

Action Electronics CO., LTD.  
Parent Company Only Financial Statements and Independent  
Auditor's Report for the Years Ended December 31<sup>st</sup>,  
2020 and 2019

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

## Independent Auditor's Report

NO.20811090A

Action Electronics Co., Ltd. Public Certificate:

### **Opinion**

We have audited Action Electronics Co., Ltd.'s individual balance sheet as of December 31, 2020 and 2019, and the individual's comprehensive income statement, individual statements of changes in equity, and individual statements of cash flow, and Individual financial statements of January 1 to December 31, 2020 and 2019, and the notes to the individual financial statement (including the summary of major accounting policies).

In our opinion, based upon the auditors results and other auditors report, the accompanying parent company only financial statement present fairly, in all material respects, the accompanying parent company only financial position of the company as of December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the regulations governing the preparation of financial reports by securities issuers.

### **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 parent company only 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 public of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believed 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 parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and forming our

opinion thereon, and we do not provide a separated opinion on these matters

The key audit matters of Action Electronics Co., Ltd.'s individual financial statement in year 2020 are as follows:

Occurred Impairment of investment accounted for using the equity method

For the accounting policy, please refer to note 4(6) of the individual financial report of equity investment; for the description of accounting items, please refer to note 6(7) of the individual financial statement

Action Electronics Co., Ltd. used the equity method to invest NT\$2,143,344,000 on December 31, 2020, accounting for 64% of total assets, and the share of interest recognized by the equity method in year 2020 was NT\$67,247,000, accounting for 143% of net profit before tax. Since these amounts are considered significant, and when the management performs impairment assessments, the calculation of the recoverable amount involves many assumptions and estimates. The process is inherently highly uncertain. Therefore, the impairment of investment using the equity method is named as one of key review items for this year.

We follow bellow listed main auditing procedures:

1. to assess the cash-generating units that the management recognizes as reason of causing impairment and whether there are signs of impairment shown or not.
2. to understand and evaluate important assumptions such as future cash flow forecasts and capital cost ratios used by management for impairment testing.
3. Through procedures such as inquiring management, identify whether relevant matters that can affect the results of the impairment test will occur in the future of the balance sheet.
4. Assess whether the management has properly disclosed the equity method evaluation investment policy and related information.

Recognition of income

For accounting policies on income recognition, please refer to Note 4(13) of the individual financial statement; for accounting items, please refer to Note 6(23) of the individual financial statement.

The income of Action Electronics Co., Ltd. is mainly recognized based on the rewards of commodities risk transfer, which directly affects the company's annual profit and loss. Action Electronics Co., Ltd. shall recognize the rewards of transferring

commodity risk in accordance with its trading conditions to recognize income. Therefore, the revenue recognition period and recognized amount are considered as one of the key audit items.

Main auditing procedures used in executing audition

1. To understand and test the internal control related to the recognition of sales revenue of Action Electronics Co., Ltd.

2. To understand the types of income and trading conditions of Action Electronics Co., Ltd. to assess whether the accounting policies at the time of income recognition are appropriate.

3. With sampling method, to test the sales transactions before and after the balance sheet date of Action Electronics Co., Ltd. to understand the period of income attribution and whether significant sales returns and discounts have occurred.

#### **Other matters-using other auditors' reports**

Action Electronics Co., Ltd.'s annual individual financial report of the year 2020 was enlisted as invested company as the equity method is used to evaluate the investment. The financial report of the relevant subsidiary ACTION INDUSTRIES(M) SDN. BHD. has not been audited by us, but by other auditors. Therefore, in our opinion on the individual financial report of the accompanying individual financial statements; the amount of which using the equity method and the recognition of its share of profit and loss are based on the auditor's reports. On December 31, 2020, the investment in the above-mentioned investee company recognized by the equity method was NT\$117,131,000, accounting for 3% of the total assets; from January 1 to December 31 in 2020, was recognized by the equity method. The profit share was NT\$7,662,000 which accounts for 16% of the net profit before tax.

#### **Responsibilities of management and those charged with governance for the parent company only financial statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the regulations governing the preparation of financial reports by securities issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatements, whether due to fraud or error.

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

**Auditors' responsibilities for the audit of the parent company only financial statements**

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only financial statements.

1. identify and assess the risks of material misstatement of the parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only financial statement represent the underlying transaction and events in a manner that achieves fair presentation.

6. obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only 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 relationship and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matter communicated with those charged with governance, we determined those matters with were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2020 and are

therefore the key audit matters. We describe these matters in our auditor's 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.

Baker Tilly Clock & Co

CPA: \_\_\_\_\_

Hsin-Liang Wu, CPA

CPA: \_\_\_\_\_

Li-Chen Peng, CPA

Approval number: FSC NO. 09600000880

FSC Review NO.1050025873

March 29<sup>th</sup>, 2021

**Action Electronics Co., LTD.**  
**Parent Company Only Balance Sheets**  
(Expressed in Thousands of New Taiwan Dollars)

		<b>December 31.2020</b>		<b>December 31.2019</b>	
		Amount	%	Amount	%
<b>Assets</b>					
<b>Current assets</b>					
1100	Cash and cash equivalents	57,243	2	75,696	2
1120	Current financial assets at fair value through other comprehensive income	87,312	3	-	-
1136	Current financial assets at amortised cost	71,200	2	-	-
1150	Notes receivable, net	10,497	-	10,629	-
1170	Accounts receivable, net	57,262	2	74,835	2
1200	Other receivables	89,912	3	149,107	5
130X	Inventories	155,812	5	193,876	6
1410	Prepayments	7,551	-	9,713	-
1470	Other current assets	16,704	-	7,397	-
<b>11XX</b>	<b>Total current assets</b>	<b>553,493</b>	<b>17</b>	<b>521,253</b>	<b>15</b>
<b>Non-current assets</b>					
1517	Non-current financial assets at fair value through other comprehensive income	-	-	115,617	4
1550	Investments accounted for using equity method	2,143,344	64	2,079,507	61
1600	Property, plant and equipment	57,992	2	150,072	5
1755	Right-of-use assets	11,260	-	12,720	-
1760	Investment property, net	210,016	6	94,449	3
1780	Intangible assets	223,874	7	228,989	7
1840	Deferred tax assets	151,643	4	181,674	5
1900	Other non-current assets	5,720	-	3,935	-
<b>15XX</b>	<b>Total non-current assets</b>	<b>2,803,849</b>	<b>83</b>	<b>2,866,963</b>	<b>85</b>
<b>1XXX</b>	<b>Total assets</b>	<b>3,357,342</b>	<b>100</b>	<b>3,388,216</b>	<b>100</b>

(Continued)

**Action Electronics Co., LTD.**  
**Parent Company Only Balance Sheets**  
(Expressed in Thousands of New Taiwan Dollars)

		<b>December 31.2020</b>		<b>December 31.2019</b>	
		Amount	%	Amount	%
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
2100	Short-term loans	474,027	14	492,555	15
2130	Current contract liabilities	2,972	-	3,807	-
2150	Notes payable	3,378	-	2,337	-
2170	Accounts payable	30,785	1	37,114	1
2200	Other payables	67,795	2	36,027	1
2280	Current lease liabilities	3,831	-	3,119	-
2300	Other current liabilities	28,096	1	14,141	-
<b>21XX</b>	<b>Total current liabilities</b>	<b>610,884</b>	<b>18</b>	<b>589,100</b>	<b>17</b>
<b>Non-current liabilities</b>					
2550	Non-current provisions	913	-	2,233	-
2570	Deferred tax liabilities	113,393	4	139,595	5
2580	Non-current lease liabilities	7,576	-	9,570	-
2600	Other non-current liabilities	1,086	-	3,112	-
2640	Net defined benefit liability, non-current	4,780	-	913	-
<b>25XX</b>	<b>Total non-current liabilities</b>	<b>127,748</b>	<b>4</b>	<b>155,423</b>	<b>5</b>
<b>2XXX</b>	<b>Total liabilities</b>	<b>738,632</b>	<b>22</b>	<b>744,523</b>	<b>22</b>
<b>Equity</b>					
3110	Share capital-common stock	2,771,575	82	2,771,575	82
3200	Capital surplus	1,602	-	259	-
Retained earnings					
3310	Legal capital reserve	20,301	1	14,828	-
3320	Special capital reserve	204,418	6	204,418	6
3350	Unappropriated earnings	69,785	2	92,531	3
3400	Other equity interest	(448,971)	(13)	(439,918)	(13)
<b>3XXX</b>	<b>Total equity</b>	<b>2,618,710</b>	<b>78</b>	<b>2,643,693</b>	<b>78</b>
<b>3X2X</b>	<b>Total liabilities and equity</b>	<b>3,357,342</b>	<b>100</b>	<b>3,388,216</b>	<b>100</b>

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

**Action Electronics Co., LTD.**

**Parent Company Only Statements of Comprehensive Income**

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		<b>December 31.2020</b>		<b>December 31.2019</b>	
		Amount	%	Amount	%
4000	Operating revenue	595,328	100	673,038	100
5000	Operating costs	(475,928)	(80)	(580,614)	(86)
<b>5900</b>	<b>Gross profit (loss) from operations</b>	<b>119,400</b>	<b>20</b>	<b>92,424</b>	<b>14</b>
<b>Operating expenses</b>					
6100	Selling expenses	(72,692)	(12)	(88,221)	(13)
6200	Administrative expenses	(58,268)	(10)	(57,459)	(9)
6450	Impairment gain(loss) determined in accordance with IFRS 9	(1,115)	-	34	-
<b>6000</b>	<b>Total operating expenses</b>	<b>(132,075)</b>	<b>(22)</b>	<b>(145,646)</b>	<b>(22)</b>
<b>6900</b>	<b>Net operating income (loss)</b>	<b>(12,675)</b>	<b>(2)</b>	<b>(53,222)</b>	<b>(8)</b>
<b>7000</b>	<b>Non-operating income and expenses</b>				
7100	Interest income	97	-	950	-
7010	Other income	20,739	3	17,561	3
7020	Other gains and losses	(8,812)	(1)	1,203	-
7050	Finance costs	(8,063)	(1)	(8,727)	(1)
7055	Impairment loss determined in accordance with IFRS 9	(11,367)	(2)	-	-
7070	Share of profit (loss) of subsidiaries accounted for using equity method	67,247	11	97,159	14
	<b>Total non-operating income and expenses</b>	<b>59,841</b>	<b>10</b>	<b>108,146</b>	<b>16</b>
7900	<b>Income before income tax</b>	<b>47,166</b>	<b>8</b>	<b>54,924</b>	<b>8</b>
7950	Income tax expense	(1,070)	-	(188)	-
8000	<b>Net Income</b>	<b>46,096</b>	<b>8</b>	<b>54,736</b>	<b>8</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
8310					
8311	Remeasurement of defined benefit plans	(1,668)	-	(529)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(28,305)	(5)	57,783	9

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**Action Electronics Co., LTD.**  
**Parent Company Only Statements of Comprehensive Income**  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		<b>December 31.2020</b>		<b>December 31.2019</b>	
		Amount	%	Amount	%
8331	Remeasurement of defined benefit plans of subsidiaries	(1,060)	-	(370)	-
8349	Income tax related to items that will not be reclassified to profit or loss	334	-	106	-
		(30,699)	(5)	56,990	9
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation	24,065	4	(58,072)	(9)
8399	Income tax related to items that may be reclassified to profit or loss	(4,813)	(1)	11,614	2
		19,252	3	(46,458)	(7)
8300	<b>Other comprehensive income (loss) for the year</b>	(11,447)	(2)	10,532	2
8500	<b>Total comprehensive income</b>	34,649	6	65,268	10
<b>Earnings per share (in New Taiwan Dollars)</b>					
9750	Basic earnings per share	\$ 0.17		\$ 0.20	
9850	Diluted earnings per share	\$ 0.17		\$ 0.20	

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

**Action Electronics Co., LTD.**  
**Parent Company Only Statements of Changes in Equity**  
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Others			Total equity
	Common stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Foreign currency translation reserve	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	
Balance at January 1, 2019	\$2,771,575	\$259	\$0	\$204,418	\$142,106	(\$443,077)	(\$8,166)	(\$451,243)	\$2,667,115
Appropriations of earnings									
Legal capital reserve			14,828		(14,828)			0	0
Cash dividends to shareholders					(88,690)			0	(88,690)
Net Income in 2019					54,736			0	54,736
Other comprehensive income in 2019					(793)	(46,458)	57,783	11,325	10,532
Total comprehensive income in 2019	0	0	0	0	53,943	(46,458)	57,783	11,325	65,268
<b>Balance at December 31, 2019</b>	<b>\$2,771,575</b>	<b>\$259</b>	<b>\$14,828</b>	<b>\$204,418</b>	<b>\$92,531</b>	<b>(\$489,535)</b>	<b>\$49,617</b>	<b>(\$439,918)</b>	<b>\$2,643,693</b>

(Continued)

**Action Electronics Co., LTD.**  
**Parent Company Only Statements of Changes in Equity**  
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings					Others			Total equity
	Common stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Foreign currency translation reserve	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	
Balance at January 1, 2020	\$2,771,575	\$259	\$14,828	\$204,418	\$92,531	(\$489,535)	\$49,617	(\$439,918)	\$2,643,693
Appropriations of earnings									
Legal capital reserve			5,473		(5,473)			0	0
Cash dividends to shareholders					(60,975)			0	(60,975)
Net Income in 2020					46,096			0	46,096
Other comprehensive income in 2020					(2,394)	19,252	(28,305)	(9,053)	(11,447)
<b>Total comprehensive income in 2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>43,702</b>	<b>19,252</b>	<b>(28,305)</b>	<b>(9,053)</b>	<b>34,649</b>
Changes in percentage of ownership in subsidiaries		1,343						0	1,343
<b>Balance at December 31, 2020</b>	<b>\$2,771,575</b>	<b>\$1,602</b>	<b>\$20,301</b>	<b>\$204,418</b>	<b>\$69,785</b>	<b>(\$470,283)</b>	<b>\$21,312</b>	<b>(\$448,971)</b>	<b>\$2,618,710</b>

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

**Action Electronics Co., LTD.**  
**Parent Company Only Statements of Cash Flows**  
(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Income before income tax	47,166	54,924
Adjustments for :		
Depreciation expense	9,106	7,569
Amortization expense	6,211	6,393
Expected credit losses	12,482	(34)
Net loss (gain) on financial assets at fair value through profit or loss	-	(58)
Interest expense	8,063	8,727
Interest income	(97)	(950)
Dividend income	(7,650)	(3,825)
Share of loss (profit) of subsidiaries accounted for using equity method	(67,247)	(97,159)
Loss (gain) on disposal of property, plant and equipment	(571)	-
Loss (gain) on disposal of investments	-	(71)
Unrealized loss (gain) on translation of foreign currency	(2,708)	1,757
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	-	2,195
Notes receivable	132	3,498
Accounts receivable	16,458	4,350
Other receivables	15,916	14
Inventories	38,064	60,704
Prepayments	2,162	(2,296)
Other current assets	(9,310)	(3,051)
Other non-current assets	(1,928)	(609)
Contracts liabilities	(835)	(884)
Notes payable	1,041	(2,150)
Accounts payable	(6,329)	(632)
Other payables	3,338	(9,798)
Provisions for liabilities	(1,320)	1,524
Other current liabilities	13,967	4,499
Net defined benefit liability	-	(5)
Cash generated from operations	76,111	34,632
Interest received	97	950
Dividends received	135,408	3,825

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**Action Electronics Co., LTD.**  
**Parent Company Only Statements of Cash Flows**  
(Expressed in Thousands of New Taiwan Dollars)

	<b>2020</b>	<b>2019</b>
Interest paid	(8,185)	(8,732)
Income taxes paid	(1,717)	(93)
Net cash generated by operating activities	<u>201,714</u>	<u>30,582</u>
<b>Cash flows from investing activities</b>		
Acquisition of financial assets at amortized cost	(72,475)	-
Acquisition of investments accounted for using equity method	(100,000)	(100,000)
Refund of capital deduction of investee accounted for using equity method	-	182,885
Acquisition of property, plant and equipment	(99)	(13,329)
Proceeds from disposal of property, plant and equipment	570	-
Acquisition of investment properties	(28,648)	-
Increase in other receivables-related parties	(79,992)	(349)
Decrease in other receivables-related parties	113,590	3,624
Acquisition of intangible assets	(475)	(285)
Increase in prepayments for business facilities	(477)	-
Net cash used in investing activities	<u>(168,006)</u>	<u>72,546</u>
<b>Cash flows from financing activities</b>		
Decrease in short-term loans	(17,733)	(176,690)
Increase in guarantee deposits	81	252
Decrease in guarantee deposits	(12)	(593)
Increase in other payables-related parties	30,146	-
Repayments of the principal portion of lease liabilities	(3,668)	(2,260)
Cash dividends paid	(60,975)	(88,690)
Net cash used in financing activities	<u>(52,161)</u>	<u>(267,981)</u>
Net decrease in cash and cash equivalents	(18,453)	(164,853)
Cash and cash equivalents at beginning of period	75,696	240,549
Cash and cash equivalents at end of period	<u>57,243</u>	<u>75,696</u>

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

**\*The financial statements are made out in both English and Chinese versions. We hereby set Chinese version as standard and English version as a reference should any conflicts accrued.**

Action Electronics Co., Ltd.

Notes to the Parent company only Financial Report

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, except as otherwise indicated)

1. Company History

Action Electronics Co., Ltd. (hereinafter referred to as the company) was established on July 21<sup>st</sup>, 1976 and was converted from an over-the-counter trading center to a listed company in August, 2002. The company (hereinafter referred to as "the company") are mainly engaged in the business of sales, maintenance and installation services of various household appliances; the manufacturing, processing and trading of audio-visual electronic products; warehousing services, etc.

