreign currency	7
Balance on December 31, 2019	(18,540)
Carrying amount on December 31, 2019	$ 10,579

Other intangible assets were amortized on a straight-line basis over their estimated useful lives as follows

Computer Software	3-10 years

	For the Year ended December 31	
	2020	**2019**
Amortization expenses summarized by function:		
Operating costs	$ -	$ -
Selling and marketing expenses	128	123

General and administrative expenses	3,377	3,776
Research and development expenses	371	570
	$ 3,876	$ 4,469

18. OTHER ASSETS

	December 31, 2020	December 31, 2019
Current		
Prepayments	$ 9,250	$ 16,025
Others	21	45
	$ 9,271	$ 16,070
Non-current		
Prepayments for equipment	$ 3,888	$ 4,025
Refundable deposits	404,982	156,116
Overdue receivables (Note 11)	13,972	13,969
Allowance for impairment loss - Overdue receivables (Note 11)	(13,972)	(13,969)
	$ 408,870	$ 160,141

Refundable deposits

Refundable deposits are mainly paid to suppliers as performance bond.

19. BORROWINGS

a. Short-term borrowings

	December 31, 2020	December 31, 2019
Secured borrowings (Note 36)		
Bank loans (1)	$ 2,060,000	$ 1,805,538
Bank loans - letters of credit (2)	345,108	906,746
	$ 2,405,108	$ 2,712,284

1) The effective weighted average interest rates for bank loans ranged from 0.6035%-0.9371% and 0.85%～4.79% per annum as of December 31, 2020 and December 31,2019, respectively.

2) The effective weighted average interest rate for letters of credit loans was 0.63%-0.86% and 1.09%-2.55% per annum as of December 31, 2020 and December 31, 2019, respectively.

b. Short-term bills payable

	December 31, 2020	December 31, 2019
Commercial paper	$ 190,000	$ 210,000
Less: Unamortized discount on bills payable	-	-
	$ 190,000	$ 210,000

Outstanding short-term bills payable were as follows:

December 31, 2020

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value
Commercial papers	$ 190,000	$ -	$ 190,000

December 31, 2019

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value
Commercial papers	$ 210,000	$ -	$ 210,000

The interest rates on the commercial paper range from 0.908%~0.958% and 0.99% ~1.008% as of December 31, 2020 and 2019 respectively.

c. Long-term borrowings

	December 31, 2020	December 31, 2019
Secured borrowings		
Bank loans	$ -	$ 18,828
Less: Current portion	-	(18,828)
Long-term borrowing	$ -	$ -

The weighted average effective interest rate of the bank borrowings secured by the Group's freehold land and buildings (refer to Note 36) were 1.81% per annum as of September 30, 2020, and December 31, 2019 respectively, and the principal and interests will be repayable monthly until September 30, 2020.

20. Convertible Bond

	December 31, 2020
Domestic unsecured convertible bonds	$ 997,400
Less：Discounts on bonds payable	(30,116)
	$ 967,284

Unsecured Domestic Convertible Bonds - Third Issue

On June 8, 2020, the Company issued 10 thousand NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of $1,000,000 thousand. In addition, the bond is publicly underwritten by bidding auction, the issue price is $101, and the actual total issue amount is $1,020,987 thousand. The annual interest rate of the issuance coupon is 0%, the issuance period is three years, and the maturity date is June 8, 2023.

The major terms are as follows:

a. In the period of circulation from three months after the issuance of the convertible corporate bonds to forty business days before the maturity of the bonds, the Company may notify the bondholders under the conversion measures and redeem all bonds in cash at the nominal amount when the agreed conditions are met.

b. When this convertible bond expires, it will be repaid in cash based on the denomination of the bond.

c. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. The conversion price at issuance was NT$ 34.50, and the conversion price has been adjusted to $32.16 as of December 31, 2020.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The effective interest rate of the liability component was 1.28% per annum on initial recognition.

Proceeds from issuance (less transaction costs of $5,100 thousand)	$ 1,015,887
Equity component (less transaction costs allocated to the equity component of $255 thousand)	(53,332)
Redemption right	100
Liability component on the date of issuance (less transaction costs allocated to the liability component of $4,845 thousand)	962,655

Conversion of corporate bond payable into common shares	(2,516)
Interest charged at an effective interest rate of 1.28%	7,145
Liability component on December 31, 2020	$ 967,284

21. NOTES AND ACCOUNTS PAYABLE

	December 31, 2020	December 31, 2019
Notes payable		
Non-trade	$ 24	$ 30
Accounts payable		
Accounts payable	$ 2,739,476	$ 1,922,778
Accounts payable - related parties	$ 19,899	$ 26,306

Accounts Payable

The average credit period for purchases of certain goods was 30-120 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

22. OTHER LIABILITIES

	December 31, 2020	December 31, 2019
Current		
Other payables		
Accrued commissions	$ 16,505	$ 26,470
Payables for salaries or bonuses	111,170	103,570
Payables for annual leave	17,850	17,000
Payables for compensation of employees and remuneration of directors	62,000	54,900
Subsidiaries' payables for compensation of employees and remuneration of directors	24,700	25,300
Accrued freights	46,662	34,787
Payables for dividends	519	519
Others	125,803	103,251
	$ 405,209	$ 365,797
Contract liability	$ 77,704	$ 104,410
Others		
Refund liability (1)	$ 291,379	$ 218,356
Others	18,227	5,116
	$ 309,606	$ 223,472
Non-current		
Other liabilities		
Guarantee deposits(2)	$ 284,864	$ 60,046

1) Refund liabilities is based on historical experience, management's judgments and other known reasons for which estimated product returns and rebates may occur in the reporting period. Refund liabilities are recognized as a reduction of operating income in the periods in which the related goods are sold.

2) Guarantee deposits

   Guarantee deposits are mainly collected from customers.

23. PROVISIONS

	December 31, 2020	December 31, 2019
Current		
Warranties	$ 3,285	$ 11,164
Non-current		
Warranties	$ 2,239	$ 6,960

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under sale of goods legislation. The estimate had been made on the basis of historic warranty trends, and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Parent Company and subsidiary adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary in China are members of a state-managed retirement benefit plan operated by the government of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plans adopted by the Company and Promate Solutions in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average of monthly salaries of the 6 months before retirement. The Group contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	$ 76,456	$ 73,662
Fair value of plan assets	(28,897)	(26,243)
Net defined benefit liabilities (assets)	$ 47,559	$ 47,419

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance on January 1, 2019	$ 69,598	($ 23,593)	$ 46,005
Service cost			
Service cost of current period	169	-	169
Net interest expense (income)	757	(268)	489
Recognized in loss (profit)	926	(268)	658
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(779)	(779)
Actuarial loss – change in demographic assumptions	307	-	307
Actuarial loss – changes in financial assumptions	2,560	-	2,560
Actuarial loss – experience adjustments	271	-	271
Recognized in other comprehensive loss (gain)	3,138	(779)	2,359
Contributions from employer	-	(1,603)	(1,603)
Balance on December 31, 2019	73,662	(26,243)	47,419
Service cost			
Service cost of current period	150	-	150
Net interest expense (income)	553	(203)	350
Recognized in loss (profit)	703	(203)	500
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(836)	(836)
Actuarial loss – change in demographic assumptions	611	-	611
Actuarial loss – changes in financial assumptions	1,910	-	1,910
Actuarial loss – experience adjustments	(430)	-	(430)
Recognized in other comprehensive loss (gain)	2,091	(836)	1,255
Contributions from employer	-	(1,615)	(1,615)
Balance on December 31, 2020	$ 76,456	($ 28,897)	$ 47,559

The amount recognized as profit or loss for the defined benefit plan is summarized by function as follows:

	For the Year ended December 31	
	2020	2019
Operating cost	$ 26	$ 42
Selling and marketing expenses	313	416
General and administrative expenses	136	160
Research & development expense	25	40
	$ 500	$ 658

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the

defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2020	December 31, 2019
Discount rate(s)	0.50%	0.75%
Expected rate(s) of salary increase	2.00%	2.00%
Death rate	According to the fifth mortality experience table of Taiwan life insurance industry	According to the fifth mortality experience table of Taiwan life insurance industry
Disability rate	According to 10% of expected mortality rate	According to 10% of expected mortality rate

Employee turnover rate

Based on the empirical data of consolidated company on the turnover rate of the Company in the past and the future trend, the revised data were adopted.

The Company

Age	2020	2019
20 years old ~ 30 years old	7%~10%	9%~12.5%
35 years old ~ 60 years old	1%~4%	2%~6%

Promate Solutions

Age	2020	2019
20 years old ~ 30 years old	6%~10%	7%~13%
35 years old ~ 60 years old	2%~4%	0.5%~5%

The turnover rate under 20 years old shall be calculated as 20 years old; the turnover rate of each age group shall be calculated in the way of internal difference.

Voluntary retirement rate

Assuming that Z is the earliest retirement age for individual employees

Age	December 31, 2020	December 31, 2019
Z	15%	15%
Z＋1～64	3%	3%
65	100%	100%

However, the voluntary retirement rate of individual employees shall not be less than 1.5 times of the turnover rate for the same age adopted by the Company.

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31, 2020	December 31, 2019
Discount rate(s)		
0.25% increase	($ 1,916)	($ 1,893)
0.25% decrease	$ 1,992	$ 1,972

	December 31, 2020	December 31, 2019
Expected rate(s) of salary increase		
0.25% increase	$ 1,931	$ 1,916
0.25% decrease	($ 1,867)	($ 1,849)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2020	December 31, 2019
The expected contributions to the plan for the next year	$ 1,653	$ 1,643
The average duration of the defined benefit obligation	9.9～10.2年	9.8～10.7年

25. EQUITY

a. Share capital

Common stock

	December 31, 2020	December 31, 2019
Number of shares authorized (in thousands)	250,000	250,000
Shares authorized	$ 2,500,000	$ 2,500,000
Number of shares issued and fully paid (in thousands)	179,126	179,045
Shares issued	$ 1,791,260	$ 1,790,452

Fully paid ordinary shares, with a par value of NT$10, each of which carries one vote per share and carry a right to receive dividends

Of the Company’s authorized shares, 10,000 thousand shares had been reserved for the issuance of convertible bonds and employee share options.

b. Capital surplus

	December 31, 2020	December 31, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 291,960	$ 291,960
The difference between the consideration received or paid and the carrying amount of the subsidiaries’ net assets during actual disposal of acquisition	45,604	45,604
Conversion of employee stock options	66,208	66,208
Conversion of bonds	438,152	436,444
Less: transfer to capital	(267,199)	(267,199)
Less: cash dividends paid	(73,408)	(73,408)
Less: Treasury stock cancellation	(9,461)	(9,461)

	December 31, 2020	December 31, 2019
	491,856	490,148
May be used to offset a deficit only		
Changes in percentage of ownership interest in subsidiaries (2)	166,292	166,292
May not be used for any purpose	1,250	1,250
Employee share options	53,332	-
Share options on Convertible Bond	54,582	1,250
	$ 712,730	$ 657,690

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors after amendment, refer to employees' compensation and remuneration of directors in Note 27, h.

The Company's dividend policy is formulated according to the Company's capital budget, mid- and long-term operational planning and financial status, as well as by reference to the general level of dividends in the industry and capital markets as the basis for dividend policy. Related earnings can be distributed in the form of stock dividends or cash dividends. However, the percentage of cash dividends shall not be less than 20% of the total dividends. The percentage of cash dividends will be increased when future earnings and funds are more abundant.

A legal reserve should be appropriated from earnings until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset any deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018, which have been approved in the shareholders' meetings on June 15, 2020 and June 14, 2019, respectively, were as follows:

	2019	2018
Legal reserve	$ 46,796	$ 52,197
Special reserve	$ 10,415	$ 245
Cash dividends	$ 408,223	$ 470,889
Cash dividends per share (NT$)	$ 2.28	$ 2.63

The appropriation of earnings for 2020 was proposed by the Company's board of directors on March 24, 2021. The appropriation and dividends per share were as follows:

Legal reserve	$ 53,918
Cash dividends	501,553
Cash dividends per share (NT$)	2.80

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 9, 2021.

d. Special reserves

	For the Year ended December 31	
	2020	2019
Beginning on January 1	$ 4,789	$ 4,544
Appropriations of special reserves		
In respect of debits to other equity items	10,415	245
Balance on December 31	$ 15,204	$ 4,789

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year ended December 31	
	2020	2019
Balance at January 1	($ 4,025)	($ 910)
Recognized during the period		
Exchange differences arising on translating the financial statements of foreign operations	(1,193)	(3,115)
Other comprehensive income recognized for the period	(1,193)	(3,115)
Balance on December 31	($ 5,218)	($ 4,025)

2) Unrealized gain or loss on Financial Assets at FVTOCI

	For the Year ended December 31	
	2020	2019
Balance at January 1	($ 11,180)	($ 3,879)
Recognized for the period		
Unrealized gain (loss) - equity instruments	23,205	(3,991)
Net remeasurement of loss allowance	4,044	(3,217)
Other comprehensive income recognized for the period	27,249	(7,208)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(4,073)	(93)
Balance on December 31	$ 11,996	($ 11,180)

f. Non-controlling interests

	For the Year ended December 31	
	2020	2019
Balance at January 1	$ 360,733	$ 350,190
Share of profit (loss) for the period	68,660	69,827
Other comprehensive income during the period		
Exchange differences arising on translating the foreign operations	1	(7)
Actuarial profit and loss of defined benefit plans	(92)	(96)
Unrealized gain on FVTOCI financial assets	6,674	(905)
Cash dividends distributed by subsidiaries	(64,632)	(58,169)
Increase in non-controlling interests arising from the acquisition of subsidiary.（Note 30）	6,000	-
Non-controlling interests of the acquisition of subsidiary .（Note 31）	-	(107)
Balance on December 31	$ 377,344	$ 360,733

26. REVENUE

	For the Year ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from sale of goods	$ 26,633,714	$ 22,787,507
Revenue from NRE service	58,378	21,244
Revenue from repair	13,012	9,837
	26,705,104	22,818,588
Other operating income		
Service revenue	5,709	5,684
	$ 26,710,813	$ 22,824,272

a. Revenue from contracts with customers

Revenue from the sale of goods

Revenue from the sale of goods mainly comes from the distribution of electronic components and the sale and manufacture of industrial computer monitors and customized products. Goods are categorized into electronic components (application-specific and LCD display products, linear/distributed components, application-specific and image processing ICs) as well as embedded control systems, medical displays, and application-specific display modules (e.g., medical, factory automation, military, outdoor use, and sports equipment). The Group sells goods at the agreed prices stipulated in contracts, quotations or orders.

Service revenue

Service revenue mainly comprises revenue from the design of embedded, medical, and application specific display modules during product development; revenue from customers’ request for repair when defects occur in products that exceed the warranty period; and revenue recognized at the agreed prices stipulated in contracts.

b. Contract balances

	December 31, 2020	December 31, 2019
Notes and accounts receivables (Note 11)	$ 5,584,346	$ 4,171,077
Contract liabilities - current (Note 21)		
Sale of goods	$ 77,704	$ 104,410

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

c. Disaggregation of revenue

For the year ended December 31,2020

	Reportable Segment					
	Application-specific and LCD Display Products	Linear/ Distributed Components	Image Processing ICs	Application-specific ICs	Others	Total
Types of goods or services						
Revenue from the sale of goods	$ 5,386,659	$ 12,039,535	$ 5,636,472	$ 1,930,122	$ 1,640,926	$ 26,633,714
Service revenue	71,390	-	-	-	5,709	77,099
	$ 5,458,049	$ 12,039,535	$ 5,636,472	$ 1,930,122	$ 1,646,635	$ 26,710,813

For the year ended December 31,2019

	Reportable Segment					
	Application-specific and LCD Display Products	Linear/ Distributed Components	Image Processing ICs	Application-specific ICs	Others	Total
Types of goods or services						
Revenue from the sale of goods	$ 5,655,101	$ 9,466,497	$ 4,437,361	$ 1,694,430	$ 1,534,118	$ 22,787,507
Service revenue	36,474	-	-	-	291	36,765
	$ 5,691,575	$ 9,466,497	$ 4,437,361	$ 1,694,430	$ 1,534,409	$ 22,824,272

27. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS AND OTHER COMPREHENSIVE INCOME (LOSS)

a. Interest income

	For the Year ended December 31	
	2020	2019
Interest income		
Bank deposits	$ 3,825	$ 8,254
Financial assets at amortized cost	1,597	1,218
Imputed interest of deposit	22	11
	$ 5,444	$ 9,483

b. Other income

	For the Year ended December 31	
	2020	2019
Rental income		
Other operating lease	$ 288	$ 160
Dividend income		
Financial assets at FVTPL	661	505

Financial assets at FVTOCI	2,825	3,285
	3,486	3,790
Other	3,253	118
	$ 7,027	$ 4,068

c. Other gains and losses

	For the Year ended December 31	
	2020	2019
Gain (loss) on financial instruments		
Mandatorily measured at FVTPL	$ 5,262	($ 365)
Net foreign exchange gains (losses)	(215,711)	(63,476)
Bank charge	(14,126)	(11,899)
Loss on disposal right-of-use assets	-	(8)
Others	5,177	16,142
	($ 219,398)	($ 59,606)

There was no interest capitalization in the Group for the three months ended March 31, 2021 and 2020.

d. Finance costs

	For the Year ended December 31	
	2020	2019
Interest on bank loans	$ 62,789	$ 108,745
Interest on convertible corporate bond	7,145	-
Interest on lease liabilities	4,556	5,538
	$ 74,490	$ 114,283

e. Impairment losses recognized

	For the Year ended December 31	
	2020	2019
Trade receivables	($ 3,983)	($ 535)
Inventories (included in operating costs)	($ 70)	($ 26,727)

f. Depreciation and amortization

	For the Year ended December 31	
	2020	2019
An analysis of deprecation by function		
Operating costs	$ 935	$ 10,328
Operating expenses	61,069	53,871
	$ 62,004	$ 64,199
An analysis of amortization by function		
Operating costs	$ -	$ -
Operating expenses	3,876	4,469
	$ 3,876	$ 4,469

g. Employee benefits expense

	For the Year ended December 31

	2020	2019
Short-term benefits	$ 553,262	$ 531,967
Post-employment benefits		
Defined contribution plans	14,916	23,640
Defined benefit plans (see Note 24)	500	658
	15,416	24,298
Other employee benefits	41,415	31,836
Total employee benefits expense	$ 610,093	$ 588,101
An analysis of employee benefits expense by function		
Operating costs	$ 54,497	$ 54,879
Operating expenses	555,558	533,222
	$ 610,055	$ 588,101

h. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors at the rates 7.5%-10% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

Employees' compensation and the remuneration of directors for the year ended December 31, 2020 and 2019 were approved by the Board of Directors on March 24, 2021 and March 17, 2020, respectively, and are as follows:

Accrual rate

	For the Year ended December 31	
	2020	2019
Employees' compensation	7.5%	7.5%
Remuneration of directors	1.5%	1.5%

Amount

	For the Year ended December 31	
	2020	2019
Employees' compensation	$ 52,000	$ 45,700
Remuneration of directors	10,500	9,900

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gain or loss on foreign currency exchange

	For the Year ended December 31	
	2020	2019
Foreign exchange gains	$ 864,082	$ 1,230,141

Foreign exchange losses	(1,079,793)	(1,293,617)
Net foreign exchange gains and losses	($ 215,711)	($ 63,476)

28. INCOME TAXES RELATING TO CONTINUING

a. Income tax recognized in profit or loss

Major components of tax expense (income) recognized in profit or loss are as follows:

	For the Year ended December 31	
	2020	2019
Current tax		
In respect of the current period	$ 155,730	$ 97,197
Income tax on unappropriated earnings	712	10
Adjustment for prior years	(7,016)	202
	149,426	97,409
Deferred tax		
In respect of the current period	(6,487)	37,613
Income tax expense recognized in profit or loss	$ 142,939	$ 135,022

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year ended December 31	
	2020	2019
Income before income tax	$ 747,615	$ 674,504
Income tax expense calculated at the statutory rate	$ 178,093	$ 134,762
Non-deductible tax loss	525	44
Tax-exempt income	(29,316)	(587)
Surtax on undistributed retained earnings	712	10
Unrecognized deductible temporary difference	(59)	591
Adjustments for prior year	(7,016)	202
Income tax expense recognized in profit or loss	$ 142,939	$ 135,022

b. Income tax expense recognized in other comprehensive income

	For the Year ended December 31	
	2020	2019
Deferred tax		
In respect of current period		
Translating the financial statements of foreign operations	$ 298	$ 782
Actuarial profit and loss of defined benefit plans	251	471
	$ 549	$ 1,253

c. Current tax assets and liabilities

	For the Year ended December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ -	$ 31,567
Prepaid income tax	447	327
	$ 447	$ 31,894
Current tax liabilities		
Income tax payable	$ 75,105	$ 28,879

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax liabilities				
Temporary differences				
Unrealized sales return and allowance	$ 26,827	$ 31,449	$ -	$ 58,276
Impairment loss	5,993	-	-	5,993
Provisions	3,625	(2,520)	-	1,105
Defined benefit obligation	5,019	(222)	251	5,048
Associates	269	-	-	269
Allowance for write-down of inventories	24,907	14	-	24,921
Unrealized foreign exchange losses	4,043	13,178	-	17,221
Exchange differences on translating foreign operations	1,012	(1)	298	1,309
Financial liabilities at FVPL	-	240	-	240
Others	2,494	686	-	3,180
	$ 74,189	$ 42,824	$ 549	$ 117,562
Deferred tax assets				
Temporary differences				
Unrealized exchange gains	($ 3)	$ 3	$ -	$ -
Associates	(7,094)	(3,881)	-	(10,975)
Unrealized purchase allowance	(103,048)	(32,487)	-	(135,535)
Others	(384)	28	-	(356)
	($ 110,529)	($ 36,337)	$ -	($ 146,866)

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax liabilities				
Temporary differences				
Unrealized sales return and allowance	$ 19,057	$ 7,770	$ -	$ 26,827
Impairment loss	5,993	-	-	5,993
Provisions	5,403	(1,778)	-	3,625
Defined benefit obligation	4,737	(189)	471	5,019
Associates	230	39	-	269
Allowance for write-down of inventories	19,544	5,363	-	24,907
Unrealized foreign exchange losses	727	3,316	-	4,043
Exchange differences on translating foreign operations	230	-	782	1,012
Others	2,375	119	-	2,494
	$ 58,296	$ 14,640	$ 1,253	$ 74,189

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized exchange gains	($ 82)	$ 79	$ -	($ 3)
Associates	(6,901)	(193)	-	(7,094)
Unrealized purchase allowance	(50,733)	(52,315)	-	(103,048)
Others	(560)	176	-	(384)
	($ 58,276)	($ 52,253)	$ -	($ 110,529)

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2020	December 31, 2019
Loss carryforwards		
Expiry in 2022	$ 504	$ 778
Deductible temporary differences	$ 74	$ 8,563

f. Income tax assessments

The tax returns of the Company through 2018 have been assessed and cleared by the tax authorities.