This Parent company only Financial Report is expressed in NTD, the company's functional currency.

2. The date and procedures for approving the financial report

This Parent company only Financial Report was approved by the board of directors on March 29<sup>th</sup>, 2021.

3. Application of newly issued and revised standards and interpretations:

(1) The impact of adopting the newly issued and revised International Financial Reporting Standards approved by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The following table sets forth the standards and interpretations of the new issuances, amendments and amendments to the International Financial Reporting Standards applicable to 2020 recognized by the FSC

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IFRS 1 and IAS 8 "Disclosure of Materiality Definition"	January 1, 2020
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020 (Note)

The parent company only company has assessed that the above standards and interpretations have no significant impact on the financial status and financial performance of the company.

**(2) The impact of the newly issued and revised International Financial Reporting Standards that have not yet been adopted by the FSC**

The following table summarizes the newly issued, revised, and revised standards and interpretations of the International Financial Reporting Standards approved by the FSC in 2021

<b><u>New, Revised or Amended Standards and Interpretations</u></b>	<b><u>Effective Date Issued by IASB</u></b>
Amendments to IFRS 4“ Extension of the Temporary Exemption from Applying IFRS 9”	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

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

**(3) The impact of the International Financial Reporting Standards that have been issued by the International Accounting Standards Board but have not yet been approved by the FSC**

The following table sets forth the new issuance, amendment and revision standards and interpretations that have been issued by the International Accounting Standards Board but have not yet been included in the International Financial Reporting Standards recognized by the FSC:

<b><u>New, Revised or Amended Standards and Interpretations</u></b>	<b><u>Effective Date Issued by IASB</u></b>
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022
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“Insurance Contracts”	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2023
Amendments to IAS 1“Disclosure of Accounting Policies”	January 1, 2023

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022
Amendments to IAS 37 “Onerous Contracts–Cost of Fulfilling a Contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022

The company only company has assessed that the above standards and interpretations have no significant impact on the financial status and financial performance of the company.

#### 4. Summary of Major Accounting Policies

A summary of the important accounting policies of the company is as follows:

##### (1) Compliance Statement

This parent company only Financial Report is prepared in accordance with the financial reporting standards for securities issuers.

##### (2) Preparation Basis

Except for the financial instruments measured at fair value and the current value of the defined benefit obligations minus the net defined benefit liabilities recognized at the fair value of the planned assets, this parent company only Financial Report is prepared on the historical cost basis.

The preparation of financial reports that comply with IFRSs requires the use of some important accounting estimates. In the process of applying the accounting policies of the amalgamating company, management also requires the use of its judgment, involving highly judged or complicated items, or involving major assumptions and estimates of the parent company only financial report. For items, please refer to Note 5 for instructions.

“The company” adopts the equity method when prepares individual financial reports for investment in subsidiaries. In order to concord the value of profit and loss, other comprehensive profit and loss and equity of this individual financial report the same as the current year’s profit and loss, other comprehensive profit and loss and equity attributable to the owners of the company in both consolidated financial report and parent only financial report; certain accounting differences between the individual basis and the consolidated basis are adjusted. "Investment using the equity method", "Share of profit and loss of a

subsidiary recognized using the equity method", "Share of other comprehensive profit and loss of a subsidiary recognized using the equity method" and related equity items.

**(3) Standards for distinguishing between current and non-current assets and liabilities**

1. Assets that meet one of the following conditions are classified as current assets; assets that do not belong to current assets are classified as non-current assets:
  - (1) The asset is expected to be realized in the normal business cycle or intended to be sold or consumed.
  - (2) Holders mainly for trading purposes.
  - (3) Expected to be realized within twelve months after the balance sheet date.
  - (4) Cash or cash equivalents, except for those restricted in exchange or used to settle liabilities at least twelve months after the balance sheet date.
2. Liabilities that meet one of the following conditions are classified as current liabilities; those that do not belong to current liabilities are classified as non-current liabilities:
  - (1) Those expected to be settled during the normal business cycle.
  - (2) Holders mainly for trading purposes.
  - (3) Expected to be settled within twelve months after the balance sheet date.
  - (4) The settlement period cannot be unconditionally deferred to at least twelve months after the balance sheet date. The terms of the liability, which may be settled by the issuance of equity instruments based on the choice of the counterparty, do not affect its classification.

**(4) Foreign Currency**

When preparing financial reports, those who trade in currencies other than the individual's functional currency (foreign currency) are converted into functional currency records based on the exchange rate on the transaction day.

Monetary items in foreign currencies are translated at the closing exchange rate on each balance sheet date. The exchange difference arising from the delivery of monetary items or the conversion of monetary items is recognized in the profit and loss in the current period.

Foreign currency non-monetary items measured by fair value are converted at the exchange rate on the day when the fair value is determined, and the resulting conversion difference is listed in the current profit and loss. However, if the fair value change is recognized in other comprehensive gains and losses, the resulting conversion difference is listed in other

comprehensive profit and loss.

Non-monetary items in foreign currencies measured by historical cost are converted at the exchange rate on the transaction date and will not be converted again.

When preparing the financial report, the assets, and liabilities of foreign operating organizations (including subsidiaries and affiliates in countries where they operate or in currencies different from those of the company) are converted into NTD at the exchange rate on each balance sheet date. The income and expense items are converted at the average exchange rate of the current period, and the resulting conversion differences are listed in other comprehensive income and losses and are accumulated in the foreign operating institution's financial statements under equity.

If the company disposes of all the equity of the foreign operating organization, or disposes of part of the equity of the foreign operating organization's subsidiary but loses control, or the retained equity after the disposal of the foreign operating organization's affiliated company is a financial asset and shall be handled in accordance with the accounting policy of financial instruments, all accumulated exchange differences attributable to the owner of the company and related to the foreign operating organization will be reclassified to profit and loss.

If the partial disposal of a subsidiary of a foreign operating organization does not result in the loss of control, the accumulated exchange difference is re-attributed to the subsidiary's non-controlling interests in proportion and is not recognized as profit or loss. In the event that a significant influence remains after the disposal of the affiliated company of the foreign operating organization, the accumulated exchange difference will be reclassified to profit and loss based on the disposal ratio.

#### (5) Inventory

Inventory is evaluated based on the lower of cost and net realizable value. Inventory is calculated based on the weighted average method. Net realizable value refers to the balance of the estimated selling price minus the estimated costs and sales expenses that need to be invested in completion of the project.

#### (6) Investment accounted for using the equity method

The company uses the equity method to handle investments in subsidiaries.

A subsidiary refers to an entity that the company has control over. Under the equity method, the investment is initially recognized at cost, and the book amount obtained in the future

will increase or decrease with the company's share of subsidiary profits and losses and other comprehensive profits and losses and profit distribution. In addition, changes in the company's other rights and interests of subsidiaries are recognized based on the shareholding ratio.

When the company's changes in the ownership and equity of the subsidiary do not result in the loss of control, it is treated as an equity transaction. The investment book value and actual paid or received consideration at fair value difference, will be recognized as equity directly.

When the loss of "the company" equals or exceeds its equity in its subsidiary (including the book value and actual (including the book value of the subsidiary under the equity method and other long-term equity that is essentially part of the company's net investment in the subsidiary)), it is continued to recognize losses in proportion to shareholding.

The amount of the acquisition cost exceeding the company's share of the net fair value of the identifiable assets and liabilities of the subsidiaries that constitute the business on the acquisition date is classified as goodwill, which is included in the carrying amount of the investment and cannot be amortized; The amount by which the net fair value of the identifiable assets and liabilities of the subsidiary's identifiable assets and liabilities that constitute the business on the day exceeds the acquisition cost is listed as the current income.

While assessing impairment, the company considers the cash-generating unit from the entire complete financial report and compares its recoverable amount with the book value.

Until the recoverable amount of the asset increases subsequently, the reversal of the impairment loss shall be recognized as an interest, but the book value of the asset after the reversal of the impairment loss shall not exceed the asset that should be deducted if the impairment loss is not recognized the book amount after amortization. The impairment loss attributable to goodwill cannot be reversed in subsequent periods.

When the company loses control over a subsidiary, it measures its remaining investment in its former subsidiary at the fair value on the date of loss of control. The fair value of the remaining investment and the difference between any disposal price and the book value of the investment on the date of loss of control are included in current period profit and loss. In addition, all amounts recognized in other comprehensive profits and losses related to the

subsidiary are accounted for on the same basis as the company's direct disposal of related assets or liabilities.

The unrealized gains and losses of downstream transactions between the company and its subsidiaries are eliminated in the individual financial report. The gains and losses arising from the counter-current and side-current transactions between the company and its subsidiaries are recognized in parent company only financial reports only to the extent that it is irrelevant with the company's equity in the subsidiaries.

#### (7) Property, Plant, and Equipment

Property, plant, and equipment are recognized at cost, and subsequently measured at the cost minus accumulated depreciation and accumulated impairment losses.

Property, plant and equipment under construction are recognized at the cost minus accumulated impairment losses. Cost includes professional service fees and borrowing costs that meet the capitalization conditions.

When these assets are completed and reach the expected state of use, they are classified into the appropriate categories of property, plant and equipment, and depreciation begins.

Except for self-owned land, which is not depreciated, the rest of the property, plant and equipment are depreciated on a straight-line basis within the service life of each significant part. The company shall review the estimated service life, residual value and depreciation method at least at the end of each year and postpone the effect of changes in applicable accounting estimates.

When property, plant and equipment are delisted, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

#### (8) Investment Property

Investment property refers to property held for the purpose of earning rent or capital appreciation or both (including property and right-of-use assets that meet the definition of investment property and are in the process of establishing a license). Investment property also includes land held for future use that has not yet been determined.

Self-owned investment property is initially measured at cost (including transaction costs), and subsequently measured at the amount of cost minus accumulated depreciation and accumulated impairment losses.

The investment property acquired by the lease is initially measured at cost (including the

original measured amount of the lease liability and the lease payment paid before the lease start date), and subsequently measured at the amount after the cost minus the accumulated depreciation and accumulated impairment losses, and adjust the remeasurement of lease liabilities.

All investment property is depreciated on a straight-line basis.

Investment property under construction is recognized at the cost minus the accumulated impairment loss. Cost includes professional service fees and borrowing costs that meet the capitalization conditions. These assets begin to be depreciated when they reach the expected state of use.

Investment property is transferred to real estate, plant and equipment based on the book value on the day when it was transferred for self-use.

The property of property, plant and equipment is transferred to investment property based on the book value at the end of self-use.

When investment real estate is delisted, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

#### (9) Intangible Assets

##### 1. Obtained Separately

Intangible assets with limited useful life acquired separately are initially measured at cost, and subsequently measured at the amount of cost minus accumulated amortization and accumulated impairment losses. Intangible assets are amortized on a straight-line basis during the useful life. The company shall review the estimated useful life, residual value and amortization method at least at the end of each year and postpone the impact of changes in applicable accounting estimates.

##### 2. Obtained from a Business Combination

The intangible assets obtained in a business combination are recognized at the fair value on the acquisition date and recognized separately from goodwill. The subsequent measurement method is the same as the intangible assets obtained separately.

##### 3. In addition to the column:

When intangible assets are delisted, the difference between the net disposal price and the asset's book value is recognized in profit and loss.

## (10) Impairment of Non-Financial Assets

The company assesses on each balance sheet date whether there are any signs that property, plant and equipment, right-of-use assets, and intangible assets may have been impaired. If there are any signs of impairment, estimate the recoverable amount of the asset. If the recoverable amount of an individual asset cannot be estimated, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of the fair value less the cost of sale and its use value. If the recoverable amount of an individual asset or cash-generating unit is lower than its book value, the book value of the asset or cash-generating unit is reduced to its recoverable amount, and the impairment loss is recognized in profit and loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is adjusted to the revised recoverable amount, but the increased carrying amount does not exceed the asset or cash-generating unit if the impairment is not recognized in the previous year for the book amount determined at the time of the loss (minus amortization or depreciation). The reversal of the impairment loss is recognized in the profit and loss.

## (11) Financial Instruments

Financial assets and financial liabilities are recognized on the balance sheet when the company becomes a party to the contractual terms of the instrument.

In the initial recognition of financial assets and financial liabilities, if financial assets or financial liabilities are not measured at fair value through profit or loss, they are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit and loss are immediately recognized as profit and loss.

### 1. Financial Assets

Conventional transactions of financial assets are recognized and delisted by accounting on the transaction date.

#### (1) Type of Measurement

The types of financial assets held by the company are financial assets measured at fair value through profit and loss, financial assets measured at amortized cost, and

equity instrument investment measured at fair value through other comprehensive gains and losses.

A. Financial assets measured at fair value through profit and loss:

Financial assets measured at fair value through profit or loss include financial assets that are compulsorily measured at fair value through profit or loss. Mandatory financial assets measured at fair value through profit or loss include equity instrument investments that are not designated to be measured at fair value through other comprehensive profits and losses, and debt instrument investments that are not classified as measured at amortized cost or measured at fair value through other comprehensive profits and losses. Financial assets measured at fair value through profit and loss are measured at fair value, and the benefits or losses resulting from re-measurement are recognized in profit and loss.

B. Financial assets measured at amortized cost:

If the financial assets invested by the company meet the following two conditions, they are classified as financial assets measured at amortized cost:

- (a) It is held under a certain business model whose purpose is to hold financial assets to collect contractual cash flows; and
- (b) The terms of the contract generate cash flows on a specific date, and these cash flows are all interest on the payment of the principal and the amount of principal in circulation.

Financial assets measured at amortized cost (including cash and cash equivalents, bills receivable, accounts receivable, other receivables and other financial assets measured at amortized cost) are based on the original recognition. The total book amount determined by the effective interest method is measured after deducting any impairment loss after amortization, and any foreign currency exchange gains and losses are recognized in profit and loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total book value of financial assets:

- (a) For purchased or created credit-impaired financial assets, interest income is calculated by multiplying the credit-adjusted effective interest rate by the

amortized cost of the financial asset.

- (b) For financial assets that are not purchased or original credit impairment, but subsequently become credit impairment, you should be confident to calculate interest income by multiplying the effective interest rate by the amortized cost of the financial asset from the next reporting period after the impairment.

Equivalent cash includes time deposits that are highly liquid, convertible into fixed cash at any time and have little risk of value changes within 3 months from the date of acquisition and are used to meet short-term cash commitments.

- C. Investment in equity instruments measured at fair value through other comprehensive gains and losses:

At the time of initial recognition, the company can make an irrevocable choice to designate investment in equity instruments that are not held for trading and that are not recognized by the purchaser of a business merger or have consideration at fair value through other comprehensive gains and losses.

Equity instrument investments measured at fair value through other comprehensive gains and losses are measured at fair value, and subsequent changes in fair value are reported in other comprehensive gains and losses and accumulated in other equity. At the time of investment disposal, the accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profits and losses.

Dividends from equity instrument investments measured at fair value through other comprehensive gains and losses are recognized in the profit and loss when the rights of the company to receive payments are established unless the dividend clearly represents part of the investment cost recovery.

- (2) Impairment of Financial Assets:

- A. The company assesses the impairment losses of financial assets (including accounts receivable) and lease receivables measured at amortized cost based on expected credit losses on each balance sheet date.
- B. Accounts receivable and lease receivables are recognized as allowance losses based on expected credit losses during the duration. For other financial assets,

first assess whether there is a significant increase in credit risk since the initial recognition. If there is no significant increase, the allowance loss is recognized based on the 12-month expected credit loss; if it has increased significantly, the allowance loss is recognized based on the expected credit loss during the duration.

- C. Expected credit loss is the weighted average credit loss based on the risk of default. The 12month expected credit loss refers to the expected credit loss caused by the possible default event of the financial instrument within 12 months after the reporting date, and the lifetime expected credit loss represents the expected credit loss caused by all possible default events during the expected lifetime of the financial instrument.

The impairment loss of all financial assets is reduced by the allowance account.

### (3) Delisting of Financial Assets

The company only delists financial assets when the contractual rights from the cash flow of financial assets have lapsed, or the financial assets have been transferred and almost all the risks and rewards of the ownership of the assets have been transferred to other companies.

When a financial asset measured at amortized cost is delisted as a whole, the difference between its book value and the consideration received is recognized in profit or loss. When equity instrument investments measured at fair value through other comprehensive gains and losses are delisted as a whole, accumulated gains and losses are directly transferred to retained earnings and are not reclassified as gains and losses.

## 2. Financial Liabilities and Equity Instruments

### (1) Classification of liabilities or equity:

The debt and equity instruments issued by the amalgamating company are classified as financial liabilities or equity based on the substance of the contractual agreement and the definition of financial liabilities and equity instruments.

An equity instrument refers to any contract that recognizes the remaining equity of the company after deducting all its liabilities from its assets. The equity instruments issued by the company are recognized at the amount obtained after deducting the

direct issuance costs.

## (2) Financial Liabilities

Financial liabilities are not held for trading and are not designated as those measured at fair value through profit and loss (including payables). The initial recognition is measured at fair value plus directly attributable transaction costs; subsequent evaluation adopts the effective interest method to amortize post-sale cost measurement.

## (3) Delisting of Financial Liabilities

The company de-lists financial liabilities when contractual obligations have been fulfilled, cancelled, or expired.

When excluding financial liabilities, the difference between its book value and the total consideration paid or payable (including any transferred non-cash assets or liabilities assumed) is recognized as profit or loss.

## (12) Provision for Liabilities

When the company has a current obligation (statutory or constructive obligation) due to past events and is likely to be required to pay off the obligation, and the amount of the obligation can be reliably estimated, the liability provision shall be recognized. The amount recognized as a liability reserve is based on the risk and uncertainty of the obligation and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The provision for liabilities is measured by discounting the estimated cash flow of the settlement obligation.

## (13) Income Recognition

After the company identifies performance obligations in the customer contract, it allocates the transaction price to each performance obligation, and recognizes revenue when each performance obligation is met.

1. The company manufactures and sells audio-visual electronic products, various home appliances and other related products. Sales revenue is recognized when the control of the product is transferred to the customer, that is, when the product is delivered to the designated location and meets the performance obligation, it will be deducted estimated customer returns, discounts, and other similar discounts. Based on historical experience and considering different contract conditions, the company estimates the

possible sales returns and discounts, and recognizes refund liabilities (list other current liabilities) and product rights to be returned (list other current assets) . In principle, the credit period of the company to customers is from 10 days to 90 days from monthly settlement. The consideration for the sales revenue of commodities is the short-term accounts receivable. Since the discounting effect is not significant, it is measured based on the original invoice amount.

2. The company provides a standard warranty for the products it sells, and has the obligation to refund product defects, and recognize the liability provision when selling the goods.
3. Account receivables are recognized when the control of the product is transferred to the customer, because the company has an unconditional right to the contract price from that point in time, and the consideration can be collected from the customer only after time has passed. The advance receipts received before the product arrives are recognized as contract liabilities.

#### (14) Lease

The company assesses whether the contract belongs to (or contains) a lease on the date of contract establishment.

1. The company is the lessor:

When the lease clause transfers almost all the risks and rewards attached to the ownership of the asset to the lessee, it is classified as a financial lease. All other leases are classified as operating leases.

When the amalgamating company subleases the right-of-use asset, it uses the right-of-use asset (not the underlying asset) to determine the classification of the sublease. However, if the main lease is a short-term lease for which the recognition exemption applies to the company, the sublease is classified as an operating lease.

Under operating leases, lease payments after deducting lease incentives are recognized as income on a straight-line basis during the relevant lease period. The original direct cost incurred in obtaining an operating lease is added to the book value of the underlying asset and recognized as an expense during the lease period on a straight-line basis. The lease negotiation with the lessee is handled as the new lease from the effective date of the lease modification.

2. The company is the lessee:

Except for the lease payments of low-value underlying asset leases and short-term leases that are subject to the applicable recognition exemption, the lease payments are recognized as expenses on a straight-line basis during the lease period, and other leases are recognized as the right-of-use asset and lease liability on the lease start date.

The right-of-use asset is originally measured at cost (including the original measured amount of the lease liability, the lease payment paid before the lease start date, minus the lease incentives received, the original direct cost and the estimated cost of restoring the underlying asset), and the subsequent cost minus accumulated depreciation and measure the amount after the accumulated impairment loss and adjust the remeasurement amount of the lease liability.

Except for those that meet the definition of investment real estate, right-of-use assets are separately expressed on the balance sheet. For the recognition and measurement of right-of-use assets that meet the definition of investment property, please refer to Note 4 (10) Accounting Policy for Investment Property.

Right-of-use assets are depreciated on a straight-line basis from the lease start date to the expiration of the service life or the expiration of the lease term, whichever is earlier.

The lease liability was originally measured at the present value of the lease payment. If the implicit interest rate of the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, use the lessee's incremental borrowing interest rate.

Subsequently, the lease liability is measured on the amortized cost basis using the effective interest method, and the interest expense is amortized during the lease period. If changes in the future lease payments during the lease period or changes in the index or rate used to determine lease payments result in changes in future lease payments, the company will then measure the lease liabilities and adjust the right-of-use assets accordingly. However, if the book value of the right-of-use assets has been reduced to zero, then the remaining remeasured amount is recognized in profit and loss. For lease modifications that are not treated as separate leases, remeasurement of the lease liability due to the reduction in the scope of the lease is to reduce the right-of-use assets and recognize the profit and loss of the partial or full termination of the lease; the

remeasurement of the lease liability due to other modifications is to adjust the right-of-use assets. Lease liabilities are separately expressed in the balance sheet.

#### (15) Employee Benefits

Short-term employee benefits are measured by the expected non-discounted amount of cash paid and are recognized as expenses when the relevant services are provided.

Regarding the definite allocation plan, the amount of the retirement fund that should be allocated is recognized as the current pension cost based on accrual. The advance payment is recognized as an asset within the scope of refundable cash or reduced future payments.

The net obligation under the definite benefit plan is calculated by discounting the number of future benefits earned by the employee in the current or past services, and the current value of the definite benefit obligation on the balance sheet date minus the fair value of the planned assets. The net obligation to determine benefits is calculated annually by actuaries using the projected unit benefit method, and the discount rate is determined by referring to the market yield rate of high-quality corporate bonds whose balance sheet date is consistent with the currency and period of the determined benefit plan; in high-quality corporate bonds for countries without a deep market, the market yield rate of government bonds (on the balance sheet date) is used. The remeasurement amount generated by the determined benefit plan is recognized in other comprehensive profit and loss in the current period and included in the retained surplus. The related expenses of the previous service cost are immediately recognized as profit and loss.

Resignation benefits are benefits provided when the employee's employment is terminated before the normal retirement date or when the employee decides to accept the company's welfare invitation in exchange for termination of employment. The merging company recognizes expenses when it is no longer able to withdraw the offer of resignation benefits or when the relevant restructuring costs are recognized, whichever is earlier. It is not expected that benefits paid in full 12 months after the balance sheet date should be discounted.

#### (16) Income Tax

Income tax expense is the sum of current income tax and deferred income tax.

##### 1. Current Income Tax

The company determines the current income (loss) in accordance with the laws and

regulations established by each income tax reporting jurisdiction, and calculates the payable (recoverable) income tax based on it.

The undistributed surplus calculated in accordance with the provisions of the Income Tax Law of the Republic of China is subject to additional income tax, which is recognized in the annual shareholders' meeting.

Adjustments to income tax payable in previous years are included in current income tax.

## 2. Deferred Income Tax

Deferred income tax is calculated based on the temporary difference between the book value of assets and liabilities and the tax basis for calculating taxable income. Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized when there is a high probability of taxable income that can be used to deduct temporary differences or loss deductions.

Taxable temporary differences related to investment in subsidiaries are recognized as deferred income tax liabilities, but if the company can control the timing of the reversion of the temporary difference, and the temporary difference is likely to not revert in the foreseeable future except. The deductible temporary differences related to this type of investment will be recognized as deferred income tax only if it is likely to have sufficient taxable income to realize the temporary differences, and within the scope expected to return in the foreseeable future assets.

The carrying amount of deferred income tax assets is reviewed on each balance sheet date, and the carrying amount is reduced for those that are no longer likely to have sufficient taxable income to recover all or part of their assets. For those that have not been recognized as deferred income tax assets, they are also reviewed on each balance sheet date, and if they are likely to generate taxable income in the future for recovering all or part of their assets, the book amount will be increased.

Deferred income tax assets and liabilities are measured by the tax rate for the period in which the expected liability is settled, or the asset is realized. The tax rate is based on the tax rate and tax law that has been legislated or substantively legislated on the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences arising from the way the company expects to recover or settle the carrying amount of its assets and liabilities on the balance sheet date.

### 3. Current and Deferred Income Tax

Current and deferred income taxes are recognized in profit or loss, but the current and deferred income taxes related to items recognized in other comprehensive profit or loss or directly included in equity are respectively recognized in other comprehensive profit or loss or directly included in equity.

### 5. Major sources of uncertainty in major accounting judgments, estimates and assumptions:

When the company adopts the accounting, policies described in Note 4, the management must make relevant judgments, estimates and assumptions based on historical experience and other relevant factors for those who cannot easily obtain information about the carrying amounts of assets and liabilities from other sources. The estimates and related assumptions are based on historical experience and other factors deemed relevant. Actual results may differ from estimates.

Estimates and basic assumptions are continuously reviewed. If the revision of the estimate only affects the current period, it shall be recognized in the current period of the revision of the accounting estimate. If the revision of the accounting estimate affects both the current period and the future period, it shall be recognized in the current period and future period of the estimate revision.

The main sources of uncertainties in significant accounting judgments, estimates and assumptions of the company are as follows:

#### (1) Evaluation of Inventory

Since inventory must be priced at the lower of cost and net realizable value, the company must use judgment and estimation to determine the net realizable value of the inventory at the end of the financial reporting period.

Due to the rapid changes in the industry, the company assesses the amount of inventory due to normal depletion, obsolescence, or no market sales value at the end of the financial reporting period, and offsets the inventory cost to the net realizable value. This inventory evaluation is mainly based on the estimated product demand in a specific period in the future, so significant changes may occur.

#### (2) Estimated Impairment of Financial Assets

The estimated impairment of accounts receivable assumes of default rate and expected loss rate of the company. The company considers historical experience, current market conditions

and industrial economic conditions to make assumptions and select input values for impairment assessment. For the important assumptions and input values used, please refer to Note 6 (5). If the actual future cash flow is less than expected, a significant impairment loss may occur or the recognized impairment loss may be reversed.

(3) Assessment of impairment of non-financial assets:

In the process of asset impairment assessment, the company must rely on subjective judgments and determine the independent cash flow of a specific asset group, the number of years of asset durability, and the possible future gains and expenses based on asset usage patterns and industrial characteristics, any estimated changes brought about by the company's strategy or changes in the economy may cause significant impairment in the future.

(4) Investment impairment assessment using the equity method

When there are signs of impairment that an investment using the equity method may have been impaired and the carrying amount may not be recovered, the merging company immediately assesses the impairment of the investment. The company evaluates the impairment based on the future cash flow forecast of the invested company, including the sales growth rate and capacity utilization rate estimated by the internal management of the invested company, and analyzes the reasonableness of related assumptions.

(5) The realizability of deferred income tax assets:

Deferred income tax assets are recognized when there is likely to be sufficient taxable income to deduct temporary differences in the future. When assessing the realizability of deferred income tax assets, significant accounting judgments and estimates of management must be involved, including assumptions such as expected future sales revenue growth and profitability, tax exemption period, available income tax deductions and tax planning. Any changes in the global economic environment, industrial environment and laws and regulations may cause major adjustments in deferred income tax assets.

(6) Evaluation of Warranty Preparation

Incremental costs related to the after-sales maintenance of the product (such as labor costs (whether internal or external) and material costs) and other costs that cannot be claimed from the supplier for maintenance, is listed in accordance with the after-sales warranty contract of the product or the warranty preparation policy of the merged company.

When determining the amount of warranty provision, the management estimates the possibility of repairs and returns based on experience, technical requirements, and average figures in the relevant industry. It is estimated that many factors may have an adverse effect, including additional modifications to the order in response to customer requirements or technical needs, and other unforeseen problems and circumstances. Any of these factors may affect the possibility of repairs or returns, and in turn affect the final repair and return costs involved in the future.

(7) Calculation of net defined benefit liabilities:

When calculating and determining the present value of benefit obligations, the company must use judgments and estimates to determine the relevant actuarial assumptions on the balance sheet date, including discount rates and future salary growth rates. Any change in actuarial assumptions may significantly affect the amount of benefit obligations determined by the company.

(8) Income Recognition

The estimates of returns and discounts related to sales revenue are estimated product returns and discounts that may occur based on historical experience and other known reasons. They are listed as a reduction in sales revenue in the period when the products are sold, and the company regularly reviews the estimated rationality.

6. Explanation of important accounting items:

(1) Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	\$ 882	\$ 869
Deposits in banks	56,361	74,827
	<u>\$ 57,243</u>	<u>\$ 75,696</u>

The credit quality of the financial institutions with which the merged company has transactions is good, and the merged company has transactions with multiple financial institutions to diversify the credit risk, and the probability of default is expected to be very low.

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

### Equity Instrument Investment

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Emerging stock— Clientron Corp.	\$ 87,312	\$ —
<u>Non-current</u>		
Emerging stock— Clientron Corp.	\$ —	\$ 115,617

The company's investment in domestic stocks is for the purpose of medium- and long-term holding, and it is expected to make a profit through long-term investment. The management believes that if the fair value fluctuation of the investment is included in the profit and loss, it is inconsistent with the investment plan, so it chooses to designate it as the fair value measurement through other comprehensive profit and loss. The company was approved by the board of directors on March 29<sup>th</sup>, 2021. In accordance with the company's financial plan, it plans to sell 5,100 thousand shares of Clinetron corporation. on the open market.

### (3) Financial assets measured at amortized cost:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Current</u>		
Domestic investment		
Pledged time deposits	28,480	\$ —
Time deposits more than three months	42,720	—
	<u>\$71,200</u>	<u>—</u>
Interest rate	<u>0.15%~0.3%</u>	

For information on providing guarantees for financial assets measured at amortized cost, please refer to Note 8.

(4) Bills receivable and net accounts receivable:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Notes receivable</u>		
From operations	<u>\$ 10,497</u>	<u>\$ 10,629</u>
<u>Accounts receivable</u>		
At amortized cost		
Carrying amounts	\$ 62,047	\$ 78,559
Less: Loss allowance	<u>(4,785)</u>	<u>(3,724)</u>
	<u>\$ 57,262</u>	<u>\$ 74,835</u>

1. In principle, the credit period of the company to customers is from 10 days to 90 days from the monthly settlement, and the accounts receivable are not subject to interest. In order to reduce the credit risk, the management of the company assigns a dedicated team responsible for the determination of the credit limit, credit approval and other monitoring procedures to ensure that appropriate actions have been taken in the recovery of overdue accounts receivable. In addition, the company will review the recoverable amount of accounts receivable one by one on the balance sheet date to ensure that the accounts receivable that cannot be recovered have been properly deducted.
2. The company recognizes the allowance loss of notes and accounts receivable based on expected credit losses during the duration. The expected credit loss during the lifetime is based on the customer's past default history, current financial status, past collection experience, and observable changes in the national or regional economic situation related to the default of accounts receivable, and are set according to the loss patterns of different customer groups to determine the expected credit loss rate.
3. If there is evidence that the counterparty of the transaction is facing serious financial difficulties and the company cannot reasonably expect the recoverable amount, for example, the counterparty is in liquidation or the debt has been overdue for more than 2 years, the company will directly offset the relevant accounts receivable, however recourse activities will continue, and the amount recovered due to recourse is recognized in the profit and loss
4. The allowance loss for notes receivable and accounts receivable of the company is as follows:

**December 31<sup>st</sup>, 2020**

	Not past due	Past due within 30 days	Past due 31-90 days	Past due 91-180 days	Past due over 181 days	Total
Rate of expected credit loss	0.06%	0.07%	0.08%	0.08%	100%	
Carrying amounts	\$ 67,853	\$ —	\$ —	\$ —	\$ 4,691	\$ 72,544
Loss allowance	(94)	—	—	—	(4,691)	(4,785)
Amortized cost	\$ 67,759	\$ —	\$ —	\$ —	\$ —	\$ 67,759

**December 31<sup>st</sup>, 2019**

	Not past due	Past due within 30 days	Past due 31-90 days	Past due 91-180 days	Past due over 181 days	Total
Rate of expected credit loss	0.06%	0.06%	0.07%	0.07%	0.07%	
Carrying amounts	\$ 84,497	\$ —	\$ —	\$ —	\$ 4,691	\$ 89,188
Loss allowance	(105)	—	—	—	(3,619)	(3,724)
Amortized cost	\$ 84,392	\$ —	\$ —	\$ —	\$ 1,072	\$ 85,464

5. The information on changes in allowance loss for accounts receivable is as follows:

	FY 2020	FY 2019
Balance, beginning of year	\$ 3,724	\$ 3,758
Accrued or reversal	1,115	(34)
Offset	(54)	—
Balance, end of year	\$ 4,785	\$ 3,724

**(5) Other Receivables**

	December 31, 2020	December 31, 2019
Disposal of land receivable	—	16,000
Other receivables	48	—
Other receivable from related parties	164,333	196,217
	164,381	212,217
Less : Loss allowance	(74,469)	(63,110)
	\$ 89,912	\$ 149,107

The information on changes in allowance loss for other receivables is as follows

	FY 2020	FY 2019
Balance, beginning of year	\$ 63,110	\$ 63,145
Accrued	11,367	—
Offset due to uncollectible	(8)	(35)
Balance, end of year	<u>\$ 74,469</u>	<u>\$ 63,110</u>

(6) Inventory

	December 31, 2020	December 31, 2019
Finished goods	\$ 93	\$ 860
Goods	147,211	184,332
Goods in transit	8,508	8,684
	<u>\$ 155,812</u>	<u>\$ 193,876</u>

1. The inventory-related cost of goods sold of the company for the year ended December 31<sup>st</sup>, 2020 and 2019 are NTD 840,713 thousand and NTD 862,964 thousand, respectively. Please refer to Note 6 (28).
2. The company's cost of sales in the year of 2019 including 3,280 thousand of the benefit of the rebound of the net realizable value of inventories. The rebound of the net realizable value of inventories was mainly due to the sale of inventories that had been assessed for losses in previous years.