The tax returns of Promate Solutions Corporation through 2018 have been assessed and cleared by the tax authorities.

29. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year ended December 31	
	2020	2019
Basic earnings per share	$ 2.99	$ 2.62
Diluted earnings per share	$ 2.99	$ 2.62

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Period

	For the Year ended December 31	
	2020	2019
Income for the period attributable to owners of the Company	$ 536,016	$ 469,655
Earnings used in the computation of basic earnings per share	$ 536,016	$ 469,655
Effect of potentially dilutive ordinary shares:		

The after-tax interest of convertible bonds	5,716	-
Earnings used in the computation of diluted earnings per share	$ 541,732	$ 469,655

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year ended December 31	
	2020	**2019**
Weighted average number of ordinary shares in computation of basic earnings per share	179,059	179,045
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,984	1,746
Corporate bond	17,607	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	198,650	180,791

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonus would be settled in shares, and if the resulting potential shares have a dilutive effect, these shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

30. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
CT Continental Corporation	Agent distribution of computers and peripheral devices	June 15, 2020	50%	$ 6,000

The Group acquired CT Continental Corporation in order to expand its agent distribution of computers and peripheral devices.

b. Consideration transferred

	CT Continental Corporation
Cash	$ 6,000

c. Assets acquired and liabilities assumed at the dates of acquisitions

	CT Continental Corporation
Current assets	
Cash and cash equivalents	$ 8,710
Accounts receivable and other receivables	69
Prepayments	1,563
Noncurrent assets	
Property, plant, and equipment	8,884
Refundable deposits	130

Current liabilities	
Other payables	(68)
Others	(7,094)
Noncurrent liabilities	
Guarantee deposits received	(194)
	$ 12,000

The original accounting treatment for the acquisition of CT Continental Corp. on the balance sheet date is adopted temporarily. For the purpose of taxation, the taxation basis of CT Continental Corp.'s assets must be re-determined in accordance with the market value of such assets.

The Group's net value of accounts receivable and payable from sales to other customers through CT Continental Corp. as of December 31, 2020 was NT$1,076,857 thousand.

d. Non-controlling interests

The non-controlling interest (50% in CTC) recognized on the acquisition date was measured with reference to the fair value of the non-controlling interest in the amount of $12,000 thousand.

e. Net cash inflow on acquisitions of subsidiaries

	CT Continental Corp
Consideration paid in cash	($ 6,000)
Less: Cash and cash equivalent balances acquired	8,710
	$ 2,710

f. Impact of acquisitions on the results of the Group

The results of the acquisition since the acquisition date included in the consolidated statements of comprehensive income were as follows:

	CT Continental Corp
Revenue	$ 15,250
Profit	$ 412

Had these business combinations been in effect at the beginning of the annual reporting period, the Group's revenue from continuing operations would have been NT$26,712,703 thousand, and the profit from continuing operations would have been NT$605,411 thousand for the year ended December 31, 2020. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2020 nor is it intended to be a projection of future results.

When hypothetical operating income and net profit are prepared if the Group acquires CTC from the beginning of the fiscal year to which the acquisition date belongs, the management has taken the following factors into consideration:

1) The fair value of the plant and property at the time of original accounting treatment for the merger is adopted as the basis for depreciation calculation, rather than the carrying value recognized in the financial statements before the acquisition;

2) The Group's capital status, credit rating, and debt-to-equity ratio after the merger are adopted as the basis for estimation of the borrowing cost.

31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

a. For the year ended December 31,2019

In January 2019, the Group acquired interest of Promate Solutions Corporation., thereby increasing its interest from 66.20% to 66.21%.

The above transaction was accounted for as an equity transaction since the Group did not cease to have control over the subsidiary.

	Promate Solutions Corporation
	For the year ended December 31,2020
Cash consideration received (paid)	($ 226)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	107
Differences recognized to equity transactions	($ 119)

Line items adjusted for equity transactions	**Promate Solutions Corporation** For the year ended December 31,2020 2019
Capital surplus - difference between consideration received or paid and carrying amount of the subsidiaries' net assets during actual disposal or acquisition	($ 119)

b. For the year ended December 31,2020

In June 2020, the Group subscribed for additional new shares of CT Continental Corp, and increased its shareholding ratio from 50% to 90%.

	CT Continental Corporation For the Year Ended December 31, 2020
Cash consideration received (paid)	($ 48,000)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to (from) non-controlling interests	48,000
Differences recognized to equity transactions	$ -

32. CASH FLOW INFORMATION

a. Non-cash transaction

For the year ended December 31, 2020 and 2019, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

1) The Group reclassified prepayments for equipment in the amount of NT$17,312 and NT$3,026 thousand to property, plant and equipment for the year ended December 31, 2020 and 2019, respectively.

2) The Group reclassified long-term borrowings amounting to NT$0 thousand and NT$18,828 thousand to the current portion of long-term borrowings for the year ended December 31, 2020 and 2019, respectively.

b. Reconciliation of liabilities arising from financing activities

For the year ended December 31, 2020

			Non-cash Changes		
	Balance as of January 1, 2020	**Cash Flows**	**Changes in Foreign Currency Exchange Rates**	**Others**	**Balance on December 31, 2020**
Short-term borrowings	$ 2,712,284	($ 298,952)	($ 8,224)	$ -	$ 2,405,108
Short-term bills payable	210,000	(20,000)	-	-	190,000
Long-term borrowings	18,828	(18,828)	-	-	-
Guarantee deposits received	60,046	224,624	-	194	284,864
Lease liabilities	136,294	(38,840)	-	8,982	106,436
	$ 3,137,452	($ 151,996)	($ 8,224)	$ 9,176	$ 2,986,408

For the year ended December 31, 2019

	Balance as of January 1, 2019	Cash Flows	Non-cash Changes: Changes in Foreign Currency Exchange Rates	Others	Balance on December 31, 2019
Short-term borrowings	$ 1,986,452	$ 746,066	($ 20,234)	$ -	$ 2,712,284
Short-term bills payable	70,000	140,000	-	-	210,000
Long-term borrowings	45,567	(26,739)	-	-	18,828
Guarantee deposits received	12,692	47,354	-	-	60,046
Lease liabilities	163,454	(37,085)	-	9,925	136,294
	$ 2,278,165	$ 869,596	($ 20,234)	$ 9,925	$ 3,137,452

33. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

Adopting a prudent risk management strategy and regularly reviewing the strategy, the Group engages in overall planning based on business development strategies and operational needs, in order to determine the appropriate capital structure of the Group.

The Group is not subject to any externally imposed capital requirements.

34. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

December 31, 2020

	Carrying Amount	Fair Value: Level 1	Level 2	Level 3	Total
Financial assets					
Financial liabilities at amortized cost:					
Foreign repurchase agreements	$ 114,314	$ -	$ 114,314	$ -	$ 114,314
Financial liabilities					
Financial liabilities at amortized cost:					
Convertible bond	967,284	997,400	-	-	997,400

The Level 2 and Level 3 fair value measurements above are determined by discounted cash flow analysis based on the income approach. The significant unobservable inputs used in Level 3 fair value measurements reflect the discount rates of counterparty credit risk.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-Derivative financial instruments				
Domestic listed shares	$ 19,275	$ -	$ -	$ 19,275
Derivative financial instruments				
Redemption option on convertible bonds	-	100	-	100
	$ 19,275	$ 100	$ -	$ 19,375
Financial assets at FVTOCI				
Investments in equity				
Domestic listed shares	$ 76,035	$ -	$ -	$ 76,035
Domestic unlisted shares and domestic emerging market shares	-	-	2,398	2,398
	$ 76,035	$ -	$ 2,398	$ 78,433

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-Derivative financial instruments				
Domestic listed shares	$ 4,560	$ -	$ -	$ 4,560
Financial assets at FVTOCI				
Investments in equity				
Domestic listed shares	$ 30,505	$ -	$ -	$ 30,505
Domestic unlisted shares and domestic emerging market shares	-	-	1,945	1,945
	$ 30,505	$ -	$ 1,945	$ 32,450

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2020

	Financial Assets at FVTOCI
	Equity Instruments
Balance at January 1, 2020	$ 1,945
Purchases	453
Recognized in other comprehensive income	-
Balance at December 31, 2020	$ 2.398
Unrealized gain (loss) for the current year included in profit or loss relating to assets held at the end of the year	$ -

For the year ended December 31, 2019

	Financial Assets at FVTOCI
	Equity Instruments
Balance at January 1, 2019	$ 1,945
Purchases	-
Recognized in other comprehensive income	-
Balance at December 31, 2019	$ 1,945
Unrealized gain (loss) for the current year included in profit or loss relating to assets held at the end of the year	$ -

3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Input
Factored accounts receivables	Discounted cash flow method: discounted at a discount rate that reflects the current borrowing rate at the end of the period.
Redemption option on convertible bonds	Discounted cash flow method: estimated future cash flow based on stock price volatility and annual bond yield in the most recent year.
Derivative financial instruments- FX Swap contract	Discounted cash flow method: Estimate the future cash flow according to the observable forward exchange rate on the balance sheet date and the exchange rate stipulated in the contract, and discount them respectively at the discount rate that can reflect the credit risk of each counterpart

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The Group measures the fair value of its investments on domestic unlisted shares by using the market approach. The judgment is based on the industry type, the evaluation of the same type of company and the company's operating situation.

c. Categories of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 19,375	$ 4,560
Financial assets at amortized cost (Note 1)	8,970,429	6,598,264
Financial assets at FVTOCI		
Equity instruments	78,433	32,450
Debit instruments	623,283	576,586
Financial liabilities		
Measured at amortized cost (Note 2)	7,011,864	5,316,069

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, notes and accounts receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term loans, short-term bills payable, notes and accounts payable, other payables, bonds payable, long-term loans and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity and debit investments, accounts receivables, accounts payables, borrowings and lease liabilities. The Group's Corporate Treasury monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price risk (see (c) below).

a) Foreign currency risk

The Company and its subsidiaries had foreign currency sales and purchases, which exposed the Group to foreign currency risk. The Group manages the risk that fluctuations in foreign currency could have on foreign-currency denominated assets and future cash flow by using forward exchange contracts, which was governed by the Group's policies

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 39.

Sensitivity analysis

The Group was mainly exposed to the U.S. dollar

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The 1% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusted their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pretax profit and other equity associated with the 1% strengthening of the New Taiwan dollar against the relevant currency. For a 1% weakening of New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	U.S. Dollar Impact	
	For the Year ended December 31	
	2020	**2019**
Profit or loss	$ 42,139 (i)	$ 26,017 (i)

i. This was mainly attributable to the exposure outstanding on U.S. dollar-denominated accounts receivables, accounts payables and loans, which were not hedged at the end of the reporting period

The Group's sensitivity to foreign currency increased during the current year mainly due to the increase of accounts receivable balance in the USD.

In management's opinion, the sensitivity analysis did not reflect the inherent exchange rate risk because the exposure at the end of the year did not reflect the exposure during the period.

b) Interest rate risk

The Group evaluates hedging activities regularly to align with interest rate views and defined risk appetite and ensures that the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows.

	December 31, 2020	**December 31, 2019**

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
Financial assets	$ 384,411	$ 440,374
Financial liabilities	1,157,284	210,000
Cash flow interest rate risk		
Financial assets	1,880,482	1,185,868
Financial liabilities	2,405,108	2,731,112

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For floating-rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profits for the years ended December 31, 2020 and 2019 would decrease/increase by NT$2,623 thousand and NT$7,726 thousand, respectively, mainly attributable to the Group's exposure to the floating-interest rates on bank borrowings and bank deposits

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and beneficiary certificates. The Group manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Group has appointed a special team to monitor the price risk and evaluate when it is necessary to increase the risk aversion position.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had fluctuated by 3%, the pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $581 thousand and $137 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2020 and 2019 would have increase/decreased by $2,353 thousand and $974 thousand as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterpart will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be mainly from the following:

a) The carrying amount of the financial assets recognized in the balance sheets; and

b) The maximum amount payable by the Group due to financial guarantees provided by the Group, regardless of possibility.

Financial assets are potentially affected by the failure of the Group's counterparties to fulfill their contractual obligations. The Group's credit risk is evaluated based on contracts whose fair value at the end of the financial reporting period is positive. The Group's counterparties are financial institutions and companies with sound credit ratings. The Group has a dedicated unit that regularly monitors counterparty credit exposure levels every year, so no significant credit risk is expected.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts.

The maximum credit exposure of the Group is the net carrying amount of financial assets after deducting the amount that can be offset against each other and the impairment loss recognized in accordance with the regulations without considering collateral and other credit enhancement policies.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group's available unutilized bank loan facilities set out in section (b) below.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on agreed repayment dates.

To the extent that interest flows are floating, the undiscounted amount was derived from the yield curve at the end of the year.

December 31, 2020

	Less Than 1 Year	2-3 Years	4-5 Years	Over 5 Years
Non-derivative financial liabilities				
Short-term borrowings	$2,425,156	$ -	$ -	$ -
Short-term bills payable	190,000	-	-	-
Notes and accounts payables	2,759,399	-	-	-
Other payables	405,209	-	-	-
Lease liabilities	37,197	72,012	7,101	-
Refund liability	291,379	-	-	-
Bond payable	-	997,400	-	-
	$6,108,340	$1,069,412	$ 7,101	$ -

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1-5 years	Over 5 years
Lease liabilities	$ 37,197	$ 79,113	$ -

December 31, 2019

	Less Than 1 Year	2-3 Years	4-5 Years	Over 5 Years
Non-derivative financial liabilities				
Short-term borrowings	$2,752,723	$ -	$ -	$ -

Short-term bills payable	210,000	-	-	-
Notes and accounts payables	1,949,114	-	-	-
Other payables	365,797	-	-	-
Lease liabilities	37,035	36,180	70,050	-
Refund liability	218,356	-	-	-
Long-term borrowings	19,168	-	-	-
	$5,552,193	$ 36,180	$ 70,050	$ -

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1-5 years	Over 5 years
Lease liabilities	$ 37,035	$ 106,230	$ -

b) Financing facilities

	December 31, 2020	December 31, 2019
Unsecured bank overdraft facilities		
Amount used	$ 3,187,442	$ 3,703,970
Amount unused	4,875,502	4,207,643
	$ 8,062,944	$ 7,911,613
Secured bank borrowings facility		
Amount unused	$ -	$ 18,828

e. Transfers of financial assets

Factored accounts receivables were as follows:

December 31, 2020

Counter-parties	Balance at January 1	Receivables Factoring Proceeds	Cash Received	Advances Received - Used	Balance at March 31	Credit Lines
Bank SinoPac	$ 227,376	$ 3,725,646	($ 371,908)	($ 3,328,749)	$ 252,365	USD 54,000
	USD 7,672	USD 126,082	(USD 12,641)	(USD 112,211)	USD 8,902	
Taishin International Bank	160,591	2,483,350	(213,557)	(2,314,315)	116,069	$ 1,283,000
	USD 5,433	USD 83,824	(USD 7,241)	(USD 77,921)	USD 4,095	
Chang Hwa Bank	13,100	540,523	(216,592)	(320,494)	16,537	USD 6,000
	USD 441	USD 18,263	(USD 7,559)	(USD 10,563)	USD 582	
E.Sun Bank	71,980	1,366,675	(172,498)	(1,185,485)	80,672	USD 21,000
	USD 2,427	USD 46,021	(USD 5,872)	(USD 39,730)	USD 2,846	
HSBC Bank	103,539	1,196,122	(288,122)	(853,899)	157,640	USD 12,000
	USD 3,487	USD 40,333	(USD 9,908)	(USD 28,355)	USD 5,557	
	$ 576,586	$ 9,312,316	($ 1,262,677)	($ 8,002,942)	$ 623,283	
	USD 19,460	USD 314,523	(USD 43,221)	(USD 268,780)	USD 21,982	

December 31, 2019

Counter-parties	Balance at January 1	Receivables Factoring Proceeds	Cash Received	Advances Received - Used	Balance at March 31	Credit Lines
Bank SinoPac	$ 90,717	$ 2,415,900	($ 233,598)	($ 2,045,643)	$ 227,376	$ 910,000
	USD 2,954	USD 78,079	(USD 7,558)	(USD 65,803)	USD 7,672	
Taishin International Bank	92,461	2,299,881	(225,095)	(2,006,656)	160,591	$ 1,283,000
	USD 3,010	USD 74,342	(USD 7,301)	(USD 64,618)	USD 5,433	
Chang Hwa Bank	8,068	262,114	(26,267)	(230,815)	13,100	$ 98,934
	USD 263	USD 8,467	(USD 851)	(USD 7,438)	USD 441	
E.Sun Bank	13,164	1,189,107	(108,005)	(1,022,286)	71,980	$ 494,670
	USD 429	USD 38,493	(USD 3,500)	(USD 32,995)	USD 2,427	
HSBC Bank	61,776	1,125,658	(64,436)	(1,019,459)	103,539	$ 449,700
	USD 2,011	USD 36,367	(USD 2,088)	(USD 32,803)	USD 3,487	
	$ 266,186	$ 7,292,660	($ 657,401)	($ 6,324,859)	$ 576,586	
	USD 8,667	USD 235,748	(USD 21,298)	(USD 203,657)	USD 19,460	

The above credit lines may be used on a revolving basis.

The effective weighted average interest rates for factoring ranged from 0.77%-2.8541% for the year ended December 31, 2020, and 2.33%-3.875% for the year ended December 31, 2019.

Pursuant to the factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Company, while losses from credit risk are borne by banks

Refer to Note 37 for information on the use of promissory notes provided by the Group as collateral for the sale of accounts receivable.

35. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are the related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. The details of transactions between the Group and other related parties are disclosed below.

a. Names and categories of related parties

Name	Related Party Categories
Weikeng Industrial Co., Ltd.	Substantive related party
Prosperity Venture Capital I, Limited	Substantive related party
CT Continental Corp.	Substantive related party (became subsidiary since June 15, 2020)
HIGGSTEC Inc.	The management – The company is a corporate director of the entity.

b. Sales of goods

Line Items	Related Party Categories/Name	For the Year ended December 31 2020	2019
Sales	Substantive related parties	$ 12,398	$ 6,817
	The management	2,284	975
		$ 14,682	$ 7,792

c. Purchases of goods

Related Party Categories/Name	For the Year ended December 31 2020	2019
Substantive related parties	$ 75,171	$ 58,016
The management	12,494	10,828
	$ 87,665	$ 68,844

The related-party transactions were conducted under normal terms.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31, 2020	December 31, 2019
Accounts receivable	Substantive related parties- others	$ 2,180	$ 1,718
	Substantive related parties- CT Continental Corp.	-	664,490
	The management	14	-
		$ 2,194	$ 666,208

The revenue from sales to other customers through CT Continental Corp. for the years ended December 31, 2020 and 2019 were NT$2,021,187 thousand, and NT$1,495,635 thousand respectively.

Its accounts receivable as of December 31, 2020 was NT$1,076,857 thousand. The Company acquired CT Continental Corporation as a subsidiary on June 15, 2020. All inter-company transactions have been eliminated from consolidation, please see Table 5 in Note 40.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31, 2020	December 31, 2019
Accounts payables	Substantive related parties	$ 17,985	$ 24,035
	The management	1,914	2,271
		$ 19,899	$ 26,306

The outstanding accounts payables to related parties are unsecured.

f. Lease arrangements - the Group is lessee

Acquisition of right-of-use assets

Related Party Categories/Name	For the Year ended December 31 2020	2019
Acquisition of right-of-use assets		
Substantive related parties	$ -	$ -

Lessor	Location	Lease term and Payment Method
Weikeng Industrial Co., Ltd.	Office building on Huanshan Road, Neihu District	The lease term begins on January 1, 2016 and ends on December 31, 2020. Rent is paid every six months, where the monthly rent is NT$65,000.