(7) Investment using the equity method:

Investment of subsidiaries

	December 31, 2020	December 31, 2019
Non-public entity		
ACTION ASIA LTD.	\$ 1,100,037	\$ 1,140,897
ALMOND GARDEN CORP.	827,753	819,710
REALISE TECH-SERVICE CO., LTD.	22,209	20,277
ACTION ASIA DEVELOPMENT IND CO., LTD.	193,345	98,623
	<u>\$ 2,143,344</u>	<u>\$ 2,079,507</u>

1. The percentage of ownership and voting rights of the company in the affiliated company on the balance sheet date is as follows:

Company Name	December 31, 2020	December 31, 2019
ACTION ASIA LTD.	61.54%	61.54%
ALMOND GARDEN CORP.	100.00%	100.00%
REALISE TECH-SERVICE CO., LTD.	100.00%	100.00%
ACTION ASIA DEVELOPMENT IND CO., LTD.	100.00%	100.00%

**(8) Property, Plant and Equipment**

	2020				
	Balance at Jan. 1, 2020	Additions	Disposals or retirements	Reclassifications	Balance at Dec. 31, 2020
<u>Cost</u>					
Land	\$106,762	\$ —	\$ —	\$ (64,817)	\$ 41,945
Buildings	52,565	99	—	(13,229)	39,435
Machinery and equipment	7,225	—	—	—	7,225
Transportation equipment	3,159	—	(3,159)	—	—
Office equipment	3,414	—	—	—	3,414
Equipment under installation and construction in progress	19,552	—	—	(19,552)	—
Subtotal	<u>192,677</u>	<u>99</u>	<u>(3,159)</u>	<u>(97,598)</u>	<u>92,019</u>
<u>Accumulated depreciation</u>					
Buildings	34,776	2,036	—	(9,083)	27,729
Machinery and equipment	1,991	1,340	—	—	3,331
Transportation equipment	3,159	—	(3,159)	—	—
Office equipment	2,679	288	—	—	2,967
Subtotal	<u>42,605</u>	<u>3,664</u>	<u>(3,159)</u>	<u>(9,083)</u>	<u>34,027</u>
Total	<u>\$150,072</u>	<u>\$ (3,565)</u>	<u>\$ —</u>	<u>\$ (88,515)</u>	<u>\$ 57,992</u>

	2019				
	Balance at Jan. 1, 2019	Additions	Disposals or retirements	Reclassifications	Balance at Dec. 31, 2019
<u>Cost</u>					
Land	\$106,762	\$ —	\$ —	\$ —	\$106,762
Buildings	50,965	1,600	—	—	52,565
Machinery and equipment	7,225	—	—	—	7,225
Transportation equipment	3,159	—	—	—	3,159
Office equipment	2,686	748	(20)	—	3,414
Equipment under installation and construction in progress	—	10,981	—	8,571	19,552
Subtotal	<u>170,797</u>	<u>13,329</u>	<u>(20)</u>	<u>8,571</u>	<u>192,677</u>
<u>Accumulated depreciation</u>					
Buildings	32,795	1,981	—	—	34,776
Machinery and equipment	651	1,340	—	—	1,991
Transportation equipment	3,159	—	—	—	3,159
Office equipment	2,352	347	(20)	—	2,679
Subtotal	<u>38,957</u>	<u>3,668</u>	<u>(20)</u>	<u>—</u>	<u>42,605</u>
Total	<u>\$131,840</u>	<u>\$ 9,661</u>	<u>\$ —</u>	<u>\$ 8,571</u>	<u>\$150,072</u>

- The property, plant and equipment of the company are depreciated based on the following durable years:

Buildings	5 to 56 years
Machinery and equipment	5 to 9 years
Transportation equipment	6 years
Office equipment	3 to 6 years
- The company is an active asset, and will jointly build the "Yisheng Zhihui Science and Technology Park" with the number 239 and 240-1 of the Zhongli Zhonggong Section and the number 241 of the Zhonggong Section held by Youyuanlai Investment Co., Ltd., and approved by the board of directors on June 15<sup>th</sup>, 2020, the company and reclassified the property as investment property with its book value at the time of change of use.
- For information on guarantees provided for property, plant and equipment, please refer to Note 8.

(9) Lease Agreement-Lessee

## 1. Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amounts		
Buildings	9,471	12,720
Transportation equipment	1,789	—
	<u>\$ 11,260</u>	<u>\$ 12,720</u>

	December 31, 2020	December 31, 2019
Additions to right-of-use assets	<u>\$ 2,386</u>	<u>\$ 12,540</u>
Depreciation of right-of-use assets		
Buildings	3,249	2,289
Transportation equipment	597	—
	<u>\$ 3,846</u>	<u>\$ 2,289</u>

Except for the additional and recognized depreciation expenses listed above, the company's right-of-use assets did not undergo major sublease and depreciation in year ended December 31<sup>st</sup>, 2020 & 2019.

## 2. Lease Liabilities

	December 31, 2020	December 31, 2019
Carrying amounts		
Current portion	<u>\$ 3,831</u>	<u>\$ 3,119</u>
Noncurrent portion	<u>\$ 7,576</u>	<u>\$ 9,570</u>

The discount rate ranges for lease liabilities are as follows:

	December 31, 2020	December 31, 2019
Buildings	1.63%~1.66%	1.63%~1.66%
Transportation equipment	7.13%	—

### 3. Important rental activities and terms:

The subject assets to be leased by the amalgamated company include houses and buildings and official vehicles. The lease contract period is usually between 2 to 5 years. The lease contract is negotiated individually and contains various terms and conditions. Except that the leased asset cannot be used as a loan guarantee, no other restrictions are imposed.

### 4. Other Rental Information

	FY 2020	FY 2019
Expense relating to short-term leases	\$ 112	\$ 733
Expense relating to low-value asset leases	\$ 208	\$ 235
Total cash outflow for lease	\$ 4,285	\$ 3,301

The company chose to apply the exemption for recognition of short-term leases of houses and buildings and leases of low-value assets, and not recognize related right-of-use assets and lease liabilities for such leases.

#### (10) Lease Agreement-Lessor

1. The assets leased by the company include land and buildings. The lease contract period usually ranges from 1 to 5 years. The lease contract is negotiated individually and contains various terms and conditions. In order to preserve the use of leased assets, the lessee is usually required not to sublet, sublet, or pledge all or part of the leased object and other restrictions and agreements.
2. The benefits recognized by the company based on the operating lease contract are as follows:

	FY 2020	FY 2019
Rent income	\$ 5,836	\$ 8,732

4. The analysis of the maturity date of the total lease payments receivable of the company under operating leases is as follows:

	December 31, 2020	December 31, 2019
Year 1	\$ 3,237	\$ 3,583
Year 2	2,134	688
Year 3	335	—
	<u>\$ 5,706</u>	<u>\$ 4,271</u>

**(11) Investment Property**

	2020				
	Balance at Jan. 1, 2020	Additions	Disposals or retirements	Reclassificatio ns	Balance at Dec. 31, 2020
<u>Cost</u>					
Land	\$ 70,166	\$ —	\$ —	\$ (1,475)	\$ 68,691
Buildings	60,244	—	—	(1,659)	58,585
Investment property under construction in progress	—	28,648	—	90,506	119,154
Subtotal	<u>130,410</u>	<u>28,648</u>	<u>—</u>	<u>87,372</u>	<u>246,430</u>
<u>Accumulated depreciation</u>					
Buildings	35,961	1,596	—	(1,143)	36,414
Total	<u>\$ 94,449</u>	<u>\$ 27,052</u>	<u>\$ —</u>	<u>\$ 88,515</u>	<u>\$ 210,016</u>
	2019				
	Balance at Jan. 1, 2019	Additions	Disposals or retirements	Reclassifications	Balance at Dec. 31, 2019
<u>Cost</u>					
Land	\$ 70,166	\$ —	\$ —	\$ —	\$ 70,166
Buildings	60,244	—	—	—	60,244
Subtotal	<u>130,410</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>130,410</u>
<u>Accumulated depreciation</u>					
Buildings	34,349	1,612	—	—	35,961
Total	<u>\$ 96,061</u>	<u>\$ (1,612)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 94,449</u>

1. The investment property of the company is depreciated based on the following durability years:

Buildings 21 to 56 years

2. The fair value of the investment property of the company as of December 31<sup>st</sup>, 2020 & 2019 is evaluated by independent experts on the balance sheet date using the third-level input value and inquiring the current price registration information.

The fair value of investment real estate is as follows:

	December 31, 2020	December 31, 2019
Fair value	\$ 1,057,383	\$ 330,718

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

	For the year ended December 31, 2020	For the year ended December 31, 2019
Rent income of investment property	\$ 5,727	\$ 8,623
Direct expenses attributed to rent income of investment property	\$ 2,577	\$ 3,340
Direct expenses attributed to other investment property	\$ 1,133	\$ 551

4. For information on guarantees provided by investment property, please refer to Note 8.

(12) Intangible Assets

	2020				
	Balance at Jan. 1, 2020	Additions	Disposals or retirements	Reclassifica tions	Balance at Dec. 31, 2020
<u>Cost</u>					
Trademarks	\$295,346	\$ 365	\$ —	\$ —	\$295,711
Patents	276	—	—	—	276
Software	1,748	110	—	—	1,858
Subtotal	297,370	475	—	—	297,845
<u>Accumulated amortization</u>					
Trademarks	66,363	5,565	—	—	71,928
Patents	276	—	—	—	276
Software	1,742	25	—	—	1,767
Subtotal	68,381	5,590	—	—	73,971
Total	\$228,989	\$ (5,115)	\$ —	\$ —	\$223,874

	2019				Balance at Dec. 31, 2019
	Balance at Jan. 1, 2019	Additions	Disposals or retirements	Reclassifications	
<u>Cost</u>					
Trademarks	\$ 295,061	\$ 285	\$ —	\$ —	\$ 295,346
Patents	276	—	—	—	276
Software	1,748	—	—	—	1,748
Subtotal	297,085	285	—	—	297,370
<u>Accumulated amortization</u>					
Trademarks	60,832	5,531	—	—	66,363
Patents	276	—	—	—	276
Software	1,704	38	—	—	1,742
Subtotal	62,812	5,569	—	—	68,381
Total	\$ 234,273	\$ (5,284)	\$ —	\$ —	\$ 228,989

1. The afore-mentioned intangible assets with limited service life are amortized on a straight-line basis based on the following service life:

Trademarks and patents	2 to 50 years
Software	3 years

2. The details of the amortization expenses of intangible assets are as follows:

	For the year ended December 31, 2020	For the year ended December 31, 2019
Selling expenses	5,565	5,531
General and administrative expenses	25	38
	\$ 5,590	\$ 5,569

### (13) Short-term Loans

	December 31, 2020	December 31, 2019
Loans for material purchase	\$ 119,027	\$ 117,555
Collateralized loans	355,000	375,000
Total	\$ 474,027	\$ 492,555
Interest rate	1.05%~1.8%	1.59%~1.8%

Please refer to Note 8 for the provision of assets as guarantees for short-term loans.

(14) Notes payable and accounts payable:

	December 31, 2020	December 31, 2019
Notes payable	\$ 3,378	\$ 2,337
Accounts payable	30,785	37,114
	<u>\$ 34,163</u>	<u>\$ 39,451</u>

Please refer to Note 6 (39) for the disclosure of payables and other payables of the company exposed to exchange rate and liquidity risks.

(15) Other Payables

	December 31, 2020	December 31, 2019
Wages, salaries and bonus payable	\$ 8,779	\$ 7,357
Profit sharing bonus to employees	2,592	3,018
Compensation to directors	2,073	2,414
Service payable	3,650	2,669
Freight payable	5,776	1,740
Marketing fee payable	3,958	3,146
Advertising payable	1,087	586
Others	7,459	8,205
Other payable- related parties	32,421	6,892
Total	<u>\$ 67,795</u>	<u>\$ 36,027</u>

Others under other payables mainly consist of payable environmental protection recovery charges, after-sales service fees, insurance premiums, preservation fees, house tax, inspection fees and other payments.

(16) Provision for Liabilities

	FY 2020	FY 2019
<u>Warranty</u>		
Balance, beginning of year	\$ 2,233	\$ 709
Additions	2,656	4,305
Write-off	(3,976)	(2,781)
Balance, end of year	<u>\$ 913</u>	<u>\$ 2,233</u>
Current	<u>\$ —</u>	<u>\$ —</u>
Noncurrent	<u>\$ 913</u>	<u>\$ 2,233</u>

The warranty liability provision of the company is mainly related to the sales of application products such as home appliances and liquid crystal display players. The warranty liability provision is estimated based on the historical warranty information of the product. The company estimates that the liability provision will be in the next 1-2 years It happened one after another.

#### (17) Pension

##### 1. Determine the appropriation plan:

Since July 1<sup>st</sup>, 2015, the company has established a definite retirement method in accordance with the "Labor Pension Regulations", which is applicable to employees of their own nationality. The company applies the part of the labor pension system stipulated by the "Labor Retirement Regulations" for employees' choice, with a monthly contribution of 6% of the salary to the employee's personal account of the Labor Insurance Bureau, and the payment of the employee's pension is based on the employee's personal pension. The amount of the special account and accumulated income is received in the form of a monthly pension or a lump-sum pension.

In the profit and loss statement of the company in year ended December 31<sup>st</sup>, 2020 & 2019, the pension cost of the afore-mentioned pension method was NTD 1,978 and NTD 2,084 thousand, respectively.

##### 2. Determine the welfare plan:

In accordance with the provisions of the "Labor Standards Law", the company and its domestic subsidiaries have established welfare-determined retirement measures, which are applicable to the years of service of all regular employees before the implementation of the "Labor Pension Regulations" on July 1<sup>st</sup>, 2015, and in the implementation of the "Labor Pension Regulations" choose to continue to apply the labor standard law employees' follow-up service years. For employees who meet the retirement conditions, the pension payment is calculated based on the length of service and the average salary of the 6 months before retirement, service years of less than 15 years (inclusive) will be given 2 bases for each full year, and service years of more than 15 years will be given 1 base for each full year, but the cumulative maximum is limited to 45 bases. The company and its domestic subsidiaries allocate 3% to 10% of the total salary monthly to the retirement fund, which is deposited in the Bank of Taiwan in a special account in the

name of the Labor Retirement Reserve Supervisory Committee. In addition, before the end of each year, the company and its domestic subsidiaries will estimate the balance of the special account for workers' retirement reserves in the preceding paragraph. If the balance is not enough to pay the pension amount calculated in accordance with the foregoing calculation for the estimated eligible workers in the next year, the company and the domestic subsidiary will withdraw the balance before the end of March of the following year. This special account is managed by the Labor Fund Utilization Bureau of the Ministry of Labor, and the company has no right to influence the investment management strategy.

The confirmed benefit plan amounts recognized in the balance sheet are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	\$ (15,863)	\$ (13,692)
Fair value of plan assets	11,083	10,580
Net defined benefit liability	\$ (4,780)	\$ (3,112)

The changes in net defined benefit liabilities are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1, 2020	\$ (13,692)	\$ 10,580	\$ (3,112)
Service cost			
Current service cost	(45)	—	(45)
Interest expense	(82)	63	(19)
Components of defined benefit costs recognized in profit or loss	(127)	63	(64)
Remeasurement on the net defined benefit liability:			
Return on plan assets(excluding amounts included in interest expense)	—	376	376
Changes in financial assumptions	(309)	—	(309)
Experience adjustments	(1,735)	—	(1,735)
Components of defined benefit costs recognized in other comprehensive income	(2,044)	376	(1,668)
Contributions from employers	—	64	64
Balance at December 31, 2020	\$ (15,863)	\$ 11,083	\$ (4,780)

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Balance at January 1, 2019	\$ (12,681)	\$ 10,093	\$ (2,588)
Service cost			
Current service cost	(46)	—	(46)
Interest expense	(101)	81	(20)
Components of defined benefit costs recognized in profit or loss	(147)	81	(66)
Remeasurement on the net defined benefit liability:			
Return on plan assets(excluding amounts included in interest expense)	—	335	335
Changes in financial assumptions	(180)	—	(180)
Experience adjustments	(684)	—	(684)
Components of defined benefit costs recognized in other comprehensive income	(864)	335	(529)
Contributions from employers	—	71	71
Balance at December 31, 2019	\$ (13,692)	\$ 10,580	\$ (3,112)

The company is exposed to the following risks due to the pension system of the "Labor Standards Law":

1. Investment risk: The Labor Fund Utilization Bureau of the Ministry of Labor invests labor retirement funds in equity securities, debt securities, and bank deposits through its own use and entrusted operations, but in accordance with the provisions of the "Labor Standards Law", the overall asset return It must not be lower than the local bank's 2-year fixed deposit interest rate; if the interest rate is lower than that, the national treasury will make up for it.
2. Interest rate risk: The decline in the interest rate of government bonds will increase the present value of defined welfare obligations, but the debt investment returns of planned assets will also increase, and the impact of the two on the net defined welfare liabilities will partially offset the effect.
3. Salary risk: The calculation for determining the present value of the benefit obligation refers to the future salary of the plan members. Therefore, the increase in the salary of the plan members will increase the present value of the determined benefit obligation.

The main assumptions of actuarial evaluation are listed as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.3%	0.6%
Future salary increase rate	1.5%	1.5%

The changes in the main actuarial assumptions adopted on December 31st 2020 & 2019, will increase (decrease) the present value of the determined benefit obligation as follows:

December 31, 2020	Increase of actuarial assumptions 0.25%	Decrease of actuarial assumptions 0.25%
Discount rate	\$ (258)	\$ 265
Future salary increase rate	\$ 221	\$ (217)

  

December 31, 2019	Increase of actuarial assumptions 0.25%	Decrease of actuarial assumptions 0.25%
Discount rate	\$ (224)	\$ 230
Future salary increase rate	\$ 193	\$ (190)

The sensitivity analysis above is based on the analysis of the impact of a single assumption change while other assumptions remain unchanged. In practice, many changes in assumptions may be linked. The sensitivity analysis is consistent with the method used to calculate the net pension liabilities of the balance sheet. The methods and assumptions used in preparing the sensitivity analysis in this period are the same as those in the previous period.

As of December 31st, 2020, the weighted average duration of the retirement plan was 7 years. In addition, the company expects to allocate NTD 64 thousand to the confirmed benefit plan within one year after the reporting date on December 31st, 2020.