Line Item	Related Party Category/Name	December 31, 2020	December 31, 2019
Lease liabilities	Substantive related parties	$ 3,441	$ 3,392
Lease liabilities - non-current	Substantive related parties	6,877	10,166
		$ 10,318	$ 13,558

Related Party Categories/Name	For the Year ended December 31	
	2020	2019
Interest expense		
Substantive related parties	$ 329	$ 424

Lease expense

Lessor	Location	Lease Term and Payment Method	For the Year ended December 31	
			2020	2019
CT Continental Corp	Office building on Huanshan Road, Neihu District	The lease term begins on March 1, 2017 and ends on February 28, 2019.	$ -	$390

g. Lease arrangements - the Group is lessor

Operating leases

Lessor	Location	Lease Term and Payment Method	For the Year ended December 31	
			2020	2019
Prosperity Venture Capital I, Limited	Office building on Huanshan Road, Neihu District	The lease term begins on March 1, 2017 and ends on February 28, 2019, and then begins on March 1, 2019 and ends on February 28, 2021. Rent is paid every six months.	$ 20	$ 24

h. Acquisition of financial instruments

Related Party Categories/Name	Line Item	Number of shares	Transaction subject	Amount
Prosperity Venture Capital I, Limited	Investments in equity instruments at FVTOCI- non current	819	Medimaging Integrated Solution Inc.	$ 15
		48,645	Tricorntech Corp.	438
				$ 453

i. Other transactions with related parties

1) Other revenue

Line Items	Related Party Categories/Name	For the Year ended December 31	
		2020	2019
Other revenue	The management	$ 153	$ -

2) Operating expense

Line Items	Related Party Categories/Name	For the Year ended December 31 2020	2019
Research and development fee	Substantive related parties	$ 424	$ 567
	The management	1,033	603
Other Operating Expenses	Subsidiaries	2,315	1,825
		$ 3,772	$ 2,995

j. Other transactions with related parties

Due to business needs, the company purchased 600,000 shares of CT Continental Corp. from the chairman at NT$10 per share and total price is NT$ 6 million, The proposition was presented on the third board of directors' meetings in 2020, and the chairman left due to avoidance of interests. The case was passed unanimously by other directors.

k. Compensation of key management personnel

Line Items	For the Year ended December 31 2020	2019
Short-term employee benefits	$ 69,777	$ 75,777
Other long-term employee benefits	820	817
	$ 70,597	$ 76,594

The remuneration of directors and key executives is determined by the remuneration committee based on the performance of individuals and market trends.

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31, 2020	December 31, 2019
Land	$ 202,723	$ 186,047
Buildings	118,794	98,838
Financial assets at amortized cost	2,278	2,423
	$ 323,795	$ 287,308

The land and buildings above have been pledged as collateral for bank loans. The Group may not use the pledged assets as collateral for other loans or sell them to other companies.

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. Significant commitments

1) As of December 31, 2020 and 2019, unused letters of credit for purchases of inventories were as follows:.

	December 31, 2020	December 31, 2019
USD	$ 598	$ 1,222
NTD	150,000	300,000

2) As of December 31, 2020 and 2019, the Group had issued promissory notes for the facilities of bank loans, the facilities of accounts receivables factoring and for purchase of inventories amounted to $903,000 thousand and $753,000 thousand, respectively.

3) As of December 31, 2020 and 2019, the Group has issued letters of guarantee for purchase of inventories amounted to $218,796 thousand and $219,015 thousand, respectively.

4) As of December 31, 2020 and 2019, the Group has all issued letters of guarantee for tariff guarantee amounted to $22,000 thousand.

5) As of December 31, 2020 and 2019, commitment for acquisition of property, plant and equipment were as follows:

	December 31, 2020	December 31, 2019
Contract amount	$ 11,380	$ 12,897
Paid amount	(3,888)	(4,025)
Unpaid amount	$ 7,492	$ 8,872

b. Contingent liabilities: None

38. GNIFICANT EVENTS AFTER THE BALANCE SHEET DATE: NONE

39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2020

Unit: In Thousands for Currencies, Except Exchange Rates

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 284,263	28.48 (USD:NTD)	$ 8,095,815
CNY	2,659	4.3777 (CNY:NTD)	11,637
CNY	76	1.19215 (CNY:HKD)	333
CNY	1,758	0.15369 (CNY:USD)	7,696
HKD	2,415	3.673 (HKD:NTD)	8,869
HKD	27	0.12897 (HKD:USD)	101
EUR	168	35.02 (EUR:NTD)	5,869
JPY	585	0.2763 (JPY:NTD)	162
			$ 8,130,482
Nonmonetary items			
Investments accounted for using the equity			
USD	21	28.48 (USD:NTD)	$ 645
Financial liabilities			
Monetary items			
USD	136,304	28.48 (USD:NTD)	$ 3,881,930

	Foreign Currencies	Exchange Rate	Carrying Amount
USD	6,424	6.5067 (USD:CNY)	182,943
CNY	86	4.377 (CNY:NTD)	375
CNY	187	1.19215 (CNY:HKD)	819
HKD	1,264	3.673 (HKD:NTD)	4,643
EUR	10	35.02 (EUR:NTD)	340
			$ 4,071,050

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 203,262	29.98 (USD:NTD)	$ 6,093,806
CNY	1,428	4.305 (CNY:NTD)	6,146
CNY	155	1.0989 (CNY:HKD)	667
CNY	1,727	0.1414 (CNY:USD)	7,433
HKD	904	3.849 (HKD:NTD)	3,479
EUR	119	33.59 (EUR:NTD)	3,998
GBP	86	39.36 (GBP:NTD)	3,392
			$ 6,118,921
Nonmonetary items			
Investments accounted for using the equity			
USD	155	29.98 (USD:NTD)	$ 4,693
Financial liabilities			
Monetary items			
USD	116,482	29.98 (USD:NTD)	$ 3,492,139
USD	3,722	6.964 (USD:CNY)	111,574
CNY	219	4.305 (CNY:NTD)	941
CNY	250	1.0989 (CNY:HKD)	1,077
HKD	1,209	3.849 (HKD:NTD)	4,652
			$ 3,610,383

The Group is mainly exposed to the USD and CNY The following information was aggregated by the functional currencies of the entities of the Group, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year ended December 31			
	2020		2019	
Functional Currencies	Exchange Rate	Net Foreign Exchange (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	($ 225,298)	1 (NTD:NTD)	($ 55,821)
CNY	4.377 (CNY:NTD)	9,809	4.305 (CNY:NTD)	(8,052)
HKD	3.673 (HKD:NTD)	(222)	3.894 (HKD:NTD)	397
		($ 215,711)		($ 63,476)

40. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. information on investees:

1) Financing provided to others. (None)

2) Endorsement/guarantee provided. (Table 1)

3) Marketable securities held. (Table 2)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

9) Trading in derivative instruments. (Table 7)

10) Significant transactions between the Company and subsidiaries. (Table 5)

b. Information of investees. (Table 6)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 7)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (Table 8)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

d. Information of major shareholders. (Table 9)

41. SEGMENT INFORMATION

Information reported to the chief operating decision maker (“CODM”) for the purpose of resource allocation and assessment of segment performance focuses on the area of operations. The Group’s segment information which is disclosed is as follows:

China region:

Manufacturing and distribution agents established in Mainland China and Hong Kong, including Happy On Supply Chain Management Limited, Promate Electronic (Shenzhen) Co., Ltd., and Promate Electronic (Shanghai) Company Limited.

Non-China region:

Manufacturing and distribution agents established outside Mainland China and Hong Kong, including the Company, Promate Solutions Corporation, CT Continental Corporation, Promate Japan Inc., and Promate Electronics Company USA.

The CODM considers manufacturing and distribution agent as a separate operating segment. But for financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment, taking into account the following factors:

1) These operating segments have customers with similar risks;

2) These operating segments have the same method of product delivery to customers.

a. Segment Revenues and Operating Results

Analysis by reportable segment of revenues and operating results of continuing operations was as follows:

	For the Year ended December 31, 2020		
	China Region	Non-China Region	Total
Segment revenue	$ 8,191,814	$ 18,518,999	$ 26,710,813
Segment income	$ 244,700	$ 787,781	$ 1,032,481
Interest income			5,444
interest expenses			(74,490)
Share of loss of associates			(3,449)
Net foreign exchange gains (losses)			(215,711)
Other gains and losses			3,340
Profit before income tax			$ 747,615

	For the Year ended December 31, 2019		
	China Region	Non-China Region	Total
Segment revenue	$ 6,860,267	$ 15,964,005	$ 22,824,272
Segment income	$ 208,752	$ 626,390	$ 835,142
Interest income			9,483
interest expenses			(114,283)
Share of loss of associates			(300)
Net foreign exchange gains (losses)			(63,476)
Other gains and losses			7,938
Profit before income tax			$ 674,504

The above revenues were generated through transactions with external customers and among segments. The inter-segment revenues for the years ended December 31, 2020 and 2019 had been adjusted and eliminated from the consolidated financial statements.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' and supervisors' salaries, share of profits of associates, gain recognized on the disposal of interest in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment assets and liabilities

	December 31, 2020	December 31, 2019
Segment assets		
Operating operation segments		
China region	$ 2,089,654	$ 1,416,070
Non-China region	6,962,323	6,588,988
Total segment assets	9,051,977	8,005,058
Unallocated assets	2,992,423	2,018,479
Consolidated total assets	$ 12,044,400	$ 10,023,537

Segment liabilities

Operating operation segments

	December 31, 2020	December 31, 2019
China region	$ 229,790	$ 169,330
Non-China region	3,004,136	2,109,499
Total segment liabilities	3,233,926	2,278,829
Unallocated liabilities	4,546,738	3,706,367
Consolidated total liabilities	$ 7,780,664	$ 5,985,196

For the purpose of monitoring segment performance and allocating resources between segments:

1) The reportable departments are assessed for performance primarily on the basis of receivables, inventories and immovable property, plant and equipment held and used by them, with no allocation of the remaining assets; and

2) All liabilities other than borrowings, other financial liabilities and current and deferred income tax liabilities are allocated to reportable segments. Liabilities shared by reportable segments are apportioned in proportion to the department assets.

c. Revenue from sales of products and services

The Group's operating segment's revenue from sales of products and services are as follows:

	For the Year Ended December 31	
	2020	2019
Application specific and LCD Display Products	$ 5,458,049	$ 5,691,575
Linear/Distributed Components	12,039,535	9,466,497
Image Processing ICs	5,636,472	4,437,361
Application specific ICs	1,930,122	1,694,430
Others	1,646,635	1,534,409
	$ 26,710,813	$ 22,824,272

d. Geographic information

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2020	2019
Asia	$ 24,450,451	$ 20,689,548
America	1,541,893	1,623,433
Europe	715,473	505,605
Other	2,996	5,686
	$ 26,710,813	$ 22,824,272

e. Information about main customers

No single customers contributed 10% or more to the Group's revenue for the years ended December 31, 2020 and 2019.

TABLE 1

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Collateral/ Guarantee Amounts Allowable (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	Promate Electronic Co., Ltd. and subsidiaries	Promate Electronic (Shenzhen) Co., Ltd.	(1)	$1,360,237	$ 26,370	$ 26,262	$ -	$ -	0.68	$1,943,196	Y	N	Y
		Promate Electronic (Shanghai) Co., Ltd	(1)	1,360,237	95,555	52,524	-	-	1.35	1,943,196	Y	N	Y
1	Promate Electronic (Shanghai) Co., Ltd	Promate Electronic (Shenzhen) Co., Ltd.	(2)	1,360,237	27,618	26,262	-	26,262	0.68	1,943,196	N	N	Y

Note 1：The 2 types of relationship between a guarantor and a guarantee are set out as follows:

(1) Companies in which the Company directly and indirectly holds more than 50 % of the voting shares.

(2) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares

.

Note 2：The endorsement/guarantee limit is determined by the Company in accordance with Articles 36 and 38 of the Securities and Exchange Act and Operational Procedures for Endorsements/Guarantees resolved by the shareholders' meeting: the total amount of endorsement/guarantee provided by the Company shall not exceed 50% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall not exceed 35% of the net worth of the current period.

(1)According to the above regulations, aggregate Endorsement/Guarantee Limit: shall not exceed forty percent (50%) of net worth NT$3,886,392 (in thousands) × 50% = $1,943,196 (in thousands).
(2)According to the above regulations, limits on Endorsement/Guarantee Given on Behalf of Each Party: Shall not exceed thirty percent (35%) of net worth NT$3,886,392 (in thousands) × 35% = $1,360,237 (in thousands).

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Promate Electronic Co., Ltd. and subsidiaries	Ordinary shares							
	Higgstec Inc.	None	Financial assets at fair value through other comprehensive income - noncurrent	789,000	$ 32,428	-	$ 32,428	Publicly traded stocks
	Jam Technologies, Inc.	〃	〃	77,821	-	Preferred	-	Non-publicly traded equity investment
	Always Positive Solar Silicon, Inc.	〃	〃	525,000	-	Preferred	-	〃
	MiTAC Inc. (Claridy Solutions, Inc.)	〃	〃	18,140	-	0.01	-	〃
	Easycard Corporation	〃	〃	8,889	-	12.70	-	〃
	uPI Semiconductor Corp.,	〃	〃	56,080	1,009	-	1,009	〃
	Medimaging Integrated Solution Inc.	〃	〃	52,819	951	-	951	〃
	TricornTech Taiwan Corporation			48,645	438	-	438	〃
Promate Solutions Corporation.	Higgstec Inc.	〃	〃	1,061,000	43,607	-	43,607	Publicly traded stocks
					$ 78,433			
Promate Electronic Co., Ltd. and subsidiaries	Ordinary shares:							
	KO JA (CAYMAN) CO., LTD.	None	Financial assets at fair value through profit or loss - current	40,000	$ 5,260	-	5,260	Publicly traded stocks
	Zhong Yang Technology Co. Ltd.			30,000	1,662	-	1,662	
Promate Solutions Corporation.	PACIFIC HOSPITAL SUPPLY CO., LTD.	〃	〃	9,598	672	-	672	〃
	Great Tree Pharmacy Co., Ltd.	〃	〃	5,352	512	-	512	〃
	Power Wind Health Industry Incorporated.	〃	〃	1,256	198	-	198	〃
	M.J. International Co., Ltd.	〃	〃	2,000	129	-	129	〃
	Global Lighting Technologies (Cayman), Inc.	〃	〃	35,000	3,920	-	3,920	〃
	KO JA (CAYMAN) CO., LTD.	〃	〃	40,000	5,260	-	5,260	〃
	Zhong Yang Technology Co. Ltd.	〃	〃	30,000	1,662	-	1,662	〃
					$ 19,375			
Promate Electronic Co., Ltd. and subsidiaries	Time deposit with an original maturity of more than three months	〃	Financial assets at amortized cost - current	USD 80	$ 2,278	-	$ 2,278	
Promate Solutions Corporation.	Foreign debt instruments:							
	PERTAMINA	〃	〃	USD1,001	28,515	-	28,515	
	CITIC Group Corporation Ltd.	〃	〃	USD1,008	28,715	-	28,715	
	Corporation Nacional del Cobrede Chile	〃	〃	USD1,002	28,517	-	28,517	
	Bank of China	〃	〃	USD1,003	28,567	-	28,567	
					$116,592			

Note: Refer to Tables 6 and 7 for information on interests in subsidiaries, associates, and joint ventures.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Promate Electronic Co., Ltd	Promate Solutions Corporation.	Subsidiary	Sale	$259,886	0.97%	Transaction terms are not significantly different from those for third parties	$ -	—	Accounts receivable $ 34,739	0.62%	
	Promate Electronic (Shenzhen) Co., Ltd.	Subsidiary	〃	432,166	1.62%		-	—	Accounts receivable 126,503	2.25%	
	Promate Electronic (Shanghai) Co., Ltd	Subsidiary	〃	247,664	0.93%		-	—	Accounts receivable 53,147	0.95%	

Note: The related party transaction of the group entity has been adjusted and written off.

TABLE 4

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Promate Electronic Co., Ltd	CT Continental Corporation	Subsidiary	Accounts receivable $1,076,857	2.32	$ -	—	$ 479,095	$ -
	Promate Electronic (Shenzhen) Co., Ltd.	Subsidiary	Accounts receivable $126,503	4.28	-	—	90,818	

Note: All intercompany transactions have been eliminated from consolidation.

TABLE 5

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Investee Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			% to Total Sales or Assets (Note 3)
				Financial Statement Account	Amount (Note 4)	Payment Terms	
0	Promate Electronic Co., Ltd	Promate Solutions Corporation.	1	Sale	$259,886	Transaction terms are not significantly different from those for third parties	0.97%
	〃	〃	1	Purchase	20,506		0.08%
	〃	〃	1	Accounts receivable	34,739	〃	0.29%
	〃	CT Continental Corporation	1	Accounts receivable	1,076,857	Sales to other customers through CTC; transaction terms vary depending on each customer.	8.94%
	〃	Happy On Supply Chain Management Ltd.	1	Freight expenses	54,092	Transaction terms are not significantly different from those for third parties	0.20%
	〃	Promate Electronic (Shenzhen) Co., Ltd	1	Sale	432,166	〃	1.62%
	〃	〃	1	Accounts receivable	126,503	〃	1.05%
	〃	〃	1	Service expenses	64,227	〃	0.24%
	〃	Promate Electronic (Shanghai) Co., Ltd	1	Sale	247,664	〃	0.93%
	〃	〃	1	Accounts receivable	53,147	〃	0.44%
	〃	〃	1	Service expenses	30,890	〃	0.12%
1	Promate Solutions Corporation	Promate Electronics Company USA	1	Service expenses	9,342	〃	0.03%

Note 1: The parent company and its subsidiaries are numbered as follows:

a. “0” for the parent company.
b. Subsidiaries are numbered from “1”.

Note 2: The flow of related-party transactions is as follows:

a. From the parent company to its subsidiary.
b. From the subsidiary to its parent company.
c. Between subsidiaries.

Note 3: For assets and liabilities, amounts are shown as a percentage to consolidated total assets as of March 31, 2021, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the years ended December 31, 2020.

Note 4: All intercompany transactions have been eliminated from consolidation.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars/Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee)	Investment Gain (Loss) (Note)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
	With control ability										
Promate Electronic Co., Ltd	Promate Solutions Corporation.	Taipei, Taiwan	Production and trade of electronic components	$ 297,527	$ 297,527	25,328	66.21	$ 727,839	$ 203,075	$ 134,747	Subsidiary
	PROMATE INTERNATIONAL CO., LTD.	Hong Kong	General investment	52,101	52,101	12,360	100.00	59,306	18,856	18,856	Subsidiary
	HAPPY ON SUPPLY CHAIN MANAGEMENT LTD.	Hong Kong	Warehousing and logistics services	12,124	12,124	3,000	100.00	33,613	4,314	4,314	Subsidiary
	PROMATE ELECTRONICS COMPANY USA	USA	General trade of electronic components	606	606	20	100.00	8,661	(586)	(586)	Subsidiary
	CT Continental Corporation	Taipei, Taiwan	General trade of electronic components	54,000	-	5,400	90.00	54,371	1,146	371	Subsidiary
	Having significant influence										
Promate Electronic Co., Ltd	Prosperity Venture Capital I, Limited	Taipei, Taiwan	General investment	17,215	17,215	11	21.62	645	(15,954)	(3,449)	Equity method investee
	With control ability										
Promate Solutions Corporation	PROMATE JAPAN Inc.	Japan	General trade of electronic components	2,791	2,791	10	100.00	3,002	424	424	Subsidiary

Note: Refer to Table 8 for information on investment in mainland China.

TABLE 7

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. For investments in China, disclose the name of the investee, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss for the period, carrying amount of the investment, repatriated investment gains:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Losses) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Promate Electronic (Shenzhen) Co., Ltd.	International trade, entrepot trade, trade with companies and trading agents in free trade zones	$ 6,782 (USD 200)	100% Indirectly invested through Promate International Co, Ltd. (Note 1)	$ 6,782 USD 200	$ -	$ -	$ 6,782 USD 200	$ 13,753 (Note 2)	100	$ 13,753 (Note 2)	$ 19,560	$ -
Promate Electronic (Shanghai) Co., Ltd	〃	32,500 (USD 1,000)	Same as above	32,500 USD 1,000	-	-	32,500 USD 1,000	4,984 (Note 2)	100	4,984 (Note 2)	31,159	-

2. Limit on the amount of investment in China

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$39,282 USD1,200	$39,282 USD1,200	$2,558,242

Note 1: Indirect investment in mainland China through holding companies - Promate International co., Ltd.

Note 2: The amount was recognized based on the audited financial statements of the investee company.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Relationship Between the Company and Related Party	Purchase/ Sale		Unit Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized Gains or Losses
		Amount	Percentage		Payment Terms	Compared to General Transactions	Ending Balance	% of Total	
Promate Electronic (Shenzhen) Co., Ltd.	Sub-subsidiary indirectly wholly owned by the Company	$ 432,166	1.62%	No significant difference	No significant difference	No significant difference	Accounts receivable $126,503	2.04%	$ 46
Promate Electronic (Shanghai) Co., Ltd	Sub-subsidiary indirectly wholly owned by the Company	247,664	0.93%	〃	〃	〃	Accounts receivable $53,147	0.86%	65

1. Endorsements, guarantees or collateral directly and indirectly provided by investee companies in mainland China through businesses in a third area: Table 1.
2. Financial intermediation directly and indirectly provided by investee companies in mainland China through a third area: None.
3. Other transactions that have a material impact on current profit or loss or financial status: None.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
None	-	-

Note: The percentage of ownership of major shareholders included in the table should be more than 5%, which was calculated based on the total number of ordinary shares, preference shares and treasury shares owned in the last trading day of the quarter that were traded in and registered electronically and was prepared by the Taiwan Depository & Clearing Corporation. In addition, the share capital and the actual number of traded shares with the completion of electronic registration stated in the consolidated financial statements might vary due to different calculation basis.

5. Individual Financial Statements of the Company in the Latest Year Audited and Approved by an Accountant

INDEPENDENT AUDITORS REPORT

The Board of Directors and Shareholders
Promate Electronics Co. Ltd.

Opinion

We have audited the accompanying financial statements of Promate Electronics Co. Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the Income Statement, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's financial statements for the year ended December 31, 2020 is stated as follows:

<u>Occurrence of shipment with revenue gained from specific clients</u>

The Company specializes in trading distributed components, Liquid Crystal Display products, and image processing IC. Based on the materiality and auditing standards, revenue recognition is presumed to be a significant risk. Therefore, the engaging partner believes that the existence of sales revenue with specific clients would materially affect the occurrence of the financial statement, which is the reason the audit team listed the occurrence of shipment with sales revenue from certain clients as the key audit matter of 2020 audit process. Refer to note 4(14) for more details of revenue recognition policy.

Our main audit procedures performed in respect of above matter include the following:

1. We understood the internal control procedures for revenue recognition and the relevant approval process followed by the Company's management.

2 We utilized audit sampling on specific clients' shipments, which we would verify the relevant documents and test the receivable collection to confirm the existence of sales transaction.

3 We ascertained sales returns and discounts that occurred after the balance sheet date, to ensure whether there is a material misstatement on sales revenue from specific clients in the Company's financial statement.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the company audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with 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 financial statements for the year ended December 31, 2020 and are therefore 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.

The engagement partners on the audits resulting in this independent auditors' report are Li-Huang Lee and Po-Jen Weng..

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

Notice to Readers

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

For the convenience of readers, the independent 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4, 6 and 34)	$ 1,386,84	1	$ 724,89	
Financial assets at fair value through profit or loss - current (Notes 4, 7 , and 34)	7,02		1,52	
Financial assets at amortized cost - current (Notes 4, 9, 10 and 34)	2,27		2,42	
Notes receivable (Notes 4, 11 and 34)	28,25		23,83	
Accounts receivable (Notes 4, 10, 11 and 34)	3,994,12	3	2,988,18	3
Accounts receivable from related parties (Notes 4, 11, 34 and 35)	1,293,44	1	828,30	
Other receivables (Notes 4, 11 and 34)	705,31		631,64	
Current tax assets (Notes 4 and 28)			31,54	
Inventories (Notes 4 and 12)	2,038,24	1	2,426,91	2
Other current assets (Notes 18)	4,45		7,73	
Total current assets	9,459,98	8	7,667,00	8
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - noncurrent (Notes 4, 8 and 34)	34,82		17,55	
Investments accounted for using the equity method (Notes 4 and 14)	884,43		791,22	
Property, plant and equipment (Notes 4, 15, 32 and 36)	317,38		322,94	
Right-of-use assets (Notes 4, 16 and 35)	21,43		29,62	
Other intangible assets (Notes 4 and 17)	2,64		3,31	
Deferred tax assets (Notes 4 and 28)	103,67		59,20	
Other non-current assets (Notes 18 and 37)	401,13		152,82	
Total non-current assets	1,765,54	1	1,376,69	1
TOTAL	$ 11,225,52	10	$ 9,043,70	10
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19, 32, 34 and 37)	$ 2,405,10	2	$ 2,641,74	2
Short-term bills payable (Notes 19, 32, 34 and 36)	190,00		210,00	
Contract liabilities - current (Notes 22 and 26)	39,59		56,24	
Notes payable (Notes 21 and 34)	2		1	
Accounts payable (Notes 21 and 34)	2,584,16	2	1,722,72	1
Accounts payable to related parties (Notes 21, 34 and 35)	16,41		17,84	
Other payables (Notes 22 and 34)	283,00		241,22	
Other payables to related parties (Notes 22 and 34)	10,07		4,23	
Current tax liabilities (Notes 4 and 28)	50,43			
Lease liabilities - current (Notes 4, 16, 32 and 34)	7,50		8,17	
Current portion of long-term borrowings (Notes 19, 32, 34 and 37)			18,82	
Other current liabilities (Note 22)	307,85		221,62	
Total current liabilities	5,894,19	5	5,142,65	5
NON-CURRENT LIABILITIES				
Bonds Payable (Notes 20)	967,28			
Deferred tax liabilities (Notes 4 and 28	146,45		110,14	
Lease liabilities - noncurrent (Notes 4, 16, 32 and 35)	13,88		21,16	
Net defined benefit liabilities - noncurrent (Notes 4 and 24)	32,51		32,16	
Guarantee deposits received (Notes 22)	284,80		59,96	
Total non-current liabilities	1,444,94	1	223,43	
Total liabilities	7,339,13	6	5,366,09	5
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 24, 25, 29, 30 and 31)				
Share capital	1,791,26	1	1,790,45	2
Ordinary shares	1,791,26	1	1,790,45	2
Capital surplus	712,73		657,69	
Retained earnings				
Legal reserve	818,51		771,71	
Special reserve	15,20		4,78	
Unappropriated earnings	541,91		468,16	
Total retained earnings	1,375,62	1	1,244,67	1
Other equity	6,77		(15,20	
Total equity	3,886,39	3	3,677,60	4
TOTAL	$ 11,225,52	10	$ 9,043,70	10

The accompanying notes are an integral part of the financial statements.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 26 and 35)				
Sales	$ 25,061,287	100	$ 21,061,405	100
OPERATING COSTS (Notes 4, 12, 27 and 35)				
Cost of sales	(23,622,243)	(94)	(19,835,101)	(94)
GROSS PROFIT	1,439,044	6	1,226,304	6
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES (Note 4)	-	-	(211)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES AND ASSOCIATES (Note 4)	689	-	-	-
REALIZED GROSS PROFIT	1,439,733	6	1,226,093	6
OPERATING EXPENSES (Notes 27 and 35)				
Selling and marketing expenses	(597,021)	(2)	(557,188)	(3)
General and administrative expenses	(101,033)	(1)	(108,608)	-
Research and development expenses	(3,667)	-	(4,241)	-
Total operating expenses	(701,721)	(3)	(670,037)	(3)
OPERATING PROFIT	738,012	3	556,056	3
NON-OPERATING INCOME AND EXPENSES (Notes 4, 14, 27,30 and 35)				
Interest income	1,363	-	2,596	-
Other income	17,013	-	17,361	-
Other gains and losses	(212,233)	(1)	(56,890)	-
Finance costs	(68,809)	-	(103,670)	(1)
Share of loss of associates	154,253	-	138,331	-
Total non-operating income and expenses	(108,413)	(1)	(2,272)	(1)
PROFIT BEFORE INCOME TAX	629,599	2	553,784	3
INCOME TAX EXPENSE (Notes 4 and 28)	(93,583)	-	(84,129)	(1)
NET PROFIT FOR THE PERIOD	536,016	2	469,655	2

(Continued)

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans（Notes 4 and 24）	($ 915)	-	($ 2,005)	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income（Notes 4 and 25）	10,127	-	(2,218)	-
Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method (Note 4)	12,897	-	(1,961)	-
Income tax relating to items that will not be reclassified（Notes 4 and 28）	183	-	401	-
	22,292	-	(5,783)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations（Notes 25）	($ 1,493)	-	($ 3,874)	-
Unrealized gain on investments in debt instruments at fair value through other comprehensive income（Notes 4 ,9 and 25）	4,044	-	(3,217)	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method (Notes 4 and 21)	1	-	(16)	-
Income tax relating to items that may be reclassified subsequently to profit or loss（Notes 4 and 28）	299	-	775	-
	2,851	-	(6,332)	-
Other comprehensive income (loss) for the period, net of income tax	25,143	-	(12,115)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 561,159	2	$ 457,540	2
EARNINGS PER SHARE (Note 29)				
Basic	$ 2.99		$ 2.62	
Diluted	$ 2.73		$ 2.60	

The accompanying notes are an integral part of the financial statements. (Concluded)

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Issued Capital			Retained Earnings			Other Equity		
	Shares (Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operation	Unrealized Gain on financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2019	179,045	$ 1,790,452	$ 657,809	$ 719,517	$ 4,544	$ 523,543	($ 910)	($ 3,879)	$ 3,691,076
Appropriation of the 2018 earnings									
Legal reserve	-	-	-	52,197	-	(52,197)	-	-	-
Special reserve	-	-	-	-	245	(245)	-	-	-
Cash dividends	-	-	-	-	-	(470,889)	-	-	(470,889)
Changes in capital surplus：									
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	(119)	-	-	-	-	-	(119)
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	93	-	(93)	-
Net profit for the year ended December 31, 2019	-	-	-	-	-	469,655	-	-	469,655
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	(1,792)	(3,115)	(7,208)	(12,115)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	467,863	(3,115)	(7,208)	457,540
BALANCE AT DECEMBER 31, 2019	179,045	1,790,452	657,690	771,714	4,789	468,168	(4,025)	(11,180)	3,677,608
Appropriation of the 2019 earnings									
Legal reserve	-	-	-	46,796	-	(46,796)	-	-	-
Special reserve	-	-	-	-	10,415	(10,415)	-	-	-
Cash dividends	-	-	-	-	-	(408,223)	-	-	(408,223)
Convertible bonds issued by the Company recognized as equity	81	808	1,708	-	-	-	-	-	2,516
Changes in capital surplus：									
Recognition of equity components due to the issuance of convertible corporate bonds-occurred by subscription right	-	-	53,332	-	-	-	-	-	53,332
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	4,073	-	(4,073)	-
Net profit for the year ended December 31, 2020	-	-	-	-	-	536,016	-	-	536,016
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(913)	(1,193)	27,249	25,143
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	535,103	(1,193)	27,249	561,159
BALANCE AT DECEMBER 31, 2020	179,126	$ 1,791,260	$ 712,730	$ 818,510	$ 15,204	$ 541,910	($ 5,218)	$ 11,996	$ 3886,392

The accompanying notes are an integral part of the financial statements.

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 629,599	$ 553,784
Adjustments for:		
Expected loss on credit impairment	(3,300)	5,038
Depreciation expenses	17,720	16,934
Amortization expenses	663	1,100
Finance costs	68,809	103,670
Share of profit (loss) of associates accounted for using the equity method	(154,253)	(138,331)
Interest income	(1,363)	(2,596)
Dividend income	(1,244)	(1,972)
Impairment loss (gain) on inventories	(9,927)	29,000
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(1,341)	1,104
Unrealized loss (gain) on the transactions with subsidiaries and associates	-	211
Realized loss (gain) on the transactions with subsidiaries and associates	(689)	-
Net (gain) loss on foreign currency exchange	(8,213)	(20,234)
Loss on disposal of scrap inventories and inventory physical count	1,721	1,623
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(4,057)	(1,078)
Notes receivable	(4,426)	(3,715)
Account receivables	(998,611)	(427,323)
Account receivables from related parties	(465,122)	(484,026)
Other receivables	(73,671)	(304,974)
Other receivables from related parties	-	7,074
Inventories	396,877	(123,896)
Other current assets	3,275	3,374
Contract liabilities	(16,650)	991
Notes payable	5	(233)
Account payables	861,441	103,040
Account payables to related parties	(1,431)	6,914
Other payables	47,032	25,727
Other payables to related parties	5,842	(5,620)
Net defined benefit liabilities	(567)	(443)
Other current liabilities	86,238	92,851
Cash generated from (used in) operations	374,357	(562,006)
Interest paid	(66,110)	(94,580)
Income tax paid	(19,263)	(196,543)
Net cash generated from (used in) operating activities	288,984	(853,129)

(Continued)

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	($ 7,415)	($ 18,771)
Proceeds from disposal of financial assets at fair value through other comprehensive income	274	1,740
Acquisition of financial assets at amortized cost	(2,400)	(2,423)
Proceeds from disposal of financial assets at amortized cost	2,534	-
Interest received	1,363	2,596
Dividends received from subsidiaries and associates	126,641	113,974
Other dividends received	1,244	1,972
Acquiring part of the equity of the subsidiary	(54,000)	(226)
Proceeds from capital reduction of investments accounted for using equity method	500	1,951
Acquisition of property, plant and equipment	(3,693)	(2,747)
Increase in prepayments for business facilities	(285)	-
Acquisition of intangible assets	-	(932)
Increase in refundable deposits	(248,315)	-
Decrease in refundable deposits	-	3,240
Net cash used in investing activities	(183,552)	100,374
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	(228,414)	746,238
Decrease in short-term notes and bills payable	(20,000)	140,000
Issuance of corporate bond	1,015,887	-
Repayments of long-term debt	(18,828)	(26,739)
Increase in guarantee deposits received	224,840	47,356
Payments of lease liabilities	(8,745)	(7,993)
Payments of cash dividends	(408,223)	(470,889)
Net cash generated from financing activities	556,517	427,973
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	661,949	(324,782)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	724,897	1,049,679
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 1,386,846	$ 724,897

The accompanying notes are an integral part of the financial statements. (Concluded)

PROMATE ELECTRONIC CO., LTD. AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Promate Electronic Co., Ltd. (the "Company") is a listed company that was established in May, 1986. The Company is mainly engaged in the distribution and sales of electronic/electrical components, sales of computer software and electrical products and sales of electronic/electrical components.

The Company conducted an IPO on the Taipei Exchange (TPEx) on September, 2002, and its common shares were listed on the Taiwan Stock Exchange (TWSE) since May, 2004.

As of August 1st, 2013, the Company is pleased to announce that this business unit will form a fully owned subsidiary under the name Promate Solutions Corporation.

After carefully evaluating the opportunities of the business unit as well as Promate Electronic as a whole, the Board of Directors concluded that creating a separate entity is the next logical step for the business. As two separate entities, both Promate Electronic and Promate Solutions will have the flexibility and agility necessary to pursue focused avenues of growth. Most importantly, this will enable each entity to more effectively service customers and deliver shareholder value.

The functional currency of the Company is the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on March 23, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by Financial Supervisory Commission (FSC).

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

b. The IFRs endorsed by FSC for application starting from 2021:

New IFRSs	Effect Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"

"Interest Rate Benchmark Reform - Phase 2" primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform.

Changes in the basis for determining contractual cash flows as a result of interest rate benchmark reform

The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5

Note1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence over an associate, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate, i.e., the Company’s share of the gain or loss is eliminated.

2) Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”

The amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company’s own equity instruments to the counterparty that result in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

3) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Company will restate its comparative information when it initially applies the aforementioned amendments.

4) Amendments to IAS 1 "Disclosure of Accounting Policies"

This amendment clearly stipulates that the consolidated company shall determine the material accounting policy information to be disclosed according to the definition of materiality. Accounting policy information is material to the extent that it can reasonably be expected to influence the decisions made by major users of the financial statements for general purpose on which the financial statements are based. This amendment clarifies:

- Accounting policy information relating to non-material transactions, other matters or circumstances is non-material and the consolidated company is not required to disclose such information.
- The consolidated company may judge the relevant accounting policy information to be material due to the nature of the transaction, other matters or circumstances, even if the amount

is not material.

- Not all accounting policy information relating to material transactions, other matters or circumstances is material.

In addition, the amendment provides an example of how accounting policy information may be material if it is related to material transactions, other matters or circumstances and if:

(1) The consolidated company changes its accounting policies during the reporting period and the change results in a material change in the financial statement information;

(2) The consolidated company selects its applicable accounting policies from the options permitted by the Standards;

(3) Accounting policies are established by the consolidated company in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" due to the lack of specific standards;

(4) The consolidated company discloses relevant accounting policies determined by the application of material judgments or assumptions; or

(5) There are complex accounting requirements and users of financial statements rely on such information in order to understand such material transactions, other matters or circumstances.

5) Amendments to IAS 8 "Definition of Accounting Estimates"

This amendment clearly stipulates that the accounting estimates refer to the monetary amounts in financial statements that are affected by measurement uncertainties. When the accounting policies apply to the consolidated company, the financial statement items may have to be measured in terms of monetary amounts that cannot be directly observed but must be estimated. Measuring techniques and input values are used to establish the accounting estimates for this purpose. If the impact of change in the measurement technology or input value on accounting estimates is not correction of previous errors, it is the change in accounting estimates.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; and

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within 12 months after the reporting period; and
3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held for the purpose of trading;
2) Liabilities due to be settled within 12 months, and
3) Liabilities for which the entity does not have the right at the end of the reporting period to defer settlement beyond 12 months.

Assets and liabilities that are not classified as current are classified as non-current

d. Business combinations

Where the consideration the Company transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gains on bargain purchases. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. The measurement period does not exceed 1 year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity and included in capital surplus - options is not remeasured at the end of the subsequent reporting period and its subsequent settlement is accounted for within equity and transferred to capital surplus - share premiums. Other contingent consideration is remeasured at fair value at the end of subsequent reporting period with any gain or loss recognized in profit or loss.

e. Foreign Currencies

In preparing the Company’s financial statements, transactions in currencies other than the Company’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for:

1) Exchange differences on transactions entered into in order to hedge certain foreign currency risks; and,

2) Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise. Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting financial statements, the financial statements of the Company's foreign operations that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investment in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, investments in a subsidiary are initially recognized in the parent company only balance sheet at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiaries. The Company also recognizes the changes in the equity of subsidiaries attributable to the Company.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

h. Investments in associates

An associate is an entity over which the Company has significant influence.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

Any excess of the Company’s share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company’s proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company’s ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company’s net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment’s fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a Company entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company’ consolidated financial statements only to the extent that interests in the associate are not related to the Company.

i. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 29: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivable and notes receivable (including associates) at amortized cost, contract assets and other trade receivables (including associates), are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits held for the purpose of meeting short-term cash commitments, highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

iii. Investments in debt instruments designated at FVTOC

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Investments in debt instruments designated at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including cash and cash equivalents, trade receivable and notes receivable (including related party) at amortized cost, contract assets and other trade receivables (including related party).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables and contract assets. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

3) Convertible bonds

The component parts of compound financial instruments (convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument

On initial recognition, the fair value of the liability component is estimated at the prevailing market interest rate for similar non-convertible instruments. The amount is recognized as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be reclassified as capital surplus - additional paid-in capital. If the conversion option remains unexercised at maturity, the balance recognized in equity will be reclassified as capital surplus –share premiums..

Transaction costs that relate to the issuance of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

4) Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that are within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranty

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

n. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods mainly comes from the distribution of electronic components, and the sale and manufacture of embedded control systems, medical displays, and application-specific display modules at the agreed prices stipulated in contracts, quotations or orders. Sales of goods are recognizes as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables and contract assets are recognized concurrently. Any amounts previously recognized as contract assets are reclassified to trade receivables when the remaining obligations are performed.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Service revenue

Service revenue mainly comprises revenue from the design of embedded, medical, and application specific display modules during product development; revenue from customers' request for repair when defects occur in products that exceed the warranty period; and revenue recognized at the agreed prices stipulated in contracts.

o. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

q. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

The accounting treatment for other long-term employee benefits is the same as that of the defined benefit retirement plan, except that the relevant remeasurements are recognized as profit and loss.

4) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The accounting policies, estimates, and basic assumptions adopted by the Company have been evaluated by the Company's management, and there are no major accounting judgments, estimates, and assumptions that are uncertain

6. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash on hand	$ 1,219	$ 596
Checking accounts and demand deposits	1,385,627	724,301
	$ 1,386,846	$ 724,897

The market rate intervals of cash in bank, at the end of the reporting period were as follows:

	December 31, 2020	December 31, 2019
Demand deposits	0.001%～0.5%	0.001%～0.43%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2020	December 31, 2019
Financial assets at FVTPL - current		
Financial assets mandatorily classified as at FVTP:		
Non-derivative financial assets	$ 6,922	$ 1,524
Redemption option on convertible bonds	100	-
	$ 7,022	$ 1,524

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31, 2020	December 31, 2019
Non-current		
Investments in equity instruments	$ 34,826	$ 17,558
Non-current		
Domestic investments Listed shares		
ITE Tech. Inc.	$ -	$ 195
HIGGSTEC Inc.	32,428	15,418
Unlisted shares		
UPI Semiconductor Corp.	1,009	1,009
Medimaging Integrated Solution Inc.	951	936
Tricorntech Corp.	438	-
	$ 34,826	$ 17,558

These investments in equity instruments are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2020	December 31, 2019
Current		
Domestic investments		
Time deposits with original maturities of more than 3 months	$ 2,278	$ 2,423
Less：Allowance for loss	-	-
	$ 2,278	$ 2,423

Refer to Note 10 for information related to credit risk management and impairment evaluation of financial assets at amortized cost.

Refer to Note 33 for information relating to investments in financial assets at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments are classified as at FVTOCI and as at amortized cost.

At Amortized cost

	December 31, 2020	December 31, 2019
Gross carrying amount	$ 2,278	$ 2,423
Allowance for impairment loss	-	-
Amortized cost	2,278	2,423
Fair value adjustment	-	-
	$ 2,278	$ 2,423

In order to minimize credit risk, the Company has tasked its credit management committee with the development and maintenance of a credit risk grading framework for categorizing exposures according to the degree of the risk of default. The credit rating information may be obtained from independent rating agencies, where available, and if not available, the credit management committee uses other publicly available financial information to rate the debtors. The Company's exposure and the external credit ratings are continuously monitored and assessed for whether there has been a significant increase in credit risk since the last period to the reporting date.

The Company considers the historical default rates of each credit rating supplied by external rating agencies to estimate 12-month or lifetime expected credit losses.

The Company's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses
Normal	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs

Gross carrying amount and applicable expected credit loss rate of investments in debt instruments are as follows:

At Amortized Cost

Category		Gross Carrying Amount	
	Expected Loss Rate	December 31, 2020	March 31, 2020
Normal	0%-0.01%	$ 2,278	$ 2,423

There was no change in the allowance for impairment loss of investments in debt instruments at amortized cost for the year ended December 31, 2020 and 2019.