(18) Equity

	December 31, 2020	December 31, 2019
Authorized capital	\$ 4,500,000	\$ 4,500,000
Issued capital	\$ 2,771,575	\$ 2,771,575

As of December 31st, 2020 & 2019, the company's nominal number of shares was 450,000 thousand shares, each with a par value of NTD 10, and the number of issued shares was 277,158 thousand shares.

(19) Capital Reserve

	FY 2020		
	Dividend of a claim extinguished by a prescription	From share of changes in equities of subsidiaries	Total
Balance at January 1, 2020	\$ 259	\$ —	\$ 259
From share of changes in equities of subsidiaries	—	1,343	1,343
Balance at December 31, 2020	\$ 259	\$ 1,343	\$ 1,602

	FY 2019
	Dividend of a claim extinguished by a prescription
Balance at January 1, 2019	\$ 259
Balance at December 31, 2019	—

According to the provisions of the Company Law, the surplus from the issuance of shares in excess of the par value and the capital reserve obtained from the donation can be used to make up for losses. When the company has no accumulated losses, new shares or shares will be issued in proportion to the shareholders' original shares. cash. In addition, in accordance with the relevant provisions of the Securities Exchange Law, when the capital reserve above is allocated for capitalization, the total amount shall not exceed 10%

of the paid-in capital each year. The company shall not use the capital reserve to supplement the capital loss unless the surplus reserve is still insufficient to fill the capital loss.

(20) Retention of surplus and dividend policy:

1. According to the company's articles of association, if there is a surplus in the annual final accounts, the tax should be paid first to make up for the losses of the previous years. The 10% of the second allocation is the statutory surplus reserve, but when the statutory surplus reserve has reached the paid-in capital, It may no longer be listed. After the rest of the special surplus reserve is allocated or converted according to laws or regulations or the competent authority, together with the undistributed surplus at the beginning of the period, the board of directors shall draft a surplus distribution proposal and submit it to the shareholders meeting to resolve the distribution of shareholder dividends.
2. In addition, in accordance with the provisions of the company's articles of association on dividend policy, based on the company's operational needs and the consideration of maximizing shareholders' equity, the company's dividend policy will be based on the company's future capital expenditure budget and capital needs, the proportion of cash dividends shall not be less than 30% of the total dividends.
3. The statutory surplus reserve shall not be used except for making up the company's losses and issuing new shares or cash in proportion to the shareholders' original shares. However, if new shares or cash are issued, the portion of the reserve exceeding 25% of the paid-in capital shall be used as limit.
4. The company draws up and reverts the special surplus reserve in accordance with FSC Certificate No. 1010012865 and the "Questions and Answers Concerning the Application of Special Surplus Reserves after the adoption of International Financial Reporting Standards (IFRSs)". When the deduction balance of other shareholders' equity is reversed thereafter, the surplus may be distributed on the reversed part.
5. The company will hold a meeting of board of directors on March 29<sup>th</sup>, 2021, and proposes a surplus distribution proposal for the year ended December 31<sup>st</sup>, 2020. The distribution situation is as follows:

	Amount	Cash dividends per share(NT\$)
Legal capital reserve	\$ 4,370	\$ —
Special capital reserve	35,135	—
Cash dividends to shareholders	27,716	0.1
	\$ 67,221	

For information about the afore-mentioned surplus distribution, please inquire through channels such as the "Public Information Observatory" of the Taiwan Stock Exchange.

6. On June 15<sup>th</sup>, 2020, the company passed a resolution of the shareholders' meeting to approve the profit distribution plan of the year ended December 31<sup>st</sup>, 2019. The distribution situation is as follows:

	Amount	Cash dividends per share(NT\$)
Legal capital reserve	\$ 5,473	\$ —
Cash dividends to shareholders	60,975	0.22
	\$ 66,448	

For information about the afore-mentioned surplus distribution, please inquire through channels such as the "Public Information Observatory" of the Taiwan Stock Exchange.

7. The company passed the resolution of the shareholders' meeting on June 27<sup>th</sup>, 2019 and passed the profit distribution plan of the year ended December 31<sup>st</sup>, 2018. The distribution situation is as follows

	Amount	Cash dividends per share(NT\$)
Legal capital reserve	\$ 14,828	\$ —
Cash dividends to shareholders	88,690	0.32
	\$ 103,518	

For information about the afore-mentioned surplus distribution, please inquire through channels such as the "Public Information Observatory" of the Taiwan Stock Exchange.

**(21) Special surplus reserve:**

The company's original retained earnings (cumulative loss) was negative (cumulative loss) of NTD 175,305 thousand before the conversion of IFRSs on January 1<sup>st</sup>, 2013, and the net increase in undistributed surplus due to the conversion of IFRSs was NTD 379,723 thousand, the FSC Certificate No. 1010012865 of April 6<sup>th</sup>, 2012 stipulates that a special surplus reserve

of NTD 204,418 thousand shall be set aside within the scope of the surplus amount. When the company subsequently uses, disposes, or reclassifies related assets, the original proportion of special surplus reserves shall be reversed.

(22) Other equity items:

	Exchange differences arising on translation of foreign operations	Unrealized gain(loss) on financial assets at fair value through other comprehensive income	Total
Beginning balance as of Jan.1,2020	\$ (489,535)	\$ 49,617	\$ (439,918)
Exchange differences arising on translation of foreign operations	24,065	—	24,065
Adjustments from evaluation	—	(28,305)	(28,305)
Income tax effect	(4,813)	—	(4,813)
Ending balance as of December 31,2020	\$ (470,283)	\$ 21,312	\$ (448,971)

	Exchange differences arising on translation of foreign operations	Unrealized gain(loss) on financial assets at fair value through other comprehensive income	Total
Beginning balance as of Jan.1,2019	\$ (443,077)	\$ (8,166)	\$ (451,243)
Exchange differences arising on translation of foreign operations	(58,072)	—	(58,072)
Adjustments from evaluation	—	57,783	57,783
Income tax effect	11,614	—	11,614
Ending balance as of December 31,2019	\$ (489,535)	\$ 49,617	\$ (439,918)

(23) Operating Income

	For the year ended as of December 31,2020	For the year ended as of December 31,2019
Revenue of contracts with customer		
Revenue from sale of goods	\$ 568,700	\$ 644,622
Other operating revenue	26,628	28,416
Total	<u>\$ 595,328</u>	<u>\$ 673,038</u>

1. Please refer to Note 4 (13) for the description of revenue from customer contracts.

2. Contract balance

	As of December 31,2020	As of December 31,2019
Notes and accounts receivable (Note 6(4))	<u>\$ 67,759</u>	<u>\$ 85,464</u>
Contract liabilities-current		
Sales of goods sold	<u>\$ 2,972</u>	<u>\$ 3,807</u>

3. Refund liabilities (list other current liabilities)

Based on historical experience and other known reasons, the company's estimated sales return and discount liabilities for the year ended December 31st, 2020 & 2019 were NTD 68,205 thousand and NTD 51,202 thousand, respectively, as of December 31st, 2020 and 2019, the balance of refund liabilities is NTD 27,084 thousand and NTD 13,162 thousand respectively.

(24) Operating cost

	For the year ended December 31,2020	For the year ended December 31,2019
Cost of goods sold	\$ 430,325	\$ 530,339
Loss allowance on inventory	848	(3,280)
Others	44,755	53,555
Total	<u>\$ 475,928</u>	<u>\$ 580,614</u>

(25) Interest income

	For the year ended December 31,2020	For the year ended December 31,2019
Interest of bank deposits	\$ 83	\$ 948
Other interest	14	2
Total	<u>\$ 97</u>	<u>\$ 950</u>

(26) Other income

	For the year ended December 31,2020	For the year ended December 31,2019
Rental income	\$ 5,836	\$ 8,732
Dividend income	7,650	3,825
Service income	4,727	4,175
Other income	2,526	829
Total	<u>\$ 20,739</u>	<u>\$ 17,561</u>

(27) Other gains and losses

	For the year ended December 31,2020	For the year ended December 31,2019
Gain (loss) on disposal or retirement of property \ plant and equipment	\$ 571	\$ —
Gain(loss)on translation of foreign currency	(9,383)	1,123
Gain(loss) on financial assets at fair value through profit and loss	—	58
Gain on disposal of investments	—	71
Others	—	(49)
Total	<u>\$ (8,812)</u>	<u>\$ 1,203</u>

(28) Financial costs

	For the year ended December 31,2020	For the year ended December 31,2019
Interest expense from bank loan	\$ 7,475	\$ 8,650
Interest expense from bank loan of subsidiaries	290	—
Interest expense from lease liabilities	297	73
Other interest expense	1	4
Total	<u>\$ 8,063</u>	<u>\$ 8,727</u>

(29) Additional information on the nature of the fee

1. The employee benefits, depreciation and amortization expenses incurred in the current period are summarized as follows according to the function:

By nature \ By function	For the year ended December 31,2020		
	Recognized in cost of revenue	Recognized in operating Expense	Total
Employee benefits expense			
Payroll expense	\$ —	\$ 46,033	\$ 46,033
Employee insurance expense	—	3,764	3,764
Post-employment benefits expense	—	2,042	2,042
Director's remuneration	—	2,272	2,272
Other employee benefits	—	2,845	2,845
Depreciation	1,344	7,762	9,106
Amortization	—	6,211	6,211

By nature \ By function	For the year ended December 31,2019		
	Recognized in cost of revenue	Recognized in operating Expense	Total
Employee benefits expense			
Payroll expense	\$ —	\$ 46,967	\$ 46,967
Employee insurance expense	—	3,822	3,822
Post-employment benefits expense	—	2,150	2,150
Director's remuneration	—	1,535	1,535
Other employee benefits	—	2,701	2,701
Depreciation	1,344	6,225	7,569
Amortization	—	6,393	6,393

- (1) The average number of employees of the company in 2020 and 2019 was 58 and 62, respectively, of which 6 directors were not part-time employees.
- (2) The company's average employee benefit expenses in 2020 and 2019 were 1,052 thousand and 994 thousand, respectively. The average employee salary expenses were 885 thousand and 839 thousand, respectively, and the average employee salary expenses were adjusted and changed by 5%.
- (3) The company had adopted the audit committee to replace the supervisor system in 2020 and 2019, consequently, no supervisor's remuneration allocated.
- (4) The salary and remuneration policies of the company's directors, managers and employees are as follows:
  - A. Directors: The remuneration of the directors of the company is handled in accordance with rules and regulations of the company, to authorize the board of directors to determine salary and remunerations according to their degree of participation and value of contribution in the operation of the company, based upon the domestic and overseas industry standards.

- B. Managers: The amount of remuneration awarded to the managers of the company is reviewed by the remuneration committee and submitted to the board of directors for resolution based on their positions, contributions, and company operating performance for the year.
- C. Staff: The company's employee salary and remuneration policy is to provide employees with average salary and benefits. Based on the company's operating performance and each employee's position, contribution, and performance to determine the year-end bonus and related remuneration, the amount and distribution method are recommended by the remuneration committee and approved by to the board of directors.

2. Employee benefits

- (1) According to the articles of association of the company, if the company makes a profit in the current year, it shall allocate no less than 5% for employee remuneration and no more than 4% for directors' remuneration; independent directors do not participate in the distribution, but the company still accumulates in the event of a loss, the compensation amount shall be reserved. Employee remuneration can be made in stocks or cash, and its payment objects may include employees of affiliated companies who meet the conditions set by the board of directors.

The current year's profit as mentioned in the preceding paragraph refers to the current year's pre-tax benefits before deducting the distribution of employee compensation and directors' compensation.

The distribution of employee remuneration and directors' remuneration shall be made by the board of directors with more than two-thirds of the directors' present and a resolution approved by more than half of the directors present, and report to the shareholders meeting.

- (2) The employee compensation and director compensation estimated by the company in the year ended December 31st, 2020 & 2019 are estimated at 5% and 4% respectively:

	For the year ended December 31,2020	For the year ended December 31,2019
Employee compensation	\$ 2,592	\$ 3,018
Director's remuneration	\$ 2,073	\$ 2,414

The estimated amount is consistent with the amount resolved by the board of

directors. The above employee compensation and director compensation will be paid in cash.

- (3) After the annual parent company only financial report is approved and issued, if the amount still changes, it will be treated according to the change in accounting estimates and adjusted and recorded in the next year.
- (4) Information on employee remuneration and directors' remuneration approved by the company's board of directors can be found at the Public Information Observatory.

### (30) Income Tax

1. The adjustment of the income tax expense recognized in the profit and loss of the company in year ended December 31st, 2020 & 2019 is as follows:

	For the year ended December 31,2020	For the year ended December 31,2019
Income tax calculated based on profit before tax and statutory rate	\$ 9,433	\$ 10,985
Income tax effect of deductible items under Tax Act	26,945	8,511
Effect of income tax carryforwards	26,567	183
Current temporary differences	(63,595)	(19,491)
Income tax adjustments on prior years	1,720	—
Income tax expense	<u>\$ 1,070</u>	<u>\$ 188</u>

The composition of income tax recognized in profit and loss for the current year is as follows:

	For the year ended December 31,2020	For the year ended December 31,2019
Current Income tax- adjustments on prior years	\$ 1,720	\$ —
Deferred income tax- temporary differences	(650)	188
Income tax expense recognized in profit and loss	<u>\$ 1,070</u>	<u>\$ 188</u>

2. The income tax of the company recognized under other comprehensive profits and losses in year ended December 31st, 2020 & 2019.

	For the year ended December 31,2020	For the year ended December 31,2019
Deferred income tax		
Remeasurement of defined benefit obligation	\$ (334)	\$ (106)
Translation difference in foreign operations	4,813	(11,614)
Income tax recognized in other comprehensive income	\$ 4,479	\$ (11,720)

3. Current income tax assets (listed other current assets)

	As of December 31,2020	As of December 31,2019
Tax return receivable	\$ 92	\$ 95

4. Deferred income tax assets and liabilities

(1) The analysis of deferred income tax assets is as follows:

	2020			
	Balance as of Jan 1	Recognized in other comprehensive income (loss)	Others	Balance as of Dec. 31
Temporary differences				
Remeasurement of defined benefit obligation	\$ 124	\$ 334	\$ —	\$ 458
Cumulative translation differences in foreign operation	68,122	(4,813)	—	63,309
Operating loss carryforward	113,428	—	(25,552)	87,876
	\$ 181,674	\$ (4,479)	\$ (25,552)	\$ 151,643

	2019			
	Balance as of Jan 1	Recognized in other comprehensive income (loss)	Others	Balance as of Dec. 31
Temporary differences				
Remeasurement of defined benefit obligation	\$ 18	\$ 106	\$ —	\$ 124
Cumulative translation differences in foreign operation	56,508	—	11,614	68,122
Operating loss carryforward	113,428	—	—	113,428
	\$ 169,954	\$ 11,720	—	\$ 181,674

(2) The analysis of deferred income tax liabilities is as follows:

	2020			
	Balance as of Jan 1	Recognized in Profit or loss during the period	Others	Balance as of Dec. 31
Temporary Differences				
unrealized exchange gains and losses	\$ (420)	\$ 420	\$ —	\$ —
Reserve for land revaluation increment	(25,517)	—	—	(25,517)
Investment income of long-term equity	(113,428)	—	25,552	(87,876)
Refund liabilities	(230)	230	—	—
	<u>\$ (139,595)</u>	<u>\$ 650</u>	<u>\$ 25,552</u>	<u>\$ (113,393)</u>

	2019		
	Balance as of Jan 1	Recognized in Profit or loss during the period	Balance as of Dec. 31
Temporary Differences			
unrealized exchange gains and losses	\$ (49)	\$ (371)	\$ (420)
Reserve for land revaluation increment	(25,517)	—	(25,517)
Investment income of long-term equity	(113,428)	—	(113,428)
Refund liabilities	(413)	183	(230)
	<u>\$ (139,407)</u>	<u>\$ (188)</u>	<u>\$ (139,595)</u>

5. Items not recognized as deferred income tax assets

	As of December 31,2020	As of December 31,2019
Amount for operating loss carryforwards	<u>\$ 120,328</u>	<u>\$ 137,732</u>
Amounts for temporary differences	<u>\$ 130,142</u>	<u>\$ 124,336</u>

6. The income tax settlement declaration of the company's for-profit businesses has been approved by the auditing agency until the end of the year 2018. In accordance with the provisions of the Income Tax Law, the losses in the previous ten years are deducted from the net profit of the current year as approved by the tax collection agency, and then the income tax is assessed. As of the losses and deduction periods not yet deducted by the Company until December 31, 2020 are listed as follows:

Occurrence year	Amount Declared /Amount Approved	Maturity year	Operating loss carryforwards
FY2004	Approved	2024	389,259
FY2005	Approved	2025	11,952
FY2007	Approved	2027	120,090

Occurrence year	Amount Declared /Amount Approved	Maturity year	Operating loss carryforwards
FY2008	Approved	2028	38,029
FY2009	Reviewed	2029	378
			<u>\$ 559,708</u>

(31) Earnings Per Share

	For the year ended Dec.31,2020	For the year ended Dec.31,2019
Basic earnings per share	\$ 0.17	\$ 0.20
Diluted earnings per share	\$ 0.17	\$ 0.20

1. Basic earnings per share

	For the year ended December 31,2020	For the year ended December 31,2019
Net income attributable to stockholders of the parent company	\$ 46,096	\$ 54,736
Weighted-average number of common stocks for basic earnings per share (thousand shares)	277,158	277,158
Earnings per share-basic(NTD)	\$ 0.17	\$ 0.20

2. Diluted earnings per share

	For the year ended December 31,2020	For the year ended December 31,2019
Net income attributable to stockholders of the parent company	\$ 46,096	\$ 54,736
Weighted-average number of common stocks for basic earnings per share (thousand shares)	277,158	277,158
Compensation of employees (thousand shares)	431	954
Weighted-average number of common stocks for earnings per share-diluted (thousand shares)	277,589	278,112
Earnings per share-basic (NTD)	\$ 0.17	\$ 0.20

If the company can choose to pay employee compensation in stocks or cash, when calculating the diluted earnings per share, it is assumed that the employee compensation will be issued in the form of stocks, and the weighted average number of shares outstanding when the potential common stock has a dilutive effect is calculated as diluted earnings per share. When calculating the diluted earnings per share before deciding on the number of shares to be issued for employee compensation in the following year, the dilution effect of these potential ordinary shares will also continue to

be considered.