11. NOTES RECEIVABLE, ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2020	December 31, 2019
Notes receivable		
At amortized cost		
Gross carrying amount	$ 28,258	$ 23,832
Less: Allowance for impairment loss	-	-
	$ 28,258	$ 23,832
From operation	$ 28,258	$ 23,832
Accounts receivables		
At amortized cost		
Gross carrying amount-unrelated parties	$ 4,015,391	$ 3,012,753
Gross carrying amount-related parties	1,293,440	828,304
Less: Allowance for impairment loss	(21,264)	(24,567)
	$ 5,287,567	$ 3,816,490
Others receivables		
Accounts receivables at FVTOCI	$ 623,283	$ 576,586
Tax refund receivables	71,529	49,926
Others	10,503	5,132
	$ 705,315	$ 631,644

Notes Receivable and Accounts Receivables

At amortized cost

The average credit period of the sales of goods was 90-150 days. No interest was charged on accounts receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual accounts debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts.

The Company measures the loss allowance for all accounts receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivables are estimated using an allowance matrix, which takes into consideration the historical credit loss experience with the respective debtor, the current financial position of the debtor, and the current and future economic conditions of the industry as well as the overall economy. As the Company’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company’s different customer base.

The Company writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivables and accounts receivable based on the Company's provision matrix.

December 31, 2020

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.00%~0.04%	0.54%~8.34%	10.46%~14.32%	18.75%~23.15%	22.22%~100%	
Gross carrying amount	$ 4,718,918	$ 552,535	$ 54,505	$ 2,786	$ 8,345	$ 5,337,089
Loss allowance (Lifetime ECL)	(994)	(10,598)	(1,378)	(59)	(8,235)	(21,264)
Amortized cost	$ 4,717,924	$ 541,937	$ 53,127	$ 2,727	$ 110	$ 5,315,825

December 31, 2019

	Not Past Due	Less than 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	Total
Expected credit loss rate	0.06%~1.23%	0.72%~21.89%	13.92%~61.12%	28.64%~82.19%	36.89%~100%	
Gross carrying amount	$ 3,541,029	$ 259,455	$ 50,588	$ 4,250	$ 9,567	$ 3,864,889
Loss allowance (Lifetime ECL)	(6,218)	(5,129)	(3,635)	(426)	(9,159)	(24,567)
Amortized cost	$ 3,534,811	$ 254,326	$ 46,953	$ 3,824	$ 408	$ 3,840,322

The movements of the loss allowance of accounts receivables and overdue receivables were as follows:

	For the Years Ended December 31			
	2020		2019	
	Trade Receivables	Overdue Receivables	Trade Receivables	Overdue Receivables
Balance at January 1	$ 24,567	$ 13,939	$ 19,529	$ 13,939
Add: Amount of expected loss recognized	-	-	5,038	-
Less: Amount of expected loss reversed	(3,300)	-	-	-
Classified to overdue receivable	(3)	3	-	-
Balance on December 31	$ 21,264	$ 13,942	$ 24,567	$ 13,939

Compared to the balance on January 1, 2020 and 2019, the gross carrying amount of accounts receivables on December 31, 2020 and 2019 increased $1,472,200 thousand and increased $911,846 thousand. Due to increase in projected credit loss, the loss allowance decreased $3,303 thousand and increased $5,038 thousand.

12. INVENTORIES

	December 31, 2020	December 31, 2019
Merchandise inventories	$ 2,038,242	$ 2,426,913

Operating costs summarized by nature are as below.

	For the Year ended December 31	
	2020	2019
Cost of Goods Sold	$ 23,630,449	$ 19,804,478
Impairment（Price recovery）	(9,927)	29,000

Inventory Scrap	1,721	1,623
	$ 23,622,243	$ 19,835,101

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2020	December 31, 2019
Investments in subsidiaries	$ 883,790	$ 786,536
Investments in associates	645	4,693
	$ 884,435	$ 791,229

a. Investments in subsidiaries

	December 31, 2020	December 31, 2019
Promate Solutions Corporation.	$ 727,839	$ 706,167
PROMATE INTERNATIONAL CO., LTD.	59,306	39,771
HAPPY ON SUPPLY CHAIN MANAGEMENT LTD.	33,613	30,886
PROMATE ELECTRONICS COMPANY USA	8,661	9,712
CT Continental Corporation	54,371	-
	$ 883,790	$ 786,536

	Proportion of Ownership and Voting Rights	
	December 31, 2020	December 31, 2019
Promate Solutions Corporation.	66.21%	66.21%
PROMATE INTERNATIONAL CO., LTD.	100%	100%
HAPPY ON SUPPLY CHAIN MANAGEMENT LTD.	100%	100%
PROMATE ELECTRONICS COMPANY USA	100%	100%
CT Continental Corporation	90%	-

Refer to Note 28 to the Company's consolidated financial statements for the year ended December 31, 2020 for the disclosures of the Company's acquisitions of CT Continental Corporation.

Refer to Note 37 and Table 6 for the details of the subsidiaries indirectly held by the Company.

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2020 and 2019 was based on the subsidiaries' financial statements which have been audited for the same years.

b. Investments in associates

	December 31, 2020	December 31, 2019
Associates that are not individually material		
Prosperity Venture Capital I, Limited	$ 645	$ 4,693

	Proportion of Ownership and Voting Rights Held by the Company	
Name of Associate	December 31, 2020	December 31, 2019
Prosperity Venture Capital I, Limited	21.62%	21.62%

Refer to Table 7 “Information on Investees” for the nature of activities, principal place of business and country of incorporation of the associates.

Investments accounted for using the equity method and the share of profit or loss and other comprehensive loss of those investments were calculated based on the financial statements that have not been audited. Management believes that there is no material impact on the equity method of accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of investees that have not been audited

The summarized financial information below represents amounts shown in the associates’ financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purpose.

	December 31, 2020	December 31, 2019
Total assets	$ 2,848	$ 21,542
Liability	($ 25)	$ -
Equity	$ 2,823	$ 21,542
Proportion of the Company's ownership	21.62%	21.62%
Equity attributable to the Company	$ 610	$ 4,658
Difference between previous year's investment cost and equity value	35	35
Carry amount	$ 645	$ 4,693

	For the Year ended December 31	
	2020	2019
Revenue	$ -	$ -
Net loss for the period	($ 15,954)	($ 1,389)
Dividend distribution	$ 500	$ -

14. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2020	December 31, 2019
Assets used by the Company	$ 317,389	$ 322,945
Assets leased under operating leases	-	-
	$ 317,389	$ 322,945

Assets used by the Company

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
Cost							
Balance at January 1, 2020	$ 205,987	$ 158,942	$ 10,775	$ 10,006	$ 18,697	$ 13,419	$ 417,826
Additions	-	-	-	72	3,179	442	3,693
Disposals	-	-	-	-	(165)	(314)	(479)
Reclassifications	-	-	-	-	285	-	285
Balance at December 31, 2020	$ 205,987	$ 158,942	$ 10,775	$ 10,078	$ 21,996	$ 13,547	$ 421,325
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 51,549	$ 10,251	$ 9,066	$ 14,663	$ 9,352	$ 94,881
Depreciation expenses	-	5,170	242	260	1,685	2,177	9,534
Disposals	-	-	-	-	(165)	(314)	(479)
Balance at December 31, 2020	$ -	$ 56,719	$ 10,493	$ 9,326	$ 16,183	$ 11,215	$ 103,936
Carrying amounts at December 31, 2019	$ 205,987	$ 107,393	$ 524	$ 940	$ 4,034	$ 4,067	$ 322,945
Carrying amounts at December 31, 2020	$ 205,987	$ 102,223	$ 282	$ 752	$ 5,813	$ 2,332	$ 317,389

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
Cost							
Balance at January 1, 2019	$ 205,987	$ 158,942	$ 10,952	$ 10,006	$ 17,025	$ 12,344	$ 415,256
Additions	-	-	-	-	1,672	1,075	2,747
Disposals	-	-	(177)	-	-	-	(177)
Balance at December 31, 2019	$ 205,987	$ 158,942	$ 10,775	$ 10,006	$ 18,697	$ 13,419	$ 417,826
Accumulated depreciation							
Balance at January 1, 2019	$ -	$ 46,379	$ 10,066	$ 8,319	$ 13,665	$ 7,104	$ 85,533
Depreciation expenses	-	5,170	362	747	998	2,248	9,525
Disposals	-	-	(177)	-	-	-	(177)
Balance at December 31, 2019	$ -	$ 51,549	$ 10,251	$ 9,066	$ 14,663	$ 9,352	$ 94,881
Carrying amounts at December 31, 2018	$ 205,987	$ 112,563	$ 886	$ 1,687	$ 3,360	$ 5,240	$ 320,723
Carrying amounts at December 31, 2019	$ 205,987	$ 107,393	$ 524	$ 940	$ 4,034	$ 4,067	$ 322,945

There was no indication of an impairment loss; therefore, the Company did not perform impairment assessment during the year ended December 31, 2020 and 2019.

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings- Office in Taiwan	61 years
Buildings- Plant in Taiwan	25-30 years
Machinery Equipment	3-10 years
Transportation Equipment	5 years
Office Equipment	3-10 years
Miscellaneous Equipment	3-20 years

Property, plant and equipment pledged as collateral for borrowings are set out in Note 36.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amounts		
Buildings	$ 19,566	$ 25,918
Transportation equipment	1,871	3,705
	$ 21,437	$ 29,623

	For the Year ended December 31	
	2020	2019
Additions to right-of-use assets	$ -	$ 3,063
Depreciation charge for right-of-use assets		
Buildings	$ 6,352	$ 6,352
Transportation equipment	1,834	1,057
	$ 8,186	$ 7,409

b. Lease liabilities

December 31, 2020	December 31, 2019

Carrying amounts		
Current	$ 7,507	$ 8,170
Non-current	$ 13,887	$ 21,167

Range of discount rate for lease liabilities was as follows:

	December 31, 2020	December 31, 2019
Buildings	3%	3%
Transportation equipment	5.69%	5.69%

c. Material lease-in activities and terms

The Company leased a number of cars for use by business personnel or warehouse personnel in a period of 3 to 5 years. The lease contracts for these cars do not contain terms for the right of renewal or the right of purchase.

The Company also leased certain buildings for use as plant and office in a period of 5 years.

The lease contracts for offices located in Taiwan specify that the lease payments will be adjusted by customer price index each year. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year ended December 31	
	2020	2019
Expenses relating to low-value asset leases	$ 1,310	$ 2,075
Total cash outflow for lease	($ 10,055)	($ 10,068)

The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

16. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2020	$ 8,847
Disposals	(4,322)
Balance on December 31, 2020	4,525
Accumulated amortization	
Balance at January 1, 2020	(5,535)
Amortization expenses	(663)
Disposals	4,322
Balance on December 31, 2020	(1,876)
Carrying amount on December 31, 2020	$ 2,649

Cost

Balance at January 1, 2019	$ 7,915
Additions	932
Balance on December 31, 2019	8,847
Accumulated amortization	
Balance at January 1, 2019	(4,435)
Amortization expenses	(1,100)
Balance on December 31, 2019	(5,535)
Carrying amount on December 31, 2019	$ 3,312

Other intangible assets were amortized on a straight-line basis over their estimated useful lives as follows

Computer Software	3-10 years

	For the Year ended December 31	
	2020	2019
Amortization expenses summarized by function:		
Operating costs	$ -	$ -
Selling and marketing expenses	-	-
General and administrative expenses	663	1,100
Research and development expenses	-	-
	$ 663	$ 1,100

17. OTHER ASSETS

	December 31, 2020	December 31, 2019
Current		
Prepayments	$ 4,456	$ 7,731
Non-current		
Refundable deposits	$ 401,138	$ 152,823
Overdue receivables (Note 11)	13,942	13,939
Allowance for impairment loss - Overdue receivables (Note 11)	(13,942)	(13,939)
	$ 401,138	$ 152,823

Refundable deposits

Refundable deposits are mainly paid to suppliers as performance bond.

18. BORROWINGS

a. Short-term borrowings

	December 31, 2020	December 31, 2019
Secured borrowings (Note 36)		
Bank loans (1)	$ 2,060,000	$ 1,735,000
Bank loans - letters of credit (2)	345,108	906,746
	$ 2,405,108	$ 2,641,746

1) The effective weighted average interest rates for bank loans ranged from 0.6035%-0.9371% and 0.85%～1.129% per annum as of December 31, 2020 and December 31,2019, respectively.

2) The effective weighted average interest rate for letters of credit loans was 0.50%-0.8682% and 1.09%-2.84% per annum as of December 31, 2020 and December 31, 2019, respectively.

b. Short-term bills payable

	December 31, 2020	December 31, 2019
Commercial paper	$ 190,000	$ 210,000
Less: Unamortized discount on bills payable	-	-
	$ 190,000	$ 210,000

The interest rates on the commercial paper range from 0.908%~0.958% and 0.99% ~1.008% as of December 31, 2020 and 2019 respectively.

c. Long-term borrowings s

	December 31, 2020	December 31, 2019
Secured borrowings		
Bank loans	$ -	$ 18,828
Less: Current portion	-	(18,828)
Long-term borrowing	$ -	$ -

The weighted average effective interest rate of the bank borrowings secured by the Company's freehold land and buildings (refer to Note 36) were 1.81% per annum as of September 30, 2020, and December 31, 2019 respectively, and the principal and interests will be repayable monthly until September 30, 2020.

19. Convertible Bond

	December 31, 2020
Domestic unsecured convertible bonds	$ 997,400
Less：Discounts on bonds payable	(30,116)
	$ 967,284

Unsecured Domestic Convertible Bonds - Third Issue

On June 8, 2020, the Company issued 10 thousand NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of $1,000,000 thousand. In addition, the bond is publicly underwritten by bidding auction, the issue price is $101, and the actual total issue amount is $1,020,987 thousand. The annual interest rate of the issuance coupon is 0%, the issuance period is three years, and the maturity date is June 8, 2023.

The major terms are as follows:

a. In the period of circulation from three months after the issuance of the convertible corporate bonds to forty business days before the maturity of the bonds, the Company may notify the bondholders under the conversion measures and redeem all bonds in cash at the nominal amount when the agreed conditions are met.

b. When this convertible bond expires, it will be repaid in cash based on the denomination of the bond.

c. The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. The conversion price at issuance was NT$ 34.50, and the conversion price has been adjusted to $32.16 as of December 31, 2020.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - option. The effective interest rate of the liability component was 1.28% per annum on initial recognition.

Proceeds from issuance (less transaction costs of $5,100 thousand)	$ 1,015,887
Equity component (less transaction costs allocated to the equity component of $255 thousand)	(53,332)
Redemption right	100
Liability component on the date of issuance (less transaction costs allocated to the liability component of $4,845 thousand)	962,655
Conversion of corporate bond payable into common shares	(2,516)
Interest charged at an effective interest rate of 1.28%	7,145
Liability component on December 31, 2020	$ 967,284

20. NOTES AND ACCOUNTS PAYABLE

	December 31, 2020	December 31, 2019
Notes payable		
Non-trade	$ 24	$ 19
Accounts payable		
Non-trade	$ 2,584,169	$ 1,722,728
Accounts payable - related parties		
Non-trade	$ 16,413	$ 17,844

The average credit period for purchases of certain goods was 30-120 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

21. OTHER LIABILITIES

	December 31, 2020	December 31, 2019
Current		
Other payables		
Accrued commissions	$ 14,261	$ 24,214
Payables for salaries or bonuses	50,606	32,342
Payables for compensation of employees and remuneration of directors	62,000	54,900
Payables for annual leave	10,100	9,500
Accrued freights	44,892	32,586
Payables for dividends	519	519
Others	110,708	91,398
	$ 293,086	$ 245,459
Contract liability	$ 39,593	$ 56,243
Others		
Refund liability (1)	$ 291,379	$ 218,356
Sales revenue received in advance	294	294
Others	16,184	2,970
	$ 307,857	$ 221,620
Non-current		
Other liabilities		
Guarantee deposits(2)	$ 284,800	$ 59,960

1) Refund liabilities is based on historical experience, management's judgments and other known reasons for which estimated product returns and rebates may occur in the reporting period. Refund liabilities is recognized as a reduction of operating income in the periods in which the related goods are sold.

2) Guarantee deposits

Guarantee deposits are mainly collected from customers.

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company have pension plans under the Labor Pension Act (LPA), which are state-managed defined contribution plans. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law are operated by the government of the Republic of China (ROC). Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	$ 54,425	$ 52,320
Fair value of plan assets	(21,910)	(20,153)
Net defined benefit liabilities (assets)	$ 32,515	$ 32,167

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance on January 1, 2019	$ 48,988	($ 18,383)	$ 30,605
Service cost			
Service cost of current period	169	-	169
Net interest expense (income)	551	(213)	338
Recognized in loss (profit)	720	(213)	507
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(607)	(607)
Actuarial loss – change in demographic assumptions	275	-	275
Actuarial loss – changes in financial assumptions	2,046	-	2,046
Actuarial loss – experience adjustments	291	-	291
Recognized in other comprehensive loss (gain)	2,612	(607)	2,005
Contributions from employer	-	(950)	(950)
Balance on December 31, 2019	52,320	(20,153)	32,167
Service cost			
Service cost of current period	150	-	150
Net interest expense (income)	393	(155)	238
Recognized in loss (profit)	543	(155)	388
Remeasurement			
Return on plan assets (other than amounts included in net interest)	-	(647)	(647)
Actuarial loss – change in demographic assumptions	467	-	467
Actuarial loss – changes in financial assumptions	1,372	-	1,372
Actuarial loss – experience adjustments	(277)	-	(277)
Recognized in other comprehensive loss (gain)	1,562	(647)	915
Contributions from employer	-	(955)	(955)
Balance on December 31, 2020	$ 54,425	($ 21,910)	$ 32,515

The amount recognized as profit or loss for the defined benefit plan is summarized by function as follows:

	For the Year ended December 31	
	2020	2019
Operating cost	$ -	$ -
Selling and marketing expenses	294	386
General and administrative expenses	94	121
Research & development expense	-	-
	$ 388	$ 507

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31, 2020	December 31, 2019
Discount rate(s)	0.50%	0.75%
Expected rate(s) of salary increase	2.00%	2.00%
Death rate	According to the fifth mortality experience table of Taiwan life insurance industry	According to the fifth mortality experience table of Taiwan life insurance industry
Disability rate	According to 10% of expected mortality rate	According to 10% of expected mortality rate

Employee turnover rate

Based on the empirical data of consolidated company on the turnover rate of the Company in the past and the future trend, the revised data were adopted.

The Company

Age	2020	2019
20 years old ~ 30 years old	7%~10%	9%~12.5%
35 years old ~ 60 years old	1%~4%	2%~6%

The turnover rate under 20 years old shall be calculated as 20 years old; the turnover rate of each age Company shall be calculated in the way of internal difference.

Voluntary retirement rate

Assuming that Z is the earliest retirement age for individual employees

Age	December 31, 2020	December 31, 2019
Z	15%	15%
Z＋1～64	3%	3%
65	100%	100%

However, the voluntary retirement rate of individual employees shall not be less than 1.5 times of the turnover rate for the same age adopted by the Company.

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31, 2020	December 31, 2019
Discount rate(s)		
0.25% increase	($ 1,377)	($ 1,379)
0.25% decrease	$ 1,430	$ 1,435

	December 31, 2020	December 31, 2019
Expected rate(s) of salary increase		
0.25% increase	$ 1,385	$ 1,393
0.25% decrease	($ 1,341)	($ 1,346)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31, 2020	December 31, 2019
The expected contributions to the plan for the next year	$ 977	$ 971
The average duration of the defined benefit obligation	10.2	10.7

23. EQUITY

a. Share capital

Common stock

	December 31, 2020	December 31, 2019
Number of shares authorized (in thousands)	250,000	250,000
Shares authorized	$ 2,500,000	$ 2,500,000
Number of shares issued and fully paid (in thousands)	179,126	179,045
Shares issued	$ 1,791,260	$ 1,790,452

Fully paid ordinary shares, with a par value of NT$10, each of which carries one vote per share and carry a right to receive dividends

Of the Company's authorized shares, 10,000 thousand shares had been reserved for the issuance of convertible bonds and employee share options.

b. Capital surplus

	December 31, 2020	December 31, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of ordinary shares	$ 291,960	$ 291,960
The difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal of acquisition	45,604	45,604
Conversion of employee stock options	66,208	66,208
Conversion of bonds	438,152	436,444
Less: transfer to capital	(267,199)	(267,199)
Less: cash dividends paid	(73,408)	(73,408)
Less: Treasury stock cancellation	(9,461)	(9,461)
	491,856	490,148
May be used to offset a deficit only		
Changes in percentage of ownership interest in subsidiaries (2)	166,292	166,292
May not be used for any purpose	1,250	1,250
Employee share options	53,332	-
Share options on Convertible Bond	54,582	1,250
	$ 712,730	$ 657,690

1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions, or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors after amendment, refer to employees' compensation and remuneration of directors in Note 25, h.

The Company's dividend policy is formulated according to the Company's capital budget, mid- and long-term operational planning and financial status, as well as by reference to the general level of dividends in the industry and capital markets as the basis for dividend policy. Related earnings can be distributed in the form of stock dividends or cash dividends. However, the percentage of cash dividends shall not be less than 20% of the total dividends. The percentage of cash dividends will be increased when future earnings and funds are more abundant.

A legal reserve should be appropriated from earnings until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset any deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018, which have been approved in the shareholders' meetings on June 15, 2020 and June 14, 2019, respectively, were as follows:

	2019	2018
Legal reserve	$ 46,796	$ 52,197
Special reserve	$ 10,415	$ 245
Cash dividends	$ 408,223	$ 470,889
Cash dividends per share (NT$)	$ 2.28	$ 2.63

The appropriation of earnings for 2020 was proposed by the Company's board of directors on March 24, 2021. The appropriation and dividends per share were as follows:

Legal reserve	$ 53,918
Reversal of special reserve	(15,204)
Cash dividends	501,553
Cash dividends per share (NT$)	2.80

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held on June 9, 2021.

d. Special reserves

	For the Year ended December 31	
	2020	2019
Beginning on January 1	$ 4,789	$ 4,544
Appropriations of special reserves		
In respect of debits to other equity items	10,415	245
Balance on December 31	$ 15,204	$ 4,789

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year ended December 31	
	2020	2019
Balance at January 1	($ 4,025)	($ 910)
Recognized during the period		
Exchange differences arising on translating the financial statements of foreign operations	(1,193)	(3,115)
Other comprehensive income recognized for the period	(1,193)	(3,115)
Balance on December 31	($ 5,218)	($ 4,025)

2) Unrealized gain or loss on Financial Assets at FVTOCI

	For the Year ended December 31	
	2020	2019
Balance at January 1	($ 11,180)	($ 3,879)
Recognized for the period		
Unrealized gain (loss) - equity instruments	23,205	(3,991)
Net remeasurement of loss allowance	4,044	(3,217)
Other comprehensive income recognized for the period	27,249	(7,208)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(4,073)	(93)
Balance on December 31	$ 11,996	($ 11,180)

24. REVENUE

	For the Year ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from sale of goods	$ 25,055,021	$ 21,053,267
Revenue from NRE service	624	2,454
	25,055,645	21,055,721
Other operating income		
Service revenue	5,642	5,684
	$ 25,061,287	$ 21,061,405

a. Revenue from contracts with customers

Revenue from the sale of goods

Revenue from the sale of goods mainly comes from the distribution of electronic components. Goods are categorized into application-specific and LCD display products, linear/distributed components, application-specific and image processing ICs. The Company sells goods at the agreed prices stipulated in contracts, quotations or orders.

Service revenue

Service revenue mainly comprises revenue from the design of embedded, medical, and application specific display modules during product development; revenue from customers' request for repair when defects occur in products that exceed the warranty period; and revenue recognized at the agreed prices stipulated in contracts.

b. Contract balances

	December 31, 2020	December 31, 2019
Notes and accounts receivables (Note 11)	$ 5,315,825	$ 3,840,322
Contract liabilities - current (Note 21)		
Sale of goods	$ 39,593	$ 56,243

The changes in the balance of contract liabilities primarily result from the timing difference between the Company's performance and the respective customer's payment.

c. Disaggregation of revenue

For the year ended December 31,2020

	Reportable Segment					
	Application-specific and LCD Display Products	Linear/ Distributed Components	Image Processing ICs	Application-specific ICs	Others	Total
Types of goods or services						
Revenue from the sale of goods	$ 3,883,305	$ 11,972,090	$ 5,632,695	$ 1,928,084	$ 1,645,113	$25,061,287

For the year ended December 31,2019

	Reportable Segment					
	Application-specific and LCD Display Products	Linear/ Distributed Components	Image Processing ICs	Application-specific ICs	Others	Total
Types of goods or services						
Revenue from the sale of goods	$ 4,171,836	$ 9,438,004	$ 4,693,634	$ 1,601,678	$ 1,156,253	$21,061,405

25. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS AND OTHER COMPREHENSIVE INCOME (LOSS)

a. Interest income

	For the Year ended December 31	
	2020	**2019**
Interest income		
Bank deposits	$ 1,315	$ 2,586
Financial assets at amortized cost	27	-
Imputed interest of deposit	21	10
	$ 1,363	$ 2,596

b. Other income

	For the Year ended December 31	
	2020	**2019**
Rental income		
Other operating lease	$ 11,236	$ 11,308
Dividend income		
Financial assets at FVTPL	129	217
Financial assets at FVTOCI	1,115	1,755
	1,244	1,972
	2,580	2,580
IT service revenue	1,953	1,501
Directors and supervisors' remuneration	$ 17,013	$ 17,361

c. Other gains and losses

	For the Year ended December 31	
	2020	**2019**
Gain (loss) on financial instruments		
Mandatorily measured at FVTPL	$ 1,341	($ 1,104)
Net foreign exchange gains (losses)	(201,121)	(45,202)
Bank charge	(14,031)	(11,798)
Others	1,578	1,214
	($ 212,233)	($ 56,890)

There was no interest capitalization in the Company for the three months ended March 31, 2021 and 2020.

d. Finance costs

	For the Year ended December 31	
	2020	2019
Interest on bank loans	$ 60,862	$ 102,830
Interest on convertible corporate bond	7,145	-
Interest on lease liabilities	802	840
	$ 68,809	$ 103,670

e. Impairment losses recognized

	For the Year ended December 31	
	2020	2019
Trade receivables	$ 3,300	($ 5,038)
Inventories (included in operating costs)	$ 9,927	($ 29,000)

f. Depreciation and amortization

	For the Year ended December 31	
	2020	2019
An analysis of deprecation by function		
Operating costs	$ -	$ -
Operating expenses	17,720	16,934
	$ 17,720	$ 16,934
An analysis of amortization by function		
Operating costs	$ -	$ -
Operating expenses	663	1,100
	$ 663	$ 1,100

g. Employee benefits expense

	For the Year ended December 31	
	2020	2019
Short-term benefits	$ 260,381	$ 220,904
Post-employment benefits		
Defined contribution plans	6,912	6,610
Defined benefit plans (see Note 24)	388	507
	7,300	7,117
Other employee benefits	22,955	17,415
Total employee benefits expense	$ 290,636	$ 245,436
An analysis of employee benefits expense by function		
Operating costs	$ -	$ -
Operating expenses	290,636	245,436
	$ 290,636	$ 245,436

h. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors at the rates 7.5%-10% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

Employees' compensation and the remuneration of directors for the year ended December 31, 2020 and 2019 were approved by the Board of Directors on March 24, 2021 and March 17, 2020, respectively, and are as follows:

Accrual rate

	For the Year ended December 31	
	2020	**2019**
Employees' compensation	7.5%	7.5%
Remuneration of directors	1.5%	1.5%

Amount

	For the Year ended December 31	
	2020	**2019**
Employees' compensation	$ 52,000	$ 45,700
Remuneration of directors	10,500	9,900

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gain or loss on foreign currency exchange

	For the Year ended December 31	
	2020	**2019**
Foreign exchange gains	$ 821,691	$ 1,201,733
Foreign exchange losses	(1,022,812)	(1,246,935)
Net foreign exchange gains and losses	($ 201,121)	($ 45,202)

26. INCOME TAXES RELATING TO CONTINUING

a. Income tax recognized in profit or loss

Major components of tax expense (income) recognized in profit or loss are as follows:

	For the Year ended December 31	
	2020	**2019**
Current tax		
In respect of the current period	$ 105,744	$ 44,330
Income tax on unappropriated earnings	646	-
Adjustment for prior years	(5,142)	878
	101,248	45,208
Deferred tax		
In respect of the current period	(7,665)	38,921
Income tax expense recognized in profit or loss	$ 93,583	$ 84,129

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year ended December 31	
	2020	**2019**
Income before income tax	$ 629,599	$ 553,784
Income tax expense calculated at the statutory rate	$ 125,919	$ 110,757
Non-deductible tax loss	-	24
Tax-exempt income	(27,840)	(27,530)
Surtax on undistributed retained earnings	646	-
Adjustments for prior year	(5,142)	878
Income tax expense recognized in profit or loss	$ 93,583	$ 84,129

b. Income tax expense recognized in other comprehensive income

	For the Year ended December 31	
	2020	2019
Deferred tax		
In respect of current period		
Translating the financial statements of foreign operations	$ 299	$ 775
Actuarial profit and loss of defined benefit plans	183	401
	$ 482	$ 1,176

c. Current tax assets and liabilities

	For the Year ended December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ -	$ 31,548
Current tax liabilities		
Income tax payable	$ 50,437	$ -

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows
For the year ended December 31, 2020

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax liabilities				
Temporary differences				
Impairment loss	$ 5,993	$ -	$ -	$ 5,993
Allowance for impairment loss	272	-	-	272
Allowance for write-down of inventories	18,828	(1,986)	-	16,842
Unrealized sales return and allowance	26,827	31,449	$ -	58,276
Unrealized gross profit	270	(127)	-	143
Unrealized foreign exchange loss	966	14,757	-	15,723
Defined benefit obligation	4,786	(114)	183	4,855
Exchange differences on translating foreign operations	998	-	299	1,297
Others	269	-	-	269
	$ 59,209	$ 43,979	$ 482	$ 103,670
Deferred tax assets				
Temporary differences				
Unappropriated Earnings from subsidiaries	($ 7,094)	($ 3,827)	$ -	($ 10,921)
Unrealized purchase allowance	(103,048)	(32,487)	-	(135,535)
	($ 110,142)	($ 36,314)	$ -	($ 146,456)

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit (Loss)	Recognized in Other Comprehensive Income (Loss)	Closing Balance
Deferred tax liabilities				
Temporary differences				
Impairment loss	$ 5,993	$ -	$ -	$ 5,993
Allowance for impairment loss	760	(488)	-	272
Allowance for write-down of inventories	13,028	5,800	-	18,828
Unrealized sales return and allowance	19,057	7,770	-	26,827
Unrealized gross profit	231	39	-	270
Unrealized foreign exchange losses	412	554	-	966
Defined benefit obligation	4,473	(88)	401	4,786
Exchange differences on translating foreign operations	223	-	775	998
Others	269	-	-	269
	$ 44,446	$ 13,587	$ 1,176	$ 59,209
Deferred tax assets				
Temporary differences				
Unappropriated Earnings from subsidiaries	($ 6,901)	($ 193)	$ -	($ 7,094)
Unrealized purchase allowance	(50,733)	(52,315)	-	(103,048)
	($ 57,634)	($ 52,508)	$ -	($ 110,142)

e. Deductible temporary differences and unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2020	December 31, 2019
Loss carryforwards		
Expiry in 2022	$ 504	$ 778
Deductible temporary differences	$ 74	$ 8,563

f. Income tax assessments

The tax returns of the Company through 2018 have been assessed and cleared by the tax authorities.

27. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year ended December 31	
	2020	2019
Basic earnings per share	$ 2.99	$ 2.62
Diluted earnings per share	$ 2.99	$ 2.62

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Period

	For the Year ended December 31	
	2020	**2019**
Income for the period attributable to owners of the Company	$ 536,016	$ 469,655
Earnings used in the computation of basic earnings per share	$ 536,016	$ 469,655
Effect of potentially dilutive ordinary shares:		
The after-tax interest of convertible bonds	5,716	-
Earnings used in the computation of diluted earnings per share	$ 541,732	$ 469,655

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares)

	For the Year ended December 31	
	2020	**2019**
Weighted average number of ordinary shares in computation of basic earnings per share	179,059	179,045
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,984	1,746
Corporate bond	17,607	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	198,650	180,791

If the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonus would be settled in shares, and if the resulting potential shares have a dilutive effect, these shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. The dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

28. ACQUISITION OF A SUBSIDIARY

The Company acquired CT Continental Corporation in order to expand its agent distribution of computers and peripheral devices. For details about the acquisition of CT Continental Corporation refer to Note 30 to the Company's consolidated financial statements for the year ended December 31, 2020.

29. CASH FLOW INFORMATION

a. Non-cash transaction

For the year ended December 31, 2020 and 2019, the Company entered into the following non-cash investing and financing activities which were not reflected in the statements of cash flows:

1) The Company reclassified prepayments for equipment in the amount of NT$285 thousand to property, plant and equipment for the year ended December 31, 2020.

2) The Company reclassified long-term borrowings amounting to NT$18,828 thousand to the current portion of long-term borrowings for the year ended December 31, 2019.

b. Reconciliation of liabilities arising from financing activities

For the year ended December 31, 2020

	Balance as of January 1, 2020	Cash Flows	Non-cash Changes			Balance on December 31, 2020
			New Leases	Exchange Rate Change	Interest amortized	
Short-term borrowings	$ 2,641,746	($ 228,414)	$ -	($ 8,224)	$ -	$ 2,405,108
Short-term bills payable	210,000	(20,000)	-	-	-	190,000
Long-term borrowings	18,828	(18,828)	-	-	-	-
Guarantee deposits received	59,960	224,840	-	-	-	284,800
Lease liabilities	29,337	(8,745)	-	-	802	21,394
	$ 2,959,871	($ 51,147)	$ -	($ 8,224)	$ 802	$ 2,901,302

For the year ended December 31, 2019

	Balance as of January 1, 2020	Cash Flows	Non-cash Changes			Balance on December 31, 2020
			New Leases	Exchange Rate Change	Interest amortized	
Short-term borrowings	$ 1,915,742	$ 746,238	$ -	($ 20,234)	$ -	$ 2,641,746
Short-term bills payable	70,000	140,000	-	-	-	210,000
Long-term borrowings	45,567	(26,739)	-	-	-	18,828
Guarantee deposits received	12,604	47,356	-	-	-	59,960
Lease liabilities	33,427	(7,993)	3,063	-	840	29,337
	$ 2,077,340	$ 898,862	$ 3,063	($ 20,234)	$ 840	$ 2,959,871

30. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

Adopting a prudent risk management strategy and regularly reviewing the strategy, the Company engages in overall planning based on business development strategies and operational needs, in order to determine the appropriate capital structure of the Company.

The Company is not subject to any externally imposed capital requirements.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

December 31, 2020

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortized cost:					
Convertible bond	967,284	997,400	-	-	997,400

The Level 2 and Level 3 fair value measurements above are determined by discounted cash flow analysis based on the income approach. The significant unobservable inputs used in Level 3 fair value measurements reflect the discount rates of counterparty credit risk.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	$ 6,922	$ -	$ -	$ 6,922
Redemption option on convertible bonds	-	100	-	100
	$ 6,922	$ 100	$ -	$ 7,022
Financial assets at FVTOCI				
Investments in equity				
Domestic listed shares	32,428	-	$ -	32,428
Domestic unlisted shares and domestic emerging market shares	-	-	2,398	2,398
	$ 32,428	$ -	$ 2,398	$ 34,826

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	$ 1,524	$ -	$ -	$ 1,524
Financial assets at FVTOCI				
Investments in equity				
Domestic listed shares	$ 15,613	$ -	$ -	$ 15,613
Domestic unlisted shares and domestic emerging market shares	-	-	1,945	1,945
	$ 15,613	$ -	$ 1,945	$ 17,558

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2020

	Financial Assets at FVTOCI
	Equity Instruments
Balance at January 1, 2020	$ 1,945
Purchases	453
Recognized in other comprehensive income	-
Balance at December 31, 2020	$ 2,398

For the year ended December 31, 2019

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2019	$ 1,945
Purchases	-
Recognized in other comprehensive income	-
Balance at December 31, 2019	$ 1,945

3) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Input
Factored accounts receivables	Discounted cash flow method: discounted at a discount rate that reflects the current borrowing rate at the end of the period.
Redemption option on convertible bonds	Discounted cash flow method: estimated future cash flow based on stock price volatility and annual bond yield in the most recent year.
Derivative financial instruments- FX Swap contract	Discounted cash flow method: Estimate the future cash flow according to the observable forward exchange rate on the balance sheet date and the exchange rate stipulated in the contract, and discount them respectively at the discount rate that can reflect the credit risk of each counterpart

4) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The Company measures the fair value of its investments on domestic unlisted shares by using the market approach. The judgment is based on the industry type, the evaluation of the same type of company and the company's operating situation.

c. Categories of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 7,022	$ 1,524
Financial assets at amortized cost (Note 1)	7,811,402	5,352,109
Financial assets at FVTOCI		
Equity instruments	34,826	17,558
Financial liabilities		
Measured at amortized cost (Note 2)	6,740,884	4,916,584

Note 1: The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, notes and accounts receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term loans, short-term bills payable, notes and accounts payable, other payables, bonds payable, long-term loans and guarantee deposits.

d. Financial risk management objectives and policies

The Company's major financial instruments included equity and debit investments, accounts receivables, accounts payables, borrowings and lease liabilities. The Company's Corporate Treasury monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price risk (see (c) below).

a) Foreign currency risk

The Company and its subsidiaries had foreign currency sales and purchases, which exposed the Company to foreign currency risk. The Company manages the risk that fluctuations in foreign currency could have on foreign-currency denominated assets and future cash flow by using forward exchange contracts, which was governed by the Company's policies

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 36

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The 1% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusted their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pretax profit and other equity associated with the 1% strengthening of the New Taiwan dollar against the relevant currency. For a 1% weakening of New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	U.S. Dollar Impact	
	For the Year ended December 31	
	2020	2019
Profit or loss	$39,404	$21,712

i. This was mainly attributable to the exposure outstanding on U.S. dollar-denominated accounts receivables, accounts payables and loans, which were not hedged at the end of the reporting period

The Company's sensitivity to foreign currency increased during the current year mainly due to the increase of accounts receivable balance in the USD.

In management's opinion, the sensitivity analysis did not reflect the inherent exchange rate risk because the exposure at the end of the year did not reflect the exposure during the period.

b) Interest rate risk

The Company evaluates hedging activities regularly to align with interest rate views and defined risk appetite and ensures that the most cost-effective hedging strategies are applied.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows.

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
Financial assets	$ 2,278	$ 2,423
Financial liabilities	1,157,284	210,000
Cash flow interest rate risk		
Financial assets	1,385,627	724,301
Financial liabilities	2,405,108	2,660,574

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the year. For floating-rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year. A 50 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates been 50 basis points higher/lower and all other variables were held constant, the Company's pre-tax profits for the years ended December 31, 2020 and 2019 would decrease/increase by NT$5,097sand and NT$9,681sand, respectively, mainly attributable to the Company's exposure to the floating-interest rates on bank borrowings and bank deposits

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities and beneficiary certificates. The Company manages this exposure by maintaining a portfolio of investments with different risks. In addition, the Company has appointed a special team to monitor the price risk and evaluate when it is necessary to increase the risk aversion position.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had fluctuated by 3%, the pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $211 thousand and $46 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2020 and 2019 would have increase/decreased by $1,045 thousand and $527 thousand as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterpart will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be mainly from the following:

a) The carrying amount of the financial assets recognized in the balance sheets; and

b) The maximum amount payable by the Company due to financial guarantees provided by the Company, regardless of possibility.

Financial assets are potentially affected by the failure of the Company's counterparties to fulfill their contractual obligations. The Company's credit risk is evaluated based on contracts whose fair value at the end of the financial reporting period is positive. The Company's counterparties are financial institutions and companies with sound credit ratings. The Company has a dedicated unit that regularly monitors counterparty credit exposure levels every year, so no significant credit risk is expected.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts.

The Company's credit risk was mainly concentrated in the customers with each item's balance over 5% of the total trade receivables, which accounted for 9% and 16% of the total trade receivables as of December 31, 2020 and 2019, respectively. The Company considers the concentration of credit risk for the remaining accounts receivable not material.

The Company did transactions with a large number of unrelated customers and, thus, no concentration of credit risk was observed

The maximum credit exposure of the Company is the net carrying amount of financial assets after deducting the amount that can be offset against each other and the impairment loss recognized in accordance with the regulations without considering collateral and other credit enhancement policies.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Company's available unutilized bank loan facilities set out in section (b) below.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on agreed repayment dates.

To the extent that interest flows are floating, the undiscounted amount was derived from the yield curve at the end of the year.

December 31, 2020

	Less Than 1 Year	2-3 Years	4-5 Years	Over 5 Years
Non-derivative financial liabilities				
Short-term borrowings	$ 2,425,156	$ -	$ -	$ -
Short-term bills payable	190,000	-	-	-
Notes and accounts payables	2,600,606	-	-	-
Other payables	293,086	-	-	-
Lease liabilities	7,507	14,395	-	-
Refund liability	291,379	-	-	-
Bond payable	-	997,400	-	-

	$ 5,807,734	$ 1,011,795	$ -	$ -

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1-5 years	Over 5 years
Lease liabilities	$ 7,507	$ 14,395	$ -

December 31, 2019

	Less Than 1 Year	**2-3 Years**	**4-5 Years**	**Over 5 Years**
Non-derivative financial liabilities				
Short-term borrowings	$ 2,678,809	$ -	$ -	$ -
Short-term bills payable	210,000	-	-	-
Notes and accounts payables	1,740,591	-	-	-
Other payables	245,459	-	-	-
Lease liabilities	8,745	22,376	-	-
Refund liability	218,356	-	-	-
Long-term borrowings	19,168	-	-	-
	$ 5,121,128	$ 22,376	$ -	$ -

Additional information about the maturity analysis for lease liabilities:

	Less than 1 year	1-5 years	Over 5 years
Lease liabilities	$ 8,745	$ 22,376	$ -

b) Financing facilities

	December 31, 2020	**December 31, 2019**
Unsecured bank overdraft facilities		
Amount used	$ 3,177,442	$ 3,623,432
Amount unused	4,513,768	3,942,908
	$ 7,691,210	$ 7,566,340
Secured bank borrowings facility		
Amount unused	$ -	$ 18,828

e. Transfers of financial assets

Factored accounts receivables were as follows:

December 31, 2020

Counter-parties	Balance at January 1	Receivables Factoring Proceeds	Cash Received	Advances Received - Used	Balance at March 31	Credit Lines
Bank SinoPac	$ 227,376	$ 3,725,646	($ 371,908)	($ 3,328,749)	$ 252,365	USD 54,000
	USD 7,672	USD 126,082	(USD 12,641)	(USD 112,211)	USD 8,902	
Taishin International Bank	160,591	2,483,350	(213,557)	(2,314,315)	116,069	$ 1,283,000
	USD 5,433	USD 83,824	(USD 7,241)	(USD 77,921)	USD 4,095	
Chang Hwa Bank	13,100	540,523	(216,592)	(320,494)	16,537	USD 6,000
	USD 441	USD 18,263	(USD 7,559)	(USD 10,563)	USD 582	
E.Sun Bank	71,980	1,366,675	(172,498)	(1,185,485)	80,672	USD 21,000
	USD 2,427	USD 46,021	(USD 5,872)	(USD 39,730)	USD 2,846	
HSBC Bank	103,539	1,196,122	(288,122)	(853,899)	157,640	USD 12,000
	USD 3,487	USD 40,333	(USD 9,908)	(USD 28,355)	USD 5,557	
	$ 576,586	$ 9,312,316	($ 1,262,677)	($ 8,002,942)	$ 623,283	
	USD 19,460	USD 314,523	(USD 43,221)	(USD 268,780)	USD 21,982	

December 31, 2019

Counter-parties	Balance at January 1	Receivables Factoring Proceeds	Cash Received	Advances Received - Used	Balance at March 31	Credit Lines
Bank SinoPac	$ 90,717	$ 2,415,900	($ 233,598)	($ 2,045,643)	$ 227,376	$ 910,000
	USD 2,954	USD 78,079	(USD 7,558)	(USD 65,803)	USD 7,672	
Taishin International Bank	92,461	2,299,881	(225,095)	(2,006,656)	160,591	$ 1,283,000
	USD 3,010	USD 74,342	(USD 7,301)	(USD 64,618)	USD 5,433	
Chang Hwa Bank	8,068	262,114	(26,267)	(230,815)	13,100	$ 98,934
	USD 263	USD 8,467	(USD 851)	(USD 7,438)	USD 441	
E.Sun Bank	13,164	1,189,107	(108,005)	(1,022,286)	71,980	$ 494,670
	USD 429	USD 38,493	(USD 3,500)	(USD 32,995)	USD 2,427	
HSBC Bank	61,776	1,125,658	(64,436)	(1,019,459)	103,539	$ 449,700
	USD 2,011	USD 36,367	(USD 2,088)	(USD 32,803)	USD 3,487	
	$ 266,186	$ 7,292,660	($ 657,401)	($ 6,324,859)	$ 576,586	
	USD 8,667	USD 235,748	(USD 21,298)	(USD 203,657)	USD 19,460	

The above credit lines may be used on a revolving basis.