### (32) Cash Flow Information

#### Changes in liabilities from financing activities

	Short term loan	Deposit received	Lease debt	Total liabilities from financing
As of Jan.1,2020	\$ 492,555	\$ 925	\$ 12,689	\$ 506,169
Change in financing cash flow	(17,733)	69	(3,668)	(21,332)
Change in lease debt	—	—	2,386	2,386
Change in other non-cash	(795)	92	—	(703)
As of Dec.31,2020	<u>\$ 474,027</u>	<u>\$ 1,086</u>	<u>\$ 11,407</u>	<u>\$ 486,520</u>

	Short term loan	Deposit received	Lease debt	Total liabilities from financing
As of Jan.1,2019 (After Remake)	\$ 669,245	\$ 1,673	\$ 2,409	\$ 673,327
Change in financing	(176,690)	(341)	(2,260)	(179,291)
Change in lease debt	—	—	12,540	12,540
Change in other non-cash	—	(407)	—	(407)
As of December 31,2019	<u>\$ 492,555</u>	<u>\$ 925</u>	<u>\$ 12,689</u>	<u>\$ 506,169</u>

### (33) Capital Risk Management

The capital management objectives of the combined company are to ensure that the company can continue to operate, maintain the best capital structure to reduce capital costs, and provide remuneration to shareholders. In order to maintain or adjust the capital structure, the combined company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### (34) Financial Instruments

#### 1. Types of financial instruments

	As of December 31,2020	As of December 31,2019
<u>Financial assets</u>		
Cash and cash equivalents	\$ 57,243	\$ 75,696
Financial assets at fair value through other comprehensive income (non-current included)	87,312	115,617
Financial asset at amortized cost — current	71,200	—
Notes receivable	10,497	10,629
Accounts receivable	57,262	74,835
Other receivables	89,912	149,107
Refundable deposit (non-current included)	1,684	594
<u>Financial liabilities</u>		
Short-term loan	\$ 474,027	\$ 492,555
Notes payable	3,378	2,337

	As of December 31,2020	As of December 31,2019
Accounts payable	30,785	37,114
Other payables	67,795	36,027
Deposit received (non-current included)	1,086	925

## 2. Fair value information of financial instruments

The company divides financial instruments measured by amortized cost (including cash and cash equivalents, financial assets measured by amortized cost-current, bills receivable, accounts receivable, other receivables, other financial assets, the book amount of deposits of margin, short-term loans, notes payable, accounts payable, other payables and deposited margin) is a reasonable approximation of the fair value. For information on the fair value of financial instruments measured by fair value, please refer to Note 6 (40).

## 3. Financial risk management policy:

The financial risk management policies of the company are affected by the characteristics of the electronics and home appliance industries. The financial risks faced by the company include changes in working capital, credit risk and financial product investment. In order to achieve the best risk position, the company intends to adopt the following different strategies for different risks:

### (1) Hedging strategies for changes in working capital:

The company has appropriate short-term bank loan quotas, and controls the timing of cash inflows and outflows, so as to maintain proper liquidity in capital allocation.

### (2) Credit risk:

The company has a strict credit evaluation policy, which only deals with counterparties with good credit status, and uses credit protection measures in a timely manner to reduce credit risk.

### (3) Financial product investment:

Among the equity financial products invested by the company, the financial assets whose fair value changes are included in the profit and loss and other comprehensive gains and losses have an active market, and the financial assets can be easily sold in the market at a price close to the fair value, and no significant flow is expected to have current risk.

(4) In terms of risk control, the head of the financial department shall conduct regular assessments to monitor transactions and profit and loss at any time, and report to the board of directors when abnormalities are found.

4. The nature and extent of major financial risks:

(1) Market risk

A. Exchange rate risk

(A) If the purchase and sales of the company are denominated in U.S. dollars, the fair value will change according to market exchange rate fluctuations. However, the company holds foreign currency assets and liabilities that are equal during the period of receipt and payment, and the major market risks can be compared with each other and offset.

(B) The business of the company involves a number of functional currencies. Therefore, due to exchange rate fluctuations, foreign currency assets and liabilities are affected by exchange rate fluctuations. Information on foreign currency assets and liabilities is as follows:

Unit: Thousands of Foreign Currency/ Thousands of NTD						
For the year ended December 31,2020						
<u>(Foreign currency : Functional currency)</u>	Foreign Currency	Exchange Rates	Carrying amount (NTD)	Sensitivity Analysis		
				Percentage of change	Impact on P&L	Impact on Equity
<u>Financial assets</u>						
<u>Monetary items</u>						
SGD	\$ 13	21.56	\$ 280	1%	\$ 2	\$ 2
USD	3,199	28.48	91,108	1%	911	729
EUR	4	35.02	140	1%	1	1
CNY	241	4.377	1,055	1%	11	8
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	1,267	28.48	36,084	1%	361	289
For the year ended December 31,2019						
<u>(Foreign currency : Functional currency)</u>	Foreign Currency	Exchange Rates	Carrying amount (NTD)	Sensitivity Analysis		
				Percentage of change	Impact on P&L	Impact on Equity
<u>Financial assets</u>						
<u>Monetary Items</u>						
SGD	\$ 3,164	22.28	\$ 70,494	1%	\$ 704	\$ 564
USD	1,211	29.98	36,306	1%	363	290
EUR	41	33.59	1,377	1%	14	11

CNY	149	4,305	641	1%	6	5
<u>Non-monetary items</u>						
USD	2	29.98	60			
<u>Financial liability</u>						
<u>Monetary items</u>						
USD	289	29.98	8,664	1%	87	70

(C) The unrealized exchange gains and losses of the company's monetary items that have a significant impact due to exchange rate fluctuations are explained as follows:

The foreign currency exchange gains (losses) (including realized and unrealized) of the company in the years ended December 31st, 2020 & 2019 were (NTD 9,383) thousand and NTD 1,123 thousand, respectively. Due to the various types of functional currencies of the merged entity, it is impossible to classify each major Affect foreign currency disclosure of exchange gains and losses.

#### B. Price Risk

(A) Since the investment held by the amalgamating company has a public market price, the amalgamating company is exposed to price risk. In order to manage the price risk of financial instrument investment, the company has set a stop loss point, so it is expected that no significant price risk will occur. The company has no risk of commodity price risk.

(B) The company mainly invests in financial products such as beneficiary certificates and domestic equity securities in the counter. The prices of these financial products will be affected by the uncertainty of the future value of the investment target. If the price of these financial products rises or falls by 1%, and all other factors remain unchanged, the net profit (loss) for after-tax in the years ended December 31st, 2020 & 2019 will be derived from the gains or losses of equity investments measured at fair value in other comprehensive gains and losses will increase or decrease by NTD 873 and NTD 1,156 thousand, respectively.

#### C. Interest rate risk

If the borrowed money of the company is a fixed-rate debt, since changes in market interest rates will not affect future cash flows, there is no cash flow risk due to

changes in interest rates, but fair value interest rate risks are borne. For debts with floating interest rates, changes in market interest rates will cause the effective interest rates of debt financial products to change accordingly, which will cause future cash flows to fluctuate. Part of the risk is offset by cash held at floating interest rates and cash equivalents.

## (2) Credit Risk

- A. Credit risk is the risk of financial losses incurred by the company due to the inability of customers or financial instrument counterparties to fulfill contractual obligations. In accordance with the internally specified credit policy, each operating entity in the amalgamating company must conduct management and credit risk analysis on each of its new customers before deciding the terms and conditions for payment and delivery. The internal risk control system evaluates the credit quality of customers by considering their financial status, experience and other factors. The limits of individual risks are set by the board of directors based on internal and external ratings, and the use of credit lines is regularly monitored. When the company sells goods, it has assessed the credit status of the counterparty of the transaction. It is expected that the counterparty of the transaction will not default, so the possibility of credit risk is extremely low. The financial assets and liabilities held for trading are traded through market orders or transactions with counterparties with good credit. It is expected that the counterparties will not default, so the possibility of credit risk is not high.
- B. In the years ended December 31st, 2020 & 2019, there was no case of exceeding the credit limit, and the management did not expect any major losses due to the non-performance of the counterparty.

## (3) Liquidity Risk

- A. The cash flow forecast is executed by the financial department of the company and is summarized by the financial department of the company. The financial department of the company monitors the forecast of the liquidity requirements of the combined company to ensure that it has sufficient funds to meet its operational needs and maintain a sufficient unused loan commitment line at any time.

- B. When the remaining cash held by each operating entity exceeds the requirements for the management of working capital, the remaining funds are invested in interest-bearing demand deposits, time deposits and marketable securities, and the instruments selected by them have appropriate maturity. Daily may have sufficient liquidity to respond to the above forecast and provide sufficient dispatch water levels. As of December 31st, 2020 & 2019, the positions of the investments (except cash and cash equivalents) held by the company were NTD 101,552 thousand and NTD 115,617 thousand, respectively. It is expected that cash flow can be generated immediately to manage liquidity risk.
- C. The following table shows the non-derivative financial liabilities of the company, grouped according to the relevant maturity date. The non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The contractual cash flow amount disclosed in the table below is the undiscounted amount.

	As of December 31,2020			
	Less than 1 year	1~2year	2~5year	Total
<u>Non-derivative financial liability</u>				
Short-term debt	\$ 475,547	\$ —	\$ —	\$ 475,547
Notes payable	3,378	—	—	3,378
Accounts payable	30,785	—	—	30,785
Other payables	67,795	—	—	67,795
Lease obligation (non-current included)	4,067	3,360	4,410	11,837
Deposit received (non-current included)	—	1,086	—	1,086
	<u>\$ 581,572</u>	<u>\$ 4,446</u>	<u>\$ 4,410</u>	<u>\$ 590,428</u>
	As of December 31,2019			
	Less than 1 year	1~2year	2~5year	Total
<u>Non-derivative financial liability</u>				
Short-term loan	\$ 494,495	\$ —	\$ —	\$ 494,495
Notes payable	2,337	—	—	2,337
Accounts payable	37,114	—	—	37,114
Other payables	36,027	—	—	36,027
Lease obligation (non-current included)	3,301	3,182	6,663	13,146
Deposit received (non-current included)	12	913	—	925
	<u>\$ 573,286</u>	<u>\$ 4,095</u>	<u>\$ 6,663</u>	<u>\$ 584,044</u>

### (35) Fair Value Information

1. For information on the fair value of financial assets and financial liabilities of the company that are not measured by fair value, please refer to Note 6 (39) 2 for explanation. Please refer to Note 6 (14) for the information on the fair value of investment real estate measured by cost of the company.

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

Level 1: Public quotation (unadjusted) of the same asset or liability in an active market.

Level 2: In addition to the public quotation included in the first level, the input value of an asset or liability that is directly (that is, price) or indirectly (that is derived from price) observable.

Level 3: The input value of an asset or liability that is not based on observable market data.

3. For financial instruments measured at fair value on December 31<sup>st</sup>, 2020 & 2019, the company is classified based on the nature, characteristics and risks of the assets and the basic level of fair value. The relevant information is as follows:

Fair value on a recurring basis	December 31,2020			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income – current	\$ 87,312	\$ –	\$ –	\$ 87,312

  

Fair value on a recurring basis	December 31,2019			
	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income – noncurrent	\$ 115,617	\$ –	\$ –	\$ 115,617

4. Evaluation techniques and assumptions used to measure fair value

The fair values of financial assets and financial liabilities that have standard terms and conditions and are traded in an active market are determined by reference to market quotes, including the stocks of the China Industrial Exchange and the beneficiary certificates of funds.

5. There was no transfer of the fair value hierarchy of financial assets in 2020 & 2019.

### 7. Related party transactions:

#### (1) Name and relationship of related parties:

Related party name	Categories
REALISE TECH-SERVICE CO., LTD. (RLS)	Subsidiaries
ALMOND GARDEN CORP.(AGC)	Subsidiaries
ACTION TECHNOLOGY (JIAN) CO., LTD. (ATJ)	Subsidiaries
ACTION ASIA (SHENZHEN) CO., LTD. (AAS)	Subsidiaries
ACTION INDUSTRIES(M) SDN. BHD. (AMP)	Subsidiaries
ACTION ASIA LTD.(AAL)	Subsidiaries
SHANGHAI ACTION TECHNOLOGY CO., LTD.(ASJ)	Subsidiaries
ACTION ASIA DEVELOPMENT IND CO., LTD. (AAD)	Subsidiaries
ASD ELECTRONICS LIMITED(ASD)	Subsidiaries
TUNG YUH LOGISTICS CORPORATION(TUNG YUH)	Other related parties (Note1)
YOU YUAN LAI INVESTMENT LTD. (YOU YUAN LAI)	Other related parties (Note 2)
BEST DENKI LTD. (BEST)	Other related parties (Note 3)

Note 1: The company conducts director re-election at the shareholders' meeting on June 15<sup>th</sup>, 2020, and TUNG YUH LOGISTICS CORPORATION will not be a related party of the company from June 15<sup>th</sup>, 2020.

Note 2: The company conducts director re-election at the general meeting of shareholders on Jun.15, 2020, and YOU YUAN LAI INVESTMENT LTD. will be a related person of the company from June 15<sup>th</sup>, 2020.

Note 3: BEST DENKI LTD. was dissolved by a resolution of the board of directors on December 7<sup>th</sup>, 2017, and an extraordinary general meeting of shareholders was held on December 25<sup>th</sup>, 2017. It was approved that December 31st, 2017 was the date of dissolution. As of now, the liquidation process is still in progress.

**(2) Major transactions with related parties:**

1. Net operating revenue

Related party categories / name	For the year ended December 31,2020	For the year ended December 31,2019
Subsidiaries	\$ 15,966	\$ 14,910

2. Other operating revenue

Related party categories / name	For the year ended December 31,2020	For the year ended December 31,2019
Subsidiaries	\$ 856	\$ 891

### 3. Purchase

Related party categories / name	For the year ended December 31, 2020	For the year ended December 31, 2019
Subsidiaries	\$ 17,632	\$ 11,032

### 4. Other operating costs

Related party categories / name	For the year ended December 31, 2020	For the year ended December 31, 2019
RLS	\$ 14,366	\$ 13,940
TUNG YUH	1,646	5,329
	\$ 16,012	\$ 19,269

### 5. Rental expenses: the rent is paid monthly and the price is negotiated by both parties.

Related party categories / name	For the year ended December 31, 2020	For the year ended December 31, 2019
Subsidiaries	\$ 34	\$ 54

### 6. Logistics fees

Related party categories / name	For the year ended December 31, 2020	For the year ended December 31, 2019
Other related parties	\$ 10,060	\$ 24,205

### 7. Other income

#### (1) Rental income

Related party categories / name	For the year ended December 31, 2020	For the year ended December 31, 2019
RLS	\$ 272	\$ 1,514
Subsidiaries	114	54
Other related parties	320	320
	\$ 706	\$ 1,888

#### (2) Service income

Related party categories / name	For the year ended December 31, 2020	For the year ended December 31, 2019
AMP	\$ 804	\$ 2,389
AAD	2,661	—
Subsidiaries	1,262	1,786
	\$ 4,727	\$ 4,175

Service income is the income generated by the company's provision of administrative resources and management services for related parties. The payment and payment conditions are determined by both parties. The domestic section is paid by remittance in 90 days after the service is provided, and the overseas section is paid by 60 days to 90 days after the service is provided paid by remittance.

#### 8. Note receivable

Related party categories/name	As of December 31,2020	As of December 31,2019
Subsidiaries	\$ —	\$ 39

#### 9. Net accounts receivable

Related party categories/name	As of December 31,2020	As of December 31,2019
Other related parties	\$ 4,691	\$ 4,691
Less : Allowance for loss	(4,691)	(3,619)
	—	1,072
Subsidiaries	231	1,365
	\$ 231	\$ 2,437

#### 10. Other receivables

Related party categories/name	As of December 31,2020	As of December 31,2019
BEST DENKI LTD.	\$ 93,353	\$ 93,353
Less : Allowance for loss	(74,469)	(63,110)
Sub-Total	18,884	30,243
AAL	—	70,205
AGC	—	28,483
AAD	68,159	289
Subsidiaries	2,821	3,887
Total	\$ 89,864	\$ 133,107

#### 11. Account payables

Related party categories/name	As of December 31,2020	As of December 31,2019
Subsidiaries	\$ 5,112	\$ 2,746

12. Other payables : Interest expense of loan from related parties is NTD 290 thousand.

Related party categories/name	As of December 31,2020	As of December 31,2019
Loan from related parties		
AMP	\$ 28,642	\$ —
Subsidiaries	3,779	1,901
TUNG YUH	—	4,899
Other related parties	—	92
	\$ 32,421	\$ 6,892

13. Deposit margin

Related party categories/name	As of December 31,2020	As of December 31,2019
Subsidiaries	\$ 63	\$ 43
Other related parties	92	—
	\$ 155	\$ 43

14. Lease agreement

Right-of-use assets

Related party categories/name	As of December 31,2020	As of December 31,2019
Subsidiaries	\$ —	\$ 117

Lease liabilities

Related party categories/name	As of December 31,2020	As of December 31,2019
Subsidiaries	\$ 585	\$ 853

Interest expenses

Related party categories/name	As of December 31,2020	As of December 31,2019
Subsidiaries	\$ 12	\$ 16

15. Endorsement guarantee amount

Related party categories/name	As of December 31,2020	As of December 31,2019
YOU YUAN LAI INVESTMENT LTD	\$ 50,000	\$ 50,000

The consolidated company will issue a guarantee note of NTD 50,000 thousand to YOU YUAN LAI INVESTMENT LTD. As a guarantee for the completion of the "Yishengzhihui Science and Technology Park" development project. Please refer to Note 6 (11).