The effective weighted average interest rates for factoring ranged from 0.77%-2.8541% for the year ended December 31, 2020, and 2.33%-3.875% for the year ended December 31, 2019.

Pursuant to the factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Company, while losses from credit risk are borne by banks

Refer to Note 34 for information on the use of promissory notes provided by the Company as collateral for the sale of accounts receivable.

32. TRANSACTIONS WITH RELATED PARTIES

Besides as disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed as follows.

a. Names and categories of related parties

Name	Related Party Categories
Promate Solutions Corporation.	Subsidiary
HAPPY ON SUPPLY CHAIN MANAGEMENT LTD.	Subsidiary
Promate Electronic (Shenzhen) Co., Ltd	Subsidiary
Promate Electronic (Shanghai) Co., Ltd	Subsidiary
CT Continental Corp.	Substantive related party (became subsidiary since June 15, 2020)
Weikeng Industrial Co., Ltd.	Substantive related party
Prosperity Venture Capital I, Limited	Substantive related party
HIGGSTEC Inc.	The management – The company is a corporate director of the entity.

b. Sales of goods

		For the Year ended December 31	
Line Items	Related Party Categories/Name	2020	2019
Sales	Substantive related parties	$ 12,398	$ 6,817
	Subsidiaries	939,716	901,147
	The management	533	975
		$ 952,647	$ 908,939
Other revenue	The management	$ 153	$ -
	Promate Solutions Corporation	4,380	4,080
		$ 4,533	$ 4,080

c. Purchases of goods

	For the Year ended December 31	
Related Party Categories/Name	2020	2019
Substantive related parties	$ 35,378	$ 29,797
Subsidiaries	20,506	25,109
	$ 55,884	$ 54,906

The related-party transactions were conducted under normal terms.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31, 2020	December 31, 2019
Accounts receivable	Subsidiaries		
	CT Continental Corp.	$ 1,076,857	$ -
	Other	214,389	162,096
	Substantive related parties		
	CT Continental Corp.	-	664,490
	Other	2,180	1,718
	The management	14	-
		$ 1,293,440	$ 828,304

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment losses were recognized for trade receivables from subsidiaries.

The revenue from sales to other customers through CT Continental Corp. for the years ended December 31, 2020 and 2019 were NT$2,021,187 thousand, and NT$1,495,635 thousand respectively.

Its accounts receivable as of December 31, 2020 and 2019 was NT$1,076,857 thousand, and NT$664,490 thousand respectively.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31, 2020	December 31, 2019
Accounts payables	Subsidiaries	$ 5,168	$ 10,293
	Substantive related parties	11,245	7,551
		$ 16,413	$ 17,844
Other payables	Subsidiaries	$ 10,078	$ 4,236

The outstanding accounts payables to related parties are unsecured.

f. Advances received

Line Item	Related Party Category/Name	December 31, 2020	December 31, 2019
Advances received	Subsidiaries	$ 725	$ 725

g. Lease arrangements - the Company is lessee

Acquisition of right-of-use assets

Related Party Categories/Name	For the Year ended December 31 2020	For the Year ended December 31 2019
Acquisition of right-of-use assets		
Substantive related parties		
Weikeng Industrial Co., Ltd.	$ 6,268	$ 8,357

Lessor	Location	Lease term and Payment Method
Weikeng Industrial Co., Ltd.	Office building on Huanshan Road, Neihu District	The lease term begins on January 1, 2016 and ends on December 31, 2020. Rent is paid every six months, where the monthly rent is NT$65,000.

Line Item	Related Party Category/Name	December 31, 2020	December 31, 2019
Lease liabilities	Substantive related party		
	Weikeng Industrial Co., Ltd.	$ 6,453	$ 8,480

Related Party Categories/Name	For the Year ended December 31 2020	For the Year ended December 31 2019
Interest expense		
Substantive related parties		
Weikeng Industrial Co., Ltd	$ 206	$ 265

h. Lease arrangements - the Company is lessor

Operating leases

Lessor	Location	Lease Term and Payment Method	For the Year ended December 31	
			2020	2019
Promate Solutions Corporation.	QingPu Factory	The lease term begins on August 1, 2018 and ends on July 30, 2023. Rent is paid every six months.	$ 11,148	$ 11,148
Prosperity Venture Capital I, Limited	Office building on Huanshan Road, Neihu District	The lease term begins on March 1, 2017 and ends on February 28, 2019, and then begins on March 1, 2019 and ends on February 28, 2021. Rent is paid every six months.	20	24
			$ 11,168	$ 11,172

i. Acquisition of financial instruments

Related Party Categories/Name	Line Item	Number of shares	Transaction subject	Amount
Prosperity Venture Capital I, Limited	Investments in equity instruments at FVTOCI- non current	819	Medimaging Integrated Solution Inc.	$ 15
		48,645	Tricorntech Corp.	438
				$ 453

j. Other transactions with related parties

1) Rental expense

Lessee	Location	Lease Term and Payment Method	For the Year ended December 31	
			2020	2019
HAPPY ON SUPPLY CHAIN MANAGEMENT LTD.	Warehouse and office in HK	The monthly rent is HK$10,000, and the warehouse is calculated based on the monthly usage area. Since February 2006, the rent has been rented and the rent is paid monthly.	$ 6,784	$ 6,430
Substantive related parties	Office building on Huanshan Road, Neihu District	The lease term begins on March 1, 2017 and ends on February 28, 2019.	-	390
			$ 6,784	$ 6,820

2) Operating expense

Related Party Categories/Name	Line Items	For the Year ended December 31	
		2020	2019
HAPPY ON SUPPLY CHAIN MANAGEMENT LTD.	Freight	$ 47,308	$ 47,455

Related Party Categories/Name	Line Items	For the Year ended December 31 2020	2019
Subsidiaries	Repair and maintenance	$ 45	$ 88
Promate Electronic (Shenzhen) Co., Ltd	Professional service fees	$ 64,227	$ 68,856
Promate Electronic (Shanghai) Co., Ltd	Professional service fees	30,890	23,049
Subsidiaries	Other operating expenses	2,315	-
Substantive related parties	Other operating expenses	-	1,825
		$ 97,432	$ 93,730

k. Other transactions with related parties

Due to business needs, the company purchased 600,000 shares of CT Continental Corp. from the chairman at NT$10 per share and total price is NT$ 6 million, The proposition was presented on the third board of directors' meetings in 2020, and the chairman left due to avoidance of interests. The case was passed unanimously by other directors.

l Compensation of key management personnel

Line Items	For the Year ended December 31 2020	2019
Short-term employee benefits	$ 43,141	$ 43,720
Other long-term employee benefits	261	258
	$ 43,402	$ 43,978

The remuneration of directors and key executives is determined by the remuneration committee based on the performance of individuals and market trends.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31, 2020	December 31, 2019
Land	$ 196,487	$ 186,047
Buildings	102,188	98,838
Financial assets at amortized cost	2,278	2,423
	$ 300,953	$ 287,308

The land and buildings above have been pledged as collateral for bank loans. The Company may not use the pledged assets as collateral for other loans or sell them to other companies.

34. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company were as follows:

a. Significant commitments

1) As of December 31, 2020 and 2019, unused letters of credit for purchases of inventories were as follows:

	December 31, 2020	December 31, 2019
USD	$ 598	$ 1,222
NTD	150,000	300,000

2) As of December 31, 2020 and 2019, the Company had issued promissory notes for the facilities of bank loans, the facilities of accounts receivables factoring and for purchase of inventories amounted to $903,000 thousand and $753,000 thousand, respectively.

3) As of December 31, 2020 and 2019, the Company has issued letters of guarantee for purchase of inventories amounted to $218,796 thousand and $219,015 thousand, respectively.

4) As of December 31, 2020 and 2019, the Company has all issued letters of guarantee for tariff guarantee amounted to $12,000 thousand.

b. Contingent liabilities: None

35. GNIFICANT EVENTS AFTER THE BALANCE SHEET DATE: NONE

36. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2020

Unit: In Thousands for Currencies, Except Exchange Rates

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 268,288	28.48 (USD:NTD)	$ 7,640,843
CNY	2,652	4.3777 (CNY:NTD)	11,608
HKD	2,415	3.673 (HKD:NTD)	8,869
			$ 7,661,320
Nonmonetary items			
Investments accounted for using the equity			
USD	2,411	28.48 (USD:NTD)	$ 68,665
HKD	9,287	3.673 (HKD:NTD)	34,111
			$ 102,776
Financial liabilities			
Monetary items			
USD	129,932	28.48 (USD:NTD)	$ 3,700,477
CNY	86	4.377 (CNY:NTD)	375
HKD	1,264	3.673 (HKD:NTD)	4,643
			$ 3,705,495

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 183,508	29.98 (USD:NTD)	$ 5,501,569
CNY	1,418	4.305 (CNY:NTD)	6,104
HKD	904	3.849 (HKD:NTD)	3,479
			$ 5,511,152
Nonmonetary items			
Investments accounted for using the equity			
USD	$ 1,810	29.98 (USD:NTD)	$ 54,273
HKD	8,154	3.849 (HKD:NTD	31,384
			$ 85,657
Financial liabilities			
Monetary items			
USD	111,084	29.98 (USD:NTD)	$ 3,330,299
CNY	219	4.305 (CNY:NTD)	941
HKD	1,209	3.849 (HKD:NTD)	4,652
			$ 3,335,892

The Company is mainly exposed to the USD and CNY The following information was aggregated by the functional currencies of the entities of the Company, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year ended December 31			
	2020		2019	
Foreign Currencies	Exchange Rate	Net Foreign Exchange (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	28.48 (USD:NTD)	($ 201,121)	29.98 (USD:NTD)	($ 45,202)

37. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and b. information on investees:

1) Financing provided to others. (None)
2) Endorsement/guarantee provided. (Table 1)
3) Marketable securities held. (Table 2)
4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (None)
5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)
6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)
7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

9) Trading in derivative instruments. (Table 7)

10) Significant transactions between the Company and subsidiaries. (Table 5)

b. Information of investees. (Table 6)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (Table 7)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

d. Information of major shareholders. (Table 8)

PROMATE ELECTRONIC CO., LTD.

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/Guaranteed During the Period (Note 3)	Outstanding Endorsement/Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/Guarantee to Net Equity in Latest Financial Statements (%)	Maximum Collateral/ Guarantee Amounts Allowable (Note 2)	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Company	Promate Electronic (Shenzhen) Co., Ltd.	(1)	$1,360,237	$ 26,370	$ 26,262	$ -	$ -	0.68	$1,943,196	Y	N	Y
		Promate Electronic (Shanghai) Co., Ltd	(1)	1,360,237	95,555	52,524	-	-	1.35	1,943,196	Y	N	Y
1	Promate Electronic (Shanghai) Co., Ltd	Promate Electronic (Shenzhen) Co., Ltd.	(2)	1,360,237	27,618	26,262	-	26,262	0.68	1,943,196	N	N	Y

Note 1：The 2 types of relationship between a guarantor and a guarantee are set out as follows:

(1) Companies in which the Company directly and indirectly holds more than 50 % of the voting shares.

(2) Companies in which the Company holds, directly or indirectly, 90% or more of the voting shares
.

Note 2：The endorsement/guarantee limit is determined by the Company in accordance with Articles 36 and 38 of the Securities and Exchange Act and Operational Procedures for Endorsements/Guarantees resolved by the shareholders' meeting: the total amount of endorsement/guarantee provided by the Company shall not exceed 50% of the net worth of the current period. The endorsement/guarantee provided to a single entity shall not exceed 35% of the net worth of the current period.

(1)According to the above regulations, aggregate Endorsement/Guarantee Limit: shall not exceed forty percent (50%) of net worth NT$3,886,392 (in thousands) × 50% = $1,943,196 (in thousands).
(2)According to the above regulations, limits on Endorsement/Guarantee Given on Behalf of Each Party: Shall not exceed thirty percent (35%) of net worth NT$3,886,392 (in thousands) × 35% = $1,360,237 (in thousands).

TABLE 2

PROMATE ELECTRONIC CO., LTD.

MARKETABLE SECURITIES HELD
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Issuer of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
The Company	Ordinary shares							
	Higgstec Inc.	None	Financial assets at fair value through other comprehensive income - noncurrent	789,000	$32,428	-	$32,428	Publicly traded stocks
	Jam Technologies, Inc.	〃	〃	77,821	-	Preferred	-	Non-publicly traded equity investment
	Always Positive Solar Silicon, Inc.	〃	〃	525,000	-	Preferred	-	〃
	MiTAC Inc. (Claridy Solutions, Inc.)	〃	〃	18,140	-	0.01	-	〃
	Easycard Corporation	〃	〃	8,889	-	12.70	-	〃
	uPI Semiconductor Corp.,	〃	〃	56,080	1,009	-	1,009	〃
	Medimaging Integrated Solution Inc.	〃	〃	52,819	951	-	951	〃
	TricornTech Taiwan Corporation			48,645	438	-	438	〃
					$34,826			
The Company	Ordinary shares:							
	KO JA (CAYMAN) CO., LTD.	None	Financial assets at fair value through profit or loss - current	40,000	$ 5,260	-	5,260	Publicly traded stocks
	Zhong Yang Technology Co. Ltd.			30,000	1,662	-	1,662	
					$ 6,922			
The Company	Time deposit with an original maturity of more than three months	〃	Financial assets at amortized cost - current	USD 80	$ 2,278	-	$ 2,278	

Note: Refer to Tables 6 and 7 for information on interests in subsidiaries, associates, and joint ventures.

TABLE 3

PROMATE ELECTRONIC CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Promate Solutions Corporation.	Subsidiary	Sale	$259,886	0.97%	Transaction terms are not significantly different from those for third parties	$ -	—	Accounts receivable $34,739	0.65%	
	Promate Electronic (Shenzhen) Co., Ltd.	Subsidiary	〃	432,166	1.62%		-	—	Accounts receivable 126,503	2.38%	
	Promate Electronic (Shanghai) Co., Ltd	Subsidiary	〃	247,664	0.93%		-	—	Accounts receivable 53,147	1.00%	

TABLE 4

PROMATE ELECTRONIC CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	CT Continental Corporation	Subsidiary	Accounts receivable $1,076,857	2.32	$ -	—	$ 479,095	$ -
	Promate Electronic (Shenzhen) Co., Ltd.	Subsidiary	Accounts receivable $126,503	4.28	-	—	90,818	

TABLE 5

PROMATE ELECTRONIC CO., LTD.

INFORMATION ON INVESTEES
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars/Foreign Currency)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee)	Investment Gain (Loss) (Note)	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of Ownership	Carrying Value			
	With control ability										
Promate Electronic Co., Ltd	Promate Solutions Corporation.	Taipei, Taiwan	Production and trade of electronic components	$ 297,527	$ 297,527	25,328	66.21	$ 727,839	$ 203,075	$ 134,747	Subsidiary
	PROMATE INTERNATIONAL CO., LTD.	Hong Kong	General investment	52,101	52,101	12,360	100.00	59,306	18,856	18,856	Subsidiary
	HAPPY ON SUPPLY CHAIN MANAGEMENT LTD.	Hong Kong	Warehousing and logistics services	12,124	12,124	3,000	100.00	33,613	4,314	4,314	Subsidiary
	PROMATE ELECTRONICS COMPANY USA	USA	General trade of electronic components	606	606	20	100.00	8,661	(586)	(586)	Subsidiary
	CT Continental Corporation	Taipei, Taiwan	General trade of electronic components	54,000	-	5,400	90.00	54,371	1,146	371	Subsidiary
	Having significant influence										
Promate Electronic Co., Ltd	Prosperity Venture Capital I, Limited	Taipei, Taiwan	General investment	17,215	17,215	11	21.62	645	(15,954)	(3,449)	Equity method investee
	With control ability										
Promate Solutions Corporation	PROMATE JAPAN Inc.	Japan	General trade of electronic components	2,791	2,791	10	100.00	3,002	424	424	Subsidiary

Note: Refer to Table 8 for information on investment in mainland China.

PROMATE ELECTRONIC CO., LTD.

INVESTMENTS IN MAINLAND CHINA
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. For investments in China, disclose the name of the investee, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, gain or loss for the period, carrying amount of the investment, repatriated investment gains:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Losses) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Promate Electronic (Shenzhen) Co., Ltd.	International trade, entrepot trade, trade with companies and trading agents in free trade zones	$ 6,782 (USD 200)	100% Indirectly invested through Promate International Co, Ltd. (Note 1)	$ 6,782 USD 200	$ -	$ -	$ 6,782 USD 200	$ 13,753 (Note 2)	100	$ 13,753 (Note 2)	$ 19,560	$ -
Promate Electronic (Shanghai) Co., Ltd	〃	32,500 (USD 1,000)	Same as above	32,500 USD 1,000	-	-	32,500 USD 1,000	4,984 (Note 2)	100	4,984 (Note 2)	31,159	-

2. Limit on the amount of investment in China

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$39,282 USD1,200	$39,282 USD1,200	$2,558,242

Note 1: Indirect investment in mainland China through holding companies - Promate International co., Ltd.

Note 2: The amount was recognized based on the audited financial statements of the investee company.

TABLE 7

PROMATE ELECTRONIC CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Relationship Between the Company and Related Party	Purchase/Sale		Unit Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized Gains or Losses
		Amount	Percentage		Payment Terms	Compared to General Transactions	Ending Balance	% of Total	
Promate Electronic (Shenzhen) Co., Ltd.	Sub-subsidiary indirectly wholly owned by the Company	$ 432,166	1.62%	No significant difference	No significant difference	No significant difference	Accounts receivable $126,503	2.38%	$ 46
Promate Electronic (Shanghai) Co., Ltd	Sub-subsidiary indirectly wholly owned by the Company	247,664	0.93%	〃	〃	〃	Accounts receivable $53,147	1.00%	65

1. Endorsements, guarantees or collateral directly and indirectly provided by investee companies in mainland China through businesses in a third area: Table 1.

2. Financial intermediation directly and indirectly provided by investee companies in mainland China through a third area: None.

3. Other transactions that have a material impact on current profit or loss or financial status: None.

TABLE 8

PROMATE ELECTRONIC CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YARS ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
None	-	-

Note: The percentage of ownership of major shareholders included in the table should be more than 5%, which was calculated based on the total number of ordinary shares, preference shares and treasury shares owned in the last trading day of the quarter that were traded in and registered electronically and was prepared by the Taiwan Depository & Clearing Corporation. In addition, the share capital and the actual number of traded shares with the completion of electronic registration stated in the consolidated financial statements might vary due to different calculation basis.

6. The impact of the financial difficulties of the Company and the affiliated companies, if any, on the Company's financial position in the past year and as of the printing date of the annual report: None.

VII. Review analysis and risk management of financial situation and financial performance:

1. Financial position

Unit: NT$1,000

Item \ Year	2020/12/31	2019/12/31	Difference	
			Amount	%
Current assets	10,934,870	9,216,649	1,718,221	18.64
Property, plant and equipment	391,976	388,807	3,169	0.82
Intangible assets	6,704	10,579	(3,875)	(36.63)
Non-current assets	408,870	160,141	248,729	155.32
Total Assets	12,044,400	10,023,537	2,020,863	20.16
Current liabilities	6,259,944	5,657,878	602,066	10.64
Non-current liabilities	1,520,720	327,318	1,193,402	364.60
Total liabilities	7,780,664	5,985,196	1,795,468	30
Capital	1,791,260	1,790,452	808	0.05
Capital surplus	712,730	657,690	55,040	8.37
Retained earnings	1,375,624	1,244,671	130,953	10.52
Total amount of Equity	4,263,736	4,038,341	225,395	5.58

Analysis standard

The change of each item reaches more than 20%, and the amount of change is more than 10 million.

Description

Intangible assets: The change is only due to amortization expenses.

Other non-current assets: Mainly due to the increase in payment of suppliers' supply margins.

Total amount of assets: Due to the increase in revenue, the increase in accounts receivable.

Non-current liabilities: Mainly convertible corporate bonds issued in 2020.

Total amount of liabilities: Mainly convertible corporate bonds issued in 2020.

2. Financial performance analysis

Unit: NT$1,000

Item \ Year	2020	2019	Increase (decrease) amount	Difference %
Operating Revenue	26,710,813	22,824,272	3,886,541	17.03
Operating cost	(24,691,055)	(21,019,423)	(3,671,632)	17.47
Operating margin	2,019,758	1,804,849	214,909	11.91
Operating expenses	(987,277)	(969,707)	(17,570)	1.81
Operating Profit	1,032,481	835,142	197,339	23.63
Non-operating income and expense	(284,866)	(160,638)	(124,228)	77.33
Pre-tax profit	747,615	674,504	73,111	10.84
Income tax expense	(142,939)	(135,022)	(7,917)	5.86
Current period net profit	604,676	539,482	65,194	12.08

Analysis standard

Each item has changed more than 20% in the current period, and the amount of change has reached more than NT$ 10 million.

Description:

Operating net profit: Due to the impact of COVID-19, the main global demand comes from the growth in demand for PC, NB, IOT and other related devices brought about by long-distance work and school, causing the supply of electronic components to exceed supply and the substantial increase in revenue.

Non-operating income and expenses: Mainly due to net foreign currency exchange losses during the current period.

3. Cash flows

(一) Liquidity analysis of the last two years

Item \ Year	2020	2019	Increase (decrease) %
Cash Flow Ratio (%)	8.37	(5.73)	246.07
Cash Flow Adequacy Ratio (%)	54.58	49.02	11.34
Cash Flow Reinvestment Ratio (%)	2.02	(18.36)	111.00
Analysis of changes in ratios: 1. The difference in cash flow ratio is mainly due to the decrease in income tax paid in the current period and the shorter operating turnover days. 2. The difference in allowable cash flow ratio is mainly due to the shorter operating turnover days. 3. The difference in cash reinvestment ratio is mainly due to the shorter operating turnover days.			

(二) Cash liquidity analysis for the coming year

Unit: NT$1,000

Beginning Cash Balance	Net cash inflow from operating activities	Annual cash inflow	Cash surplus (insufficiency) ＋ －	Remedial measures for cash deficit	
				Investment plan	Financial plan
2,150,430	1,094,316	(267,064)	1,887,366	-	-

4.Effect of major capital spending on financial position and business operations

The Company has no significant capital expenditure in the most recent year and no significant capital expenditure is planned for the next five years, which will have no impact on the financial affairs.

5.Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year

The purpose of the Company's investment transfer is mainly for business needs or to obtain the agent product strategy application; the company with poor investment performance has allocated the permanent loss from falling price in years; in the past, there are also some companies have been sold to take back the capital; there is no major investment plan in the next year.

6.Risk management analysis

(1)Impact of interest rate and exchange rate changes and inflation on Company's profit and response measures:

Changes in interest rates and inflation have no significant impact on the Company. The impact of exchange rate changes on the Company is explained as follows:

1) Impact of exchange rate fluctuations on the Company's revenue and profit

Unit: NT$1,000

Item \ Year	2020	2019
Net exchange profits (losses)	(215,711)	(63,476)
Operating Revenue	26,710,813	22,824,272
Net exchange profits (losses) to operating revenues(%)	(0.81)	(0.28)
Operating Profit	1,032,481	835,142
Net exchange profits (losses) to operating Profit (%)	(20.89)	(7.60)

Since most of the inbound and outbound transactions of the Company are denominated in US dollars, the exchange rate fluctuations have a direct impact on the Company's profits, resulting in higher exchange losses due to the market exchange rate fluctuations over the past year.

2) The Company's specific measures in response to exchange rate fluctuations are as follows:

A. The Finance Department compiles the "Statistical Table of Foreign Exchange Positions" derived from US dollar assets and liabilities on each business day, which will be used as the basis for hedging foreign exchange deficiency positions.

B. The Finance Department regularly prepares the "Foreign Exchange Hedge List" and "Statistical Analysis Table of Foreign Exchange Positions" to evaluate the profit and loss caused by foreign exchange rate and provide reference for future foreign exchange hedging.

C. The Company's foreign exchange hedging operation adopts the forward purchase of foreign exchange to lock in the exchange rate cost of incoming goods, and reduce the impact of exchange rate fluctuations on the Company.

D. To connect closely with financial institutions to collect relevant information, and acquire the exchange rate of NTD to USD and other international currencies through the financial market online service, so as to provide the Company to carry on the judgment of foreign exchange hedging, reduce the impact on the normal operation caused by exchange loss of dramatic changes in foreign exchange, and plan the responding measures in a timely manner.

(2)Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures:

1) Derivative commodity trading of the Company engaged in

(a) For the purpose of trading: none.

(b) For non-trading purposes:

The Company's forward foreign exchange contracts are primarily designed to protect against the foreign currency claims, liabilities and commitments arising from exchange rate fluctuations. The Company's hedging strategy is designed to evade a large portion of the market price risk. The Company uses the derivatives which are highly negatively correlated with the fair price changes of hedged items as the hedging tools, and conducts the periodic evaluations.

(c) Change of destination of derivative trading due to changes in objective environment: the Company is not engaged in the derivative trading with the change of destination of derivative trading due to changes in objective environment.

2) The company has no funds lent to others.

3) The endorsement warranties are all to the subsidiaries.

(3)Research and development work to be carried out in the future, and further expenditures expected for research and development work:

The Company is a professional electronic component distributor, mainly engaged in the sale of agent business; therefore, the research and development is mainly to match the customer's product design and import. It is estimated that the research and development cost of this year is about NT$3,297,000.

(4)Major changes in government policies and laws at home and broad and the impact on the Group's financial position and business activities: None.

(5)Effects of changes in technology and industry on the Group's financial position and business activities, and response measures: None.

(6)Impact of corporate image change on risk management and response measures: None.

(7)Expected benefits and potential risks of merger and acquisition: None.

(8)Expected benefits and potential risks of capacity expansion: None.

(9) Risks associated with over-concentration in purchase or sale and response measures:

The reasons for our purchase of LCD panels mainly from AUO are as follows:

In general, the distributor is in the capital and technology intensive industry; based on the resource allocation benefit maximization, most of the distributor is to concentrate its resources in a few star product lines, and has the situation of concentrated stock; for example, the main products of Promate are related products for LCD module, so the purchase is concentrated in AU Optronics; other peers, such as: Yosun, Wintech, Zenitron, WPG and Ultra Source Technology, also have their main star products, which make them have the situation of concentrated stock; Yosun's memory active components are its main product, so its purchase focuses on Samsung; Freescale, Systech, ST, ON and other ICs are the main sales of Wintech; Zenitron is mainly engaged in selling the diodes and transistors, so Rohm, IR and Fuji International are its main suppliers; the main force of WPG is the core components and standard general components, and its purchase concentrates on Intel, TI, HYNIX; Ultra Source Technology focuses on purchasing from INTERSIL, FAIRCHILD, N.S and AAA, Sunplus, MediaTek and so on, because of its focus on analog IC, distributed components, specific application IC and memory. According to the situation of the industry, the situation of Promate Electronic' purchase concentrating on AU Optronics is not unique in the industry, but a characteristic of the industry. Therefore, the risks should be reasonable and manageable.

(10) Effects and risk of large-scale share transfer or changes in directors, supervisors, or major shareholders with more than 10% shares on the Group, and the response measures: None.

(11)Impact of change in management rights on the Company, associated risk and response measures: None.

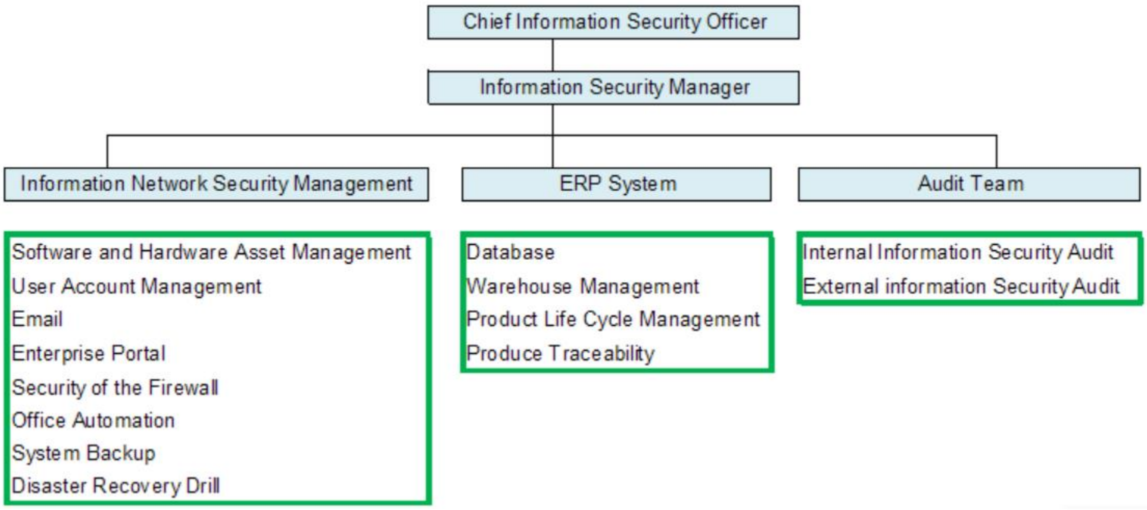
(12) For litigious or non-litigious matters, state the major litigation, non-litigation or administrative litigation proceedings that has been determined or is still in litigation of the Group and the Group's directors, supervisors, presidents, de facto responsible person, major shareholders with more than 10% shares, and subordinate companies. If the result may have material impacts on shareholders' equity or stock price, disclose the facts of the dispute, the amount of the subject matter, the commencement date of the lawsuit, the parties involved in the proceedings, and the handling as of the printing date of the annual report: None.

(13)Other major risks and response measures: None.

7. Other important matters:

(1) Information security risk assessment and countermeasures:

Organizational structure of information security



In order to strengthen the information security protection measures and emergency standby equipment, ensure the data, systems, equipment and network security, the Company has established the operating procedures, including the machine room access control, machine room uninterruptable power supply equipment and generators, regular data backup, data long-distance regular backup, and disaster recovery plan; after the disaster, the computer system and the business can return to normal operation quickly.

The Company has formulated relevant regulations and operation manuals for system access control management, computer system security management and information asset security management, to ensure the safe operation and use of computers by employees. The network security management is also evaluated regularly, such as operating system, website server, browser, firewall and anti-virus, and relevant records are kept. We also regularly or timely repair the security vulnerabilities in the network operating environment.

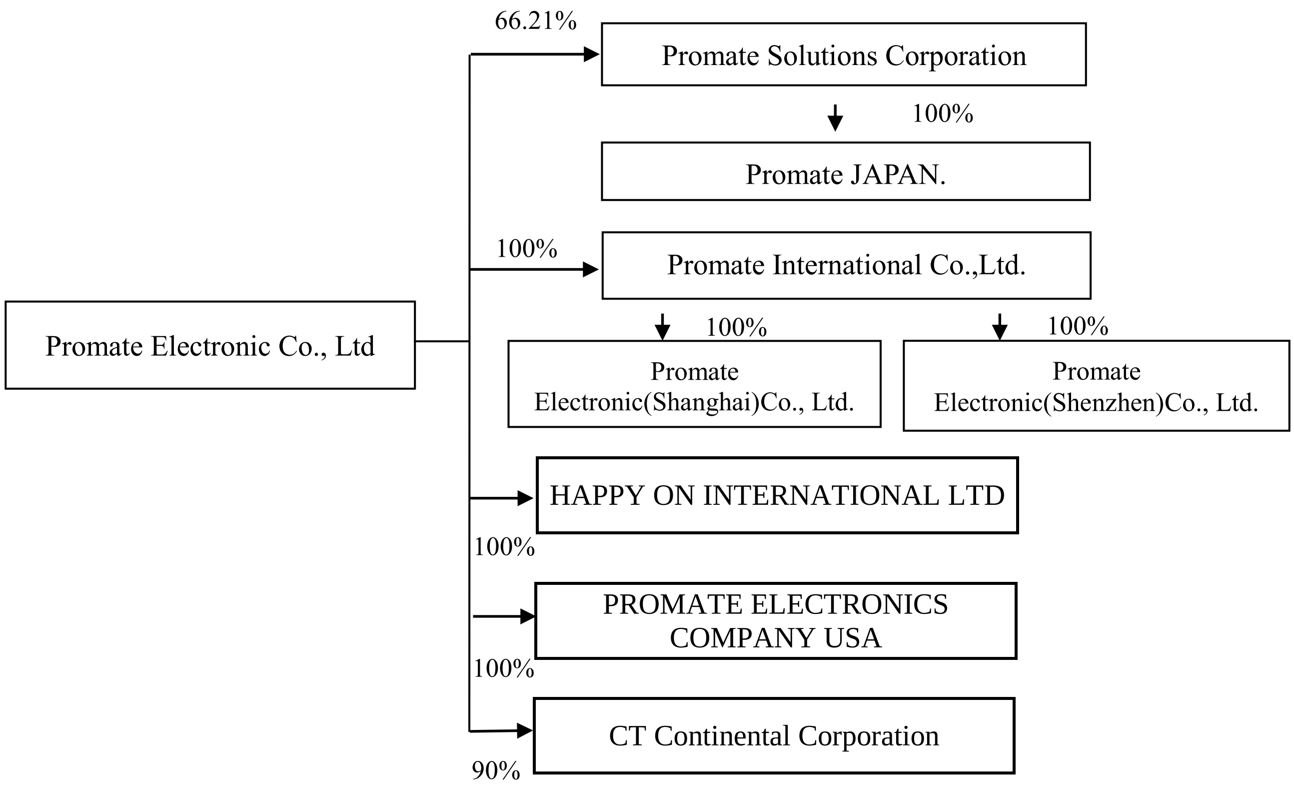
The Information Department signs a maintenance contract with the manufacturer to provide irregular troubleshooting and regular maintenance services, to ensure the smooth operation of the information system and equipment.

There have been no major capital security incident affecting the operations of the Group in the most recent year and as of the publication date of annual report.

VIII. Special notes

1. Profiles of affiliates enterprises

(1) Organization chart of affiliated enterprises:



Dec. 31, 2020
Unit: NT$1,000

Name of Related Parties	Relationship	Percentage of Ownership	Shares	Investment Amount
Promate Solutions Corporation	Equity method investee	66.21%	25,327,500	297,527
PROMATE INTERNATIONAL CO., LTD.	Equity method investee	100.00%	12,360,000	52,101
Promate Electronic(Shanghai)Co., Ltd.	As the Company's sub-subsidiary	100.00%	-	32,500 (USD1,000,000)
Promate Electronic(Shenzhen)Co., Ltd.	As the Company's sub-subsidiary	100.00%	-	6,782 (USD200,000)
HAPPY ON INTERNATIONAL LTD.	Equity method investee	100.00%	3,000,000	12,124
PROMATE ELECTRONICS COMPANY USA	Equity method investee	100.00%	20,000	606
CT Continental Corporation	Equity method investee	90.00%	5,400,000	54,000
PROMATE JAPAN	Invested company evaluated by Promate Solutions in equity method	100.00%	100,000	2,791

(2)Information on the shareholders of the companies shall be concluded as the existence of the controlling and subordinate relation in accordance with Article 369-3 of the Company Act: None.
(3)In accordance with Paragraph 2 of Item 2 of Article 369 of the Company Act, subsidiary company directly or indirectly controlled by the Company in personnel, finance or business: none
(4) Information on affiliated enterprises:

Dec. 31, 2020

Name of enterprise	Date of Establishment	Address	Paid-in capital (NT$1,000)	Main business and products
Promate Solutions Corporation	2000.06.05	1F, No. 30, Section 1, Huanshan Road Neihu District, Taipei, 11442 Taiwan	382,549	Production and trade of electronic components
PROMATE INTERNATIONAL CO., LTD.	2000.08.02	Unit 1306 13/F, Landmark North ,39 Lung Sum Avenue, Sheung Shui. N.T	52,101	General investment
Promate Electronic(Shanghai)Co., Ltd.	2009.11.03	Room 126, 1/F, No.393, Lane 1555, Jinshajiang Road West, Jiangqiao Town, Jiading District, Shanghai	32,500	International trade, entrepot trade, trade with companies and trading agents in free trade zones
Promate Electronic(Shenzhen)Co., Ltd.	2009.02.10	Room 1409, 1415, 14/F, Fuchun Oriental Building, No.7006, Shennan Avenue, Futian District, Shenzhen	6,782	International trade, entrepot trade, trade with companies and trading agents in free trade zones
HAPPY ON INTERNATIONAL LTD.	2006.01.04	Unit 1, 3/F, Cheung Fung Industrial Building, No. 23-29, Pak Tin Pah Street, Tsuen Wan, New Territories, Hong Kong	12,539	Warehousing and logistics services
PROMATE ELECTRONICS COMPANY USA	2011.11.01	14712 Franklink Avenue Suite H Tustin, CA 92780	606	General trade of electronic components
CT Continental Corporation	1990.03.12	Unit 1, 3/F, No. 27, Lane 169, Kangning Street, Xizhi District, New Taipei City	60,000	General trade of electronic components
PROMATE JAPAN	2017.03	Tokyo, Japan	2,791	General trade of electronic components

(5)Information of the same shareholders in companies that are presumed to have a relationship of control and subordination: None.

(6) Industries covered by the operations of all affiliates: Including the purchase and sale of electrical materials and electronic components manufacturing as well as international trade industries.

(7)Information on Directors, Supervisors, and Presidents of affiliates:

Dec. 31, 2020

Name of enterprise	Title	Name or Representative	Shares held	
			Number of shares	Shareholding percentage
Promate Solutions Corporation	Chairperson	Promate Electronic Co., Ltd. (Representative: Cheer Du)	25,327,500	66.21%
	Director	Promate Electronic Co., Ltd. (Representative: Eric Chen)	25,327,500	66.21%
	Director	Promate Electronic Co., Ltd. (Representative: Ciou-Jiang HU)	25,327,500	66.21%
	Director	Liu-Ping Chen	-	-
	Independent Director	Ying-Min Zhong	-	-
	Independent Director	Mau-Shiung Chen	-	-
	Independent Director	Yue-Xiu Liu	-	-
PROMATE INTERNATIONAL CO., LTD.	Chairperson	Promate Electronic Co., Ltd. (Representative: Eric Chen)	12,360,000	100%
Promate Electronic (Shanghai) Co., Ltd.	Owner	Yi-Lin Song	-	100%
Promate Electronic (Shenzhen) Co., Ltd.	Owner	Yi-Lin Song	-	100%
HAPPY ON INTERNATIONAL LTD.	Owner	Zih-Ying Wu	3,000,000	100%
PROMATE ELECTRONICS COMPANY USA	Owner	Ting-Cong Chen	20,000	100%
CT Continental Corporation	Chairperson	Ya-Shu Guo	581,550	10%
	Director	Promate Electronic Co., Ltd. (Representative: Eric Chen)	5,400,000	90%
	Director	Promate Electronic Co., Ltd. (Representative: Yu-Fong Chen)	5,400,000	90%
	Supervisor	Yi-Jyun Chen	4,800	-
PROMATE JAPAN	Owner	Andy Chen	100,000	100%

(8) Affiliated enterprises' operational review

Dec. 31, 2020Unit: NT$1,000 ,Except EPS: NT$

Name of enterprise	Capital	Total Assets	Total liabilities	Net worth	Operating Revenue	Operating Profit	Current profit and loss (After tax)	Earnings Per Share (NT$) (After tax)
Promate Solutions Corporation	382,549	1,500,711	401,856	1,098,855	1,771,303	265,989	203,075	5.31
PROMATE INTERNATIONAL CO., LTD.	52,101	59,435	18	59,417	-	115	18,856	Note
Promate Electronic(Shanghai)Co., Ltd.	32,500	111,279	80,120	31,159	318,127	557	4,984	Note
Promate Electronic(Shenzhen)Co., Ltd.	6,782	205,971	186,411	19,560	597,494	11,247	13,753	Note
HAPPY ON INTERNATIONAL LTD.	12,539	56,919	22,809	34,110	54,269	1,960	4,314	Note
PROMATEELECTRONICS COMPANY USA	606	14,821	6,160	8,661	9,052	(261)	(586)	Note
CT Continental Corporation	60,000	68,649	7,640	61,009	17,140	482	1,146	Note
PROMATE JAPAN	2,791	4,875	1,873	3,002	2,004	(1,916)	424	Note

Note: The limited company has not issued shares and is not applicable.

(9)Consolidated financial declaration statement of affiliated enterprises and consolidated financial statement: Please refer to the consolidated financial statements of the parent-subsidiary company for the latest year audited by an accountant.

(10)Affiliation report: None.

2.Private placement of securities in the most recent year and as of the printing date of the annual report: None.

3.Holding or disposal of stocks of the Company by subsidiaries in the past year and as of the date of report: None.

4.Other supplemental information: None.

IX. Matters, if any, that may affect shareholders' equity or securities price as defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act in the most recent year and as of the printing date of the annual report: None.

Promate Electronic Co., Ltd.

Chairperson: Eric Chen