(3) Reward for the main management

The remuneration information for directors and other key management members is as follows:

	For the year ended December 31,2020	For the year ended December 31,2019
Payroll and other short term employee benefits	\$ 12,157	\$ 11,914

8. Pledged assets

The details of the pledged assets of the company are as follows:

Items	Categories	Carrying amount	
		As of December 31,2020	As of December 31,2019
Time deposit (Financial asset at Amortized cost—current)	Bank line of credit	\$ 56,960	\$ —
Property plant and equipment-land and building	Bank line of credit	45,999	115,795
Investment property-land and building	Bank line of credit	146,509	78,453
Total		\$ 249,468	\$ 194,248

9. Significant contingent liabilities and unrecognized contractual commitments

Except for those already mentioned in other notes, the major commitments, and contingencies of the company at the balance sheet date are as follows:

- (1) The company issues endorsement guarantee notes due to credit loan quotas and commitments. As of December 31<sup>st</sup>, 2020 and 2019, they were NTD 711,000 thousand and NTD 655,000 thousand, respectively.
- (2) The forward letters of credit issued by the company for purchasing commodities and raw materials as of December 31<sup>st</sup>, 2020 and 2019, were NTD 53,699 thousand and NTD 43,673 thousand in circulation, respectively.

10. Major disaster losses: None.

11. Significant post-period events: none.

12. Others: None.

13. Note Disclosure Matters

(1) Information about major transactions:

1. Loan funds to others: none.
2. Endorsement guarantee for others: attached table 1.
3. Circumstances of holding marketable securities at the end of the period: Attached Table 2.
4. The cumulative amount of buying or selling of the same securities reaches NTD 300 million or more than 20% of the paid-in capital: none.
5. The amount of real estate acquired reaches NTD 300 million or more than 20% of the paid-in capital: None.
6. The amount of disposition of real estate reaches NTD 300 million or more than 20% of the paid-in capital: None.
7. The amount of goods purchased or sold with related parties reaches NTD100 million or more than 20% of the paid-in capital: Note 3.
8. The amount due from a related party reaches NTD 100 million or more than 20% of the paid-in capital: None.
9. Engaged in derivatives trading: None.
10. Business relations and important transactions and amounts between parent and subsidiary companies and between subsidiaries: Attached Table 4.

(2) Relevant information about reinvestment business:

1. The name of the investee company, its location... and other relevant information:  
Attached Table 6.
2. Loan funds to others: none.
3. Endorsement guarantee for others: attached table 1.
4. Circumstances of holding marketable securities at the end of the period: Attached Table 2.
5. The cumulative amount of buying or selling of the same securities reaches NTD 300 million or more than 20% of the paid-in capital: none.
6. The amount of real estate acquired reaches NTD 300 million or more than 20% of the paid-in capital: None.
7. The amount of disposition of real estate reaches NTD 300 million or more than 20% of the paid-in capital: None.

8. The amount of goods purchased or sold with related parties reaches NTD100 million or more than 20% of the paid-in capital: Note 3.
9. The amount due from a related party reaches NTD 100 million or more than 20% of the paid-in capital: None.
10. Engaged in derivatives trading: None.

(3) Mainland China Investment Information:

1. The name of the Chinese investee company, main business items, paid-in capital, investment methods, capital remittances and exits, shareholding ratio, investment gains and losses, book value of investment at the end of the period, repatriated investment income and investment limits in China: Attached table seven.
2. Significant transactions that occur directly or indirectly with mainland investee companies via third regions, including their prices, payment terms, unrealized gains and losses, and other relevant information that helps to understand the impact of mainland investment on financial statements: Attached Table 1 ~ Schedule VI.

(4) Information on major shareholders: Attached Table 8.

14. Department Information

Please refer the consolidated financial statements.

Table 1

Financing provided to others for the year ended December 31,2020

Unit: Thousand NTD

No. (Note 1)	Lender	Counter Party	Financial statement account	Relate d Party	Maximum balance for the period	Ending balance	Actual amount provided	Intere st rate	Nature of financin g (Note2)	Amount of sales to counter-par ty	Reason for financing	loss allowanc e	Collateral		Limit of financing amount for individual counter-par ty	Limit of total financing amount	Note
													Item	Value			
1	ACTION INDUSTRIE S (M) SDN. BHD.	Action Electronics Co.,Ltd	Other receivables	Yes	\$ 30,020	\$ 28,480	\$ 28,480	1.70	2	\$ —	Working capital	\$ —	—	—	\$ 262,402	\$ 262,402	Note 3、 Note 4

Note 1: The description of the numbered column is as follows:

(1) Fill in 0 for the issuer. (2) The investee company is numbered sequentially from Arabic numeral 1 according to the company type.

Note 2: The description of the nature of the fund loan is as follows:

(1) For those with business contacts, fill in 1. (2) Fill in 2 if there is a need for short-term financing.

Note 3: According to the operation method of fund loans to others, the total amount of fund loans shall not exceed 40% of the net value of the lending company's latest financial statements; the limit for a single company's capital loan is not to exceed 40% of the net value of the

company's latest financial statement; however, the capital loan to a foreign company that directly or indirectly holds 100% of the voting shares of the company or a foreign company that directly or indirectly holds 100% of the voting shares of the company is not subject to the aforementioned limit, but the total amount of loans and the amount of loans to individual companies shall not exceed twice the net value of the company that lent funds.

Note 4: ACTION INDUSTRIES (M) SDN. BHD. As of December 31<sup>st</sup>, 2020, the actual expenditure is NTD \$28,480 (a total of 1,000 thousand US dollars, based on the exchange rate NTD: USD=28.48:1).

Table 2

Endorsements/Guarantees provided to others for the year ended Dec.31,2020

Unit: Thousand NTD

No	Endorser/ Guarantor	Party being endorsed/guaranteed		Limit on endorsement amount provided to each guaranteed party	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement /guarantee collateralize d by properties	Percentage of accumulated guarantee amount to net assets value per latest financial statements	Limit of total guarantee amount  (Note 1)	Guarantee provided by parent company	Guarantee provided by subsidiary	Guarantee provided to subsidiaries in mainland China	Note
		Company name	Relationship with the Company											
0	ACTION ELECTRONICS CO., LTD.	ACTION ASIA DEVELOPMENT IND CO., LTD.	Subsidiary	\$2,618,710	\$1,000,000	\$1,000,000	\$ —	\$1,000,000	38.19	\$3,928,065	Y	—	—	
1	ACTION ASIA LTD.	ACTION INDUSTRIES (M) SDN. BHD.	Subsidiary	1,787,614	82,532	78,251	56,960	—	4.38	2,681,421	Y	—	—	

No	Endorser/ Guarantor	Party being endorsed/guaranteed		Limit on endorsement amount provided to each guaranteed party	Maximum balance for the period	Ending balance	Amount actually drawn	Amount of endorsement /guarantee collateralized by properties	Percentage of accumulated guarantee amount to net assets value per latest financial statements	Limit of total guarantee amount  (Note 1)	Guarantee provided by parent company	Guarantee provided by subsidiary	Guarantee provided to subsidiaries in mainland China	Note
		Company name	Relationship with the Company											
2	ACTION ELECTRONICS CO., LTD.	ACTION ASIA DEVELOPMENT IND CO., LTD.	Associate	718,308	315,288	315,144	315,144	315,144	43.87	1,077,462	—	—	Y	

Note 1: According to the operating method of endorsement and guarantee, the amount of external endorsement must not exceed 1.5 times the company's current net worth; the amount of endorsements to a single company must not exceed the company's current net worth. The current net worth is subject to the latest accountant report.

Table 3

Security held as of Dec.31,2020

Unit: Thousand NTD

Held company name	Type of Security and name of security	Nature of Relationship	Financial statement account	Ending Balance				Note
				Shares/Units	Carrying amount (Note2)	Percentage of ownership	Fair Value	
Action Electronics Co.,Ltd	Clientron Corp. Common stock	—	Financial assets at fair value through other comprehensive income-current	5,100,000	\$ 87,312	8.02%	\$ 87,312	
	TOA Optronics Corporation. Common stock	—	Financial assets at fair value through profit and loss-noncurrent	1,282,500	—	6.55%	—	
ALMOND GARDEN CORP.	BLOOMING ENTERPRISE CO.,LTD. Common stock	—	Financial assets at fair value through profit and loss-noncurrent	454,892	—	14.55%	—	
REALISE TECH-SERVICE CO., LTD.	First bank RMB high yield bond fund	—	Financial assets at fair value through profit and loss-current	300,000	2,893	—	2,893	

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items that fall within the scope of International Financial Reporting Standard No. 9 "Financial Instruments".

Note 2: If measured by fair value, please fill in the book balance after fair value evaluation adjustment and deducting allowance for the book value in column B; if it is not measured by fair value, please fill in the book balance of the amortized cost (after deduction of allowance loss) in column B of the book amount.

Table 4

The amount of purchases and sales with related parties reaches NTD 100 million or more than 20% of the paid-in capital

Unit: Thousand NTD

Company name	Related Party	Nature of Relationship	Transactions				Reasons for abnormal transaction		Notes/accounts receivables(Payables)		Note
			Purchases(Sales)	Amount	Percentage of purchases(Sales)	Payment Terms	Unit price	Payment Terms	Ending Balance	Percentage of total receivables (Payables)	
ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	ACTION INDUSTRIES (M) SDN. BHD	Parent company	Sales	\$ 117,899	34%	30% prepaid , 70% L/C	NIL	NIL	\$ 40,982	70%	

Table 5

Intercompany relationships and significant intercompany transactions for the year ended December 31 2020

Unit: Thousand NTD

No (Note1)	Company name	Counter Party	Nature of relationships (Note 2)	Intercompany Transactions				Note
				Financial statement item	Amount	Payment Terms	Percentage of net revenue or total assets(Note 4)	
0	ACTION ELECTRONICS CO., LTD.	REALISE TECH-SERVICE CO., LTD	1	Net revenue from sale of goods	\$ 15,966	60 days from receiving goods	1%	
		ACTION ASIA DEVELOPMENT IND CO., LTD.	1	Other receivables from related parties	68,335	Note 3	2%	
1	REALISE TECH-SERVICE CO., LTD.	ACTION ELECTRONICS CO., LTD.	2	Net revenue from service	15,368	60 days from account reconciliation is completed	1%	
				Net revenue from sale of goods	15,687	60 days from receiving goods	1%	
2	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	ASD ELECTRONICS LIMITED	3	Receivables from related parties	18,969	75 days from receiving goods	1%	
		ACTION INDUSTRIES(M) SDN. BHD.	3	Net revenue from sale of goods	117,899	30% prepaid and 70% L/C	9%	
				Receivables from related parties	40,982	30% prepaid and 70% L/C	1%	
ATZ ELECTRONICS CO., LTD.	1	Net revenue from sale of goods	8,664	120 days from receiving goods	1%			
3	ALMOND GARDEN CORP.	ACTION TECHNOLOGY (JIAN) CO., LTD.	1	Receivables from related parties	30,245	75 days from receiving goods	1%	

No (Note1)	Company name	Counter Party	Nature of relationships (Note 2)	Intercompany Transactions				Note
				Financial statement item	Amount	Payment Terms	Percentage of net revenue or total assets(Note 4)	
4	ASD ELECTRONICS LIMITED	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	3	Net revenue from sale of goods	18,421	90 days from receiving goods	1%	
				Receivables from related parties	19,317	90 days from receiving goods	1%	
5	ACTION INTELLIGENT (SHENZHEN) CO., LTD.	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	2	Net revenue from technical service	20,981	45 days from account reconciliation is completed	2%	
6	ACTION INDUSTRIES(M)	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	3	Net revenue from sale of goods	14,607	60 days from receiving goods	1%	
	SDN. BHD.	ACTION ELECTRONICS CO., LTD.	2	Other receivables from related parties	28,480	Note 3	1%	

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the serial number column respectively. The method of filling in the serial number is as follows:

1. Fill in 0 for the parent company.
2. Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company.

Note 2: The relationship with the trader has the following three types, and the type can be marked (if it is the same transaction between parent and subsidiary companies or between subsidiaries, there is no need for repeated disclosure. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary company, the subsidiary part does not need to be disclosed again; if the subsidiary company has disclosed the transaction between one of its subsidiaries, the other subsidiary company need not be disclosed repeatedly.):

1. Parent company to subsidiary. 2. Subsidiary to parent company. 3. Subsidiary to subsidiary.

Note 3: The transaction is mainly in the nature of capital loans and advances on behalf of others, so it is not applicable.

Note 4: The calculation of the ratio of the transaction amount to the total revenue or total assets. If it is an asset-liability account, it is calculated as the ending balance of the total assets; if it is a profit and loss account, it is calculated based on the cumulative amount of the period in the combined total revenue.

Note 5: Individual transaction amounts that do not reach 1% of the combined total revenue or combined total assets will not be disclosed; in addition, the asset side and income side are the methods of disclosure.

Note 6: When preparing this parent company only financial statement, it has been written off.

Table 5 (1)

Intercompany relationships and significant intercompany transactions for the year ended December 31,2019

Unit: Thousand NTD

No (Note1)	Company name	Counter Party	Nature of relationship(Note 2)	Intercompany Transactions				Note
				Financial statement item	Amount	Payment Terms	Percentage of net revenue or total assets(Note 4)	
0	Action Electronics Co.,Ltd	Realise Tech-service Co.,Ltd	1	Net revenue from sale of goods	\$ 14,910	60 days from receiving goods	1%	
		ACTION ASIA LTD.	1	Other receivables from related parties	70,205	Note 3	2%	
		ALMOND GARDEN CORP.	1	Other receivables from related parties	28,483	Note 3	1%	
1	Realise Tech-service Co.,Ltd	Action Electronics Co.,Ltd	2	Net revenue from service	13,940	60 days from account reconciliation is completed	1%	
				Net revenue from sale of goods	11,032	60 dys from receiving goods	1%	
2	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	ASD ELECTRONICS LIMITED	3	Receivables from related parties	19,968	75 days from receiving goods	1%	
		ACTION INDUSTRIES(M) SDN. BHD.	3	Net revenue from sale of goods	204,147	30% prepaid and 70% L/C	15%	
				Receivables from related parties	34,105	30% prepaid and 70% L/C	1%	
3	ALMOND GARDEN CORP.	ACTION TECHNOLOGY (JIAN) CO., LTD.	1	Receivables from related parties	32,026	75 days from receiving goods	1%	

No (Note1)	Company name	Counter Party	Nature of relationship(Note 2)	Intercompany Transactions				Note
				Financial statement item	Amount	Payment Terms	Percentage of net revenue or total assets(Note 4)	
4	ASD ELECTRONICS LIMITED	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	3	Revenue from sale of goods	26,406	90 days from receiving goods	2%	
5	ACTION INTELLIGENT (SHENZHEN) CO., LTD.	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	2	Net revenue from technical service	27,228	45 days from account reconciliation is completed	2%	
6	ACTION ASIA LTD.	ACTION ASIA (SHENZHEN) CO., LTD and its subsidiaries	1	Other receivables from related parties	86,100	Note 3	2%	

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the serial number column respectively. The method of filling in the serial number is as follows:

1. Fill in 0 for the parent company. 2. Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company.

Note 2: The relationship with the trader has the following three types, and the type can be marked (If it is the same transaction between parent and subsidiary companies or between subsidiaries, there is no need for repeated disclosure. For example, if the parent company has disclosed the transaction between the parent company and the subsidiary company, the subsidiary part does not need to be disclosed again; if the subsidiary company has disclosed the transaction between one of its subsidiaries, the other subsidiary company need not be disclosed repeatedly.):

1. Parent company to subsidiary. 2. Subsidiary to parent company. 3. Subsidiary to subsidiary.

Note 3: The transaction is of the nature of other receivables-capital reduction, so it is not applicable.

Note 4: The calculation of the ratio of the transaction amount to the total revenue or total assets. If it is an asset-liability account, it is calculated as the ending balance of the total assets; if it is a profit and loss account, it is calculated based on the cumulative amount of the period in the combined total revenue.

Note 5: Individual transaction amounts that do not reach 1% of the total revenue or total assets will not be disclosed; in addition, the asset side and income side are the methods of disclosure.

Note 6: When preparing this parent company only financial statement, it has been written off.

Table 6

The name of the investee company, its location... and other relevant information (not including the investee company in China)

Unit: Thousands of NTD ; Foreign Currency is one

Investor company	Investee company	Location	Main business	Initial Investment		Investment as of December 31,2020			Net income(loss) of investee company	Investment income(loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
Action Electronics Co.,Ltd	ACTION ASIA LTD.	Singapore	Holding Company and investment	\$ 241,231	\$ 241,231	149,511,976	61.54	\$1,100,037	\$ 66,847	\$ 38,741	
	ALMOND GARDEN CORP.	BVI	Holding Company and investment	—	—	14,500,000	100.00	827,753	30,792	30,792	
	Best Denki Ltd.	Taiwan	Engaged in the sales and maintenance of various electrical appliances and home appliances	109,697	109,697	10,970,926	99.74	—	—	—	In liquidation
	Realise Tech-Service Co.,Ltd	Taiwan	After service of electronic information products	60,000	60,000	6,000,000	100.00	22,209	2,992	2,992	
	Action Asia Development Ind Co.,Ltd	Taiwan	Leasing of housing and industrial plant. Leasing and sales of real estate	200,000	100,000	20,000,000	100.00	193,345	(5,278)	(5,278)	

Investor company	Investee company	Location	Main business	Initial Investment		Investment as of December 31,2020			Net income(loss) of investee company	Investment income(loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
ALMOND GARDEN CORP.	ASD ELECTRONICS LIMITED	Hong Kong	R&D and sales of electronic products	46,200	46,200	4,175,000	100.00	12,371	(356)		
	ACTION ASIA LTD.	Singapore	Holding Company and investment	482,845	482,845	93,452,231	38.46	687,558	66,847		
ACTION ASIA LTD.	ACTION INDUSTRIES (M) SDN. BHD.	Malaysia	Manufacturing and sales of automotive LCD TV	54,911	54,911	13,200,000	100.00	117,131	7,619		
ACTION INDUSTRIES(M) SDN. BHD.	ACTION-TEK SDN. BHD.	Malaysia	R&D of consumer electronic products	—	—	2	100.00	(677)	(44)		

Table 7

China Investment Information

Unit: Thousand NTD

Investee company	Main Business or products	Paid in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of Jan 1,2020	Investment flow		Accumulated outflow of investment from Taiwan as of Dec 31,2020	Net income(loss) of investee company	Percentage of ownership	Investment income(loss) recognized (Note 1)	Carrying Amount as of Dec.31,2020	Accumulated inward remittance of earnings as of Dec.31,2020	Note
					Out flow	Inflow							
ACTION COMMERCIAL AND TRADING (SHANGHAI) CO., LTD.	LCD TV Products	\$ 529,218	Invested in Mainland China through 100% owned Almond Garden Corp.	\$ 529,218	—	—	\$ 529,218	\$ 38	100.00	\$ 38	\$ 32,259	\$ —	Note 1 Note 2
ACTION TECHNOLOGY (JIAN) CO., LTD.	R&D,manufacturing, sales of electronic products and plant and equipment leasing	356,915	Invested in Mainland China through 100% owned Almond Garden Corp.	356,915	—	—	356,915	6,711	100.00	6,711	62,458	—	Note 1 Note 2
BLOOMING ENTERPRISE CO.,LTD.	Manufacturing and sales of electronic products and accessories	100,377	Through 100% owned Almond Garden to acquire 14.55% equity of Blomming Enterprise to reinvest in Mainland China	24,375	—	—	24,375	—	14.55	—	—	—	Note 2

Investee company	Main Business or products	Paid in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of Jan 1,2020	Investment flow		Accumulated outflow of investment from Taiwan as of Dec 31,2020	Net income(loss) of investee company	Percentage of ownership	Investment income(loss) recognized (Note 1)	Carrying Amount as of Dec.31,2020	Accumulated inward remittance of earnings as of Dec.31,2020	Note
					Out flow	Inflow							
SHANGHAI ACTION TECHNOLOGY CO., LTD.	R&D,manufacturing,sales of electronic products and accessories . Warehousing service	594,004	Invested in Mainland China through 100% owned Action Asia Ltd.	339,959	—	—	339,959	64,132	100.00	64,132	945,800	—	Note 1 Note 2
ACTION ASIA (SHENZHEN) CO., LTD.	R&D,manufacturing,sales of electronic product and accessories	112,750	Invested in Mainland China through 100% owned Action Asia Ltd	—	—	—	—	10,766	100.00	10,766	717,278	—	Note 1 Note 2 Note 3

Table 7 (1)

Investee company	Main Business or products	Paid in capital	Method of Investment	Accumulated outflow of investment from Taiwan as of Jan 1,2020	Investment flow		Accumulated outflow of investment from Taiwan as of Dec 31,2020	Net income(loss) of investee company	Percentage of ownership	Investment income(loss) recognized( Note 1)	Carrying Amount as of Dec.31,2020	Accumulated inward remittance of earnings as of Dec.31,2020	Note
					Outflow	Inflow							
DEDE TECHNOLOGY (SHENZHEN) CO., LTD.	Plant leasing service	\$ 512,344	Through 100% owned Action Asia Ltd. to acquire 100% equity of AAS to reinvest in Mainland China	\$ —	—	—	\$ —	\$ 16,502	40.00	\$ (4,945)	\$ 540,091	\$ —	Note 1 Note 2
ATZ ELECTRONICS CO., LTD.	R&D, manufacturing, sales of automotive products	24,470	Through 100% owned Action Asia Ltd. to acquire 100% equity of AAS to reinvest in Mainland China	—	—	—	—	(5,303)	51.00	(10,419)	(4,670)	—	Note 1 Note 2
ACTION INTELLIGENT (SHENZHEN) CO., LTD.	R&D and sales of AI electronic products	4,681	Through 100% owned Action Asia Ltd. to acquire 100% equity of AAS to reinvest in Mainland China	—	—	—	—	(5,535)	100.00	(5,535)	17	—	Note 1 Note 2

Note 1: Obtained based on the financial statements of the investee company checked by the Taiwanese parent company's certified accountant during the same period.

Note 2: The relevant figures in this table are all presented in New Taiwan dollars. For foreign currencies, the profit and loss accounts are converted into NTD at the weighted average exchange rate, and the balance sheet accounts are converted into NTD at the exchange rate

on the balance sheet date.

Note 3: In addition to the investment quota approved by the investment review committee, the investment review committee approved the "Asian Electronics (Shenzhen) Co., Ltd." for a total of NTD 202,102 thousand, which is not included in this Calculation of the company's investment quota in China.

Note 4: According to the investment quota of the Investment Review Committee of the Ministry of Economic Affairs, the enterprise that meets the paid-in capital of more than NTD 80 million: 60% of the net value.

Note 5: Shenzhen Action Industries

Electronics Co., Ltd. has been cancelled in 2006, and its accumulated investment from Taiwan is NTD 58,227 thousand (USD 2,100 thousand), and the investment has been repatriated as of December 31<sup>st</sup>, 2020 The income was NTD 21,327 (USD 668 thousand), and the repatriated investment shares amounted to NTD 67,044,000 (USD 2,100 thousand).

Note 6: The equity of Huayi Technology (Shenzhen) Co., Ltd. has been transferred in 2017, and its cumulative investment from Taiwan is NTD670,087 thousand.

Accumulated outflow of investment from Taiwan to Mainland China as of Dec 31,2020	Investment amounts authorized by Investment Commission, MOEA (Note 3)	Upper limit on investment in Mainland China (Note 4)
\$ 1,890,410	\$ 2,420,386	\$ 1,571,226

Table 8

Action Electronics Co.,Ltd  
Main shareholder information  
December 31<sup>st</sup>, 2020

Share	Share of ownership	Percentage of ownership
Major shareholders		
PENG CHUIN-PING	20,589,303	7.42%
TA PO INVESTMENT LTD.	16,716,170	6.03%

Note 1: The information of major shareholders in this table is based on the last business day of the end of each quarter by China National Security Company, and calculates that shareholders hold 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). The above information. As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences or differences due to different calculation bases.

Note 2: If the information on the Shanghai Development Bank is that shareholders deliver shares to the trust, they are disclosed in individual accounts by the trustee who opened the trust account by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. For information on insider's equity declaration, please refer to Public Information Observatory.

## Action Electronics Co., Ltd.

### The Content of Statements of Major Accounting Items

**FY 2020**

(Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

<b>Statement Index</b>	<b>Item</b>
1	Statement of cash and cash equivalents
2	Statement of current financial assets at fair value through other comprehensive income
Note 6(3)	Statement of current financial assets at amortized cost
3	Statement of accounts receivable
Note 6(5)	Statement of other receivables
4	Statement of inventories
5	Statement of other current assets
6	Statement of investments accounted for using equity method
Note 6(8)	Statement of property, plant and equipment
Note 6(8)	Statement of accumulated depreciation of property, plant and equipment
7	Statement of right-of-use assets
7	Statement of accumulated depreciation of right-of-use assets
Note 6(11)	Statement of investment property
Note 6(11)	Statement of accumulated depreciation of investment property
Note 6(12)	Statement of intangible assets
Note 6(30)	Statement of deferred tax assets
8	Statement of short-term loans
9	Statement of accounts payable
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10	Statement of lease liabilities
11	Statement of other current liabilities
12	Statement of operating revenue
13	Statement of operating costs
14	Statement of operating expenses
Note 6(26)	Statement of other income
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Note 6(28)	Statement of finance costs
Note 6(29)	Statement of labor, depreciation and amortization by function

**Statement of cash and cash equivalents**

**December 31.2020**

**Statement 1**

Item	Description	Amount
Cash and petty cash	Including foreign cash	\$ 882
Cash in banks		
Checking accounts		20,530
Demand deposits		16,726
Foreign currency deposits	USD 656,038.53	19,105
	EUR 4,187.94	
	SGD 12,714.10	
	RMB 144.88	
<b>Total</b>		<b>\$ 57,243</b>

Exchange Rate :

USD @ 28.48

EUR @ 35.02

SGD @ 21.56

RMB @ 4.377

**Statement of current financial assets at fair value through other comprehensive income**

**December 31.2020**

**Statement 2**

Item	Balance at beginning of year		Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		Changes		Balance at end of year		Accumulated impairment	collateral
	shares	Fair value	shares	Amount	shares	Amount	shares	Fair value		
Financial assets at fair value through other comprehensive income										
Clientron Corp.	5,100,000	\$ 115,617	—	\$ (28,305)	—	\$ —	5,100,000	\$ 87,312	—	Nil

**Statement of accounts receivable**

**December 31.2020**

**Statement 3**

Customer	Description	Amount
Related Parties :		
BEST DENKI LTD.		\$ 4,691
REALISE TECH-SERVICE CO., LTD.		231
Subtotal		4,922
Less: Loss allowance		(4,691)
Total		\$ 231
Non-related Parties :		
Company A		\$ 12,286
Company B		11,191
Company C		8,574
Others	(The others doesn't exceed 5% of the account balance)	25,074
Subtotal		57,125
Less: Loss allowance		(94)
Total		\$ 57,031

**Statement of inventories**

**December 31.2020**

**Statement 4**

Item	Description	Amount		Remark
		Cost	Net Realized Value	
Goods in transit		\$ 8,508	\$ 8,508	
Finished goods		124	134	
Goods		150,322	198,189	
Subtotal		158,954	\$ 206,831	
Less : Loss allowance		(3,142)		
Total		\$ 155,812		

**Statement of other current assets**

**December 31.2020**

**Statement 5**

Item	Description	Amount
Current tax assets		\$ 92
Temporary debits		38
Product rights to be returned		16,574
Total		\$ 16,704

**Statement of changes in investments accounted for using equity method**

**December 31.2020**

**Statement 6**

Company	Balance at beginning of year		Addition(decrease) in investment		investment income or loss accounted for using equity method	Cash dividend	Exchange differences accounted for using equity method	Others	Balance at end of year			Mark value or net assets value		collateral
	shares	Amount	shares	Amount					shares	%	Amount	Unit Price	Amount	
ACTION ASIA LTD.	149,511,976	\$ 1,140,897	—	\$ —	\$ 38,741	\$ (95,152)	\$ 14,718	\$ 833	149,511,976	61.54%	\$ 1,100,037	—	\$ 1,100,037	Nil
ALMOND GARDEN CORP.	14,500,000	819,710	—	—	30,792	(32,606)	9,347	510	14,500,000	100.00%	827,753	—	827,753	"
REALISE TECH-SERVICE CO., LTD.	6,000,000	20,277	—	—	2,992	—	—	(1,060)	6,000,000	100.00%	22,209	—	22,209	"
ACTION ASIA DEVELOPMENT IND CO., LTD.	10,000,000	98,623	10,000,000	100,000	(5,278)	—	—	—	20,000,000	100.00%	193,345	—	193,345	"
Total		\$ 2,079,507		\$ 100,000	\$ 67,247	\$ (127,758)	\$ 24,065	\$ 283			\$ 2,143,344		\$ 2,143,344	

**Statement of changes in right-of-use assets**

**December 31.2020**

**Statement 7**

Item	Balance at January 1, 2020	Additions	Disposals or retirements	Reclassifications	Balance at Dec. 31, 2020
Cost :					
Buildings	\$ 15,009	\$ —	\$ —	\$ —	\$ 15,009
Transportation equipment	—	2,386	—	—	2,386
Subtotal	15,009	2,386	—	—	17,395
Accumulated depreciation :					
Buildings	2,289	3,249	—	—	5,538
Transportation equipment	—	597	—	—	597
Subtotal	2,289	3,846	—	—	6,135
<b>Total</b>	<b>\$ 12,720</b>	<b>\$ (1,460)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 11,260</b>

## Statement of short-term loans

**December 31.2020**

**Statement 8**

Type	Description	Balance, end of year	Repayment term	Rnage of interest rate	Loan commitments	Collateral	Remark
Collateralized loans	Mega International Commercial Bank Co., Ltd. Tao-Yuan Branch	\$ 130,000	109/07/10~110/04/06	1.05%~1.35%	\$ 275,000	Note8	
"	Taiwan Cooperative Bank Lisin Branch	60,000	109/02/12~110/02/12	1.5%	100,000	"	
"	Chang Hwa Commercial Bank, Ltd. Chungli Branch	75,000	109/10/14~110/01/12	1.45%	180,000	"	
"	HUA NAN COMMERCIAL BANK , LTD Chung-Shan Branch	40,000	109/12/18~110/03/18	1.55%~1.65%	100,000	"	
"	First Commercial Bank Chungli Branch	50,000	109/11/26~110/11/26	1.65%	100,000	"	
Loans for material purchase	Mega International Commercial Bank Co., Ltd. Tao-Yuan Branch	10,196	109/08/06~110/04/11	1.3%~1.54%	275,000		
"	Taiwan Cooperative Bank Lisin Branch	27,006	109/09/29~110/06/29	1.5%	180,000		
"	Chang Hwa Commercial Bank, Ltd. Chungli Branch	36,579	109/07/10~110/06/29	1.32%~1.54%	95,000		
"	HUA NAN COMMERCIAL BANK , LTD Chung-Shan Branch	40,136	109/07/24~110/04/27	1.65%~1.75%	100,000		
"	First Commercial Bank Chungli Branch	5,110	109/07/17~110/02/02	1.8%	100,000		
	<b>Total</b>	<b>\$ 474,027</b>					

**Statement of accounts payable**

**December 31.2020**

**Statement 9**

<b>Company Name</b>	<b>Description</b>	<b>Amount</b>	<b>Remark</b>
Related parties :			
REALISE TECH-SERVICE CO., LTD.		\$ 2,800	
ASD ELECTRONICS LIMITED		2,312	
Total		\$ 5,112	
Non-related parties :			
Company A		\$ 11,649	
Company B		4,784	
Company C		4,492	
Company D		1,544	
Others	The amount of individual vender does not exceed 5% of account balance.	3,204	
Total		\$ 25,673	

**Statement of lease liabilities**

**December 31.2020**

**Statement 10**

<b>Item</b>	<b>Lease term</b>	<b>Discount rate</b>	<b>Amount</b>
Buildings	2 to 5 years	1.63% ~ 1.66%	\$ 9,571
Transportation equipment	3 years	7.13%	1,836
Less: Current portion			(3,831)
Non-current portion			\$ 7,576

**Statement of other current liabilities**

**December 31.2020**

**Statement 11**

<b>Item</b>	<b>Description</b>	<b>Amount</b>
Refund liabilities		\$ 27,084
Contract liabilities		423
Receipts under custody		446
Temporary credits		143
Total		\$ 28,096

**Statement of operating revenue**

**For the year ended December 31.2020**

**Statement 12**

Item	Quantites	Amount
Air conditioner	25,782	\$ 290,866
Small appliances	40,143	45,408
Television	16,977	90,931
Kitchen appliances	14,489	16,033
Washing Machine and dryer	19,817	147,732
Freezer and refrigerator	10,878	88,623
Others		5,222
Operating revenue		684,815
Less : Sales returns		(32,841)
Less : Sales discounts and allowances		(83,274)
Net operating revenue		568,700
Other operating revenue		26,628
Total operating revenue		\$ 595,328

**Statement of operating costs**

**For the year ended December 31.2020**

**Statement 13**

Item	Amount
Raw materials- beginning of period	\$ —
Add : Raw material purchased	4,839
Less : Raw materials- end of period	—
Cost of raw material sold	4,839
Commodity- beginning of period	195,296
Add : Purchase	409,544
Less : Commodity- end of period	(158,830)
Transferred to expenses	(13,972)
Others	(7,312)
Cost of commodity sold	424,726
Finished goods- beginning of period	874
Add : Purchase	10
Less : Finished good- end of period	(124)
Cost of manufacturing and sales	760
Cost of goods sold	430,325
Loss on inventory valuation	848
Other operating costs	44,755
Total operating costs	\$ 475,928

**Statement of operating expenses**

**For the year ended December 31.2020**

**Statement 14**

<b>Item</b>	<b>Description</b>	<b>Marketing expenses</b>	<b>General and administrative expenses</b>	<b>Gain on reversal of expected credit</b>	<b>Remark</b>
Salaries and wages		\$ 20,418	\$ 25,615	\$ —	
Freight expense		15,241	7	—	
Advertising expense		7,847	476	—	
Service fee		1,445	9,394	—	
Gain on expected credit		—	—	1,115	
Other expenses	The amount of each item does not exceed 5% of account balance.	27,741	22,776	—	
<b>Total</b>		<b>\$ 72,692</b>	<b>\$ 58,268</b>	<b>\$ 1,115</b>	