

BULL WILL CO LTD
Parent Company Only Financial Report and Independent
Accountant's Report
2020 and 2019

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Table of Contents

<u>Items</u>	<u>Pages</u>
I. Cover	1
II. Table of Contents	2
III. Independent Accountant's Report	3-6
IV. Balance Sheet	7
V. Composite Income Sheet	8
VI. Statement of Changes in Equity	9
VII. Statement of Cash Flow	10
VIII. Notes to Individual Financial Report	
(1) Company History	11
(2) Approval Date and Procedures of Financial Reports	11
(3) Application of Newly Issued and Revised Guidelines and Interpretations	11-12
(4) Summary Statement of Major Accounting Policies	12-22
(5) Material Sources of Uncertainty in Accounting Judgments, Estimates and Assumptions	21
(6) Explanation of Important Accounting Items	22-46
(7) Transactions with Related Parties	46-47
(8) Pledged Asset	48
(9) Material Contingent Liabilities and Unrecognized Contractual Commitments	48
(10) Material Disaster Losses	48
(11) Material Subsequent Events	48
(12) Others	48-76
(13) Additional Disclosure Items	49
1.Information on Material Transactions	50
2.Information on Reinvestment in Other Companies	51
3.Investment Information on Mainland China	51
4.Information of Major Shareholders	51
(14) Department Information	51
IX. Schedule of Major Accounting Items	51-74

Accountant's Audit Report

TO: BULL WILL CO LTD

Audit Opinion

The Consolidated Balance Statement of BULL WILL Co., Ltd on December 31, 2020 and 2019, and the Composite Income Statement, Statement of Changes in Equity, Statement of Cash Flow, and Notes to Individual Financial Report (including summary of major accounting policies) on January 1 to December 31, 2020 and 2019, has been audited and concluded by our CPA.

In the opinion of the CPA, and on the basis of the audit report of the CPA, the above individual financial statements have been prepared in all material respects in accordance with the criteria for the preparation of financial statements of securities issuers and are sufficient to give the financial position of the Company as of 31 December 2020 and 2019, as well as the financial performance and cash flow for 2020 and 2019 from 1 January to 31 December.

Basis of Audit Opinion

Our CPA conducted the audit in accordance with the Rules Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the generally accepted auditing standards. The accountant's responsibility under these standards will be further explained in the paragraph of responsibility of the accountant for examining the individual financial report. Personnel of our accounting firm subject to the independent requirements have complied with the code of professional ethics of certified public accountants, stayed fully independent of Bull Will Co., Ltd, and fulfilled other responsibilities in accordance with the code. Based on the audit report of our CPA, we believe that sufficient and appropriate verification evidence has been obtained to form the basis of our opinion.

Key Audit Items

Key audit matters refer to the most significant matters, according to our professional judgment, in the 2020 and 2019 financial statements of Bull Will CO LTD. Such items have been taken into consideration in the process of auditing the overall financial reports and forming audit opinions. The accountant does not express opinions on such items separately. Our CPA determined to address the following key auditing matters in the accountant's report:

Income Recognition

The main operating items of the BULL WILL Co., Ltd are the sales of electronic components related products and other businesses. Since the sales of goods are related to the ownership of material risks and rewards that have been transferred to the buyer, the amount of sales can be measured reliably and the future economic benefits are likely to flow into the enterprise, the impact on the financial statements is material. Therefore, the sales revenue of BULL WILL Co., Ltd is recognized as one of the

main risks for our CPA to conduct the audit of the company's financial report.

Our CPA's primary audit procedures for the above critical items include understanding and testing the effectiveness of the internal control and implementation related to the revenue and collection cycle; analyze the revenue trends of the top ten sales customers and compare the relative changes or differences to evaluate if there are any material anomalies; examine whether management has obtained external evidence that risks and rewards have been transferred to the buyer and sample sales transactions before and after the end of the year to evaluate the correctness of the revenue recognition period.

Please refer to Appendix IV and VI to the financial reports for accounting policies and disclosure of relevant information regarding the recognition of income.

Responsibility of the Management and the Governing Body for the Individual Financial Reports

The responsibility of the BULL WILL CO LTD management is to prepare individual financial reports in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain necessary internal controls related to the preparation of individual financial reports, so as to ensure that there is no material misrepresentation of individual financial reports due to fraud or error.

Management when preparing parent company only financial reports is also responsible for evaluating BULL WILL's ability to continue as a going concern, disclosing relevant matters, and using the going concern basis of accounting unless management intends to liquidate BULL WILL CO LTD to cease the operations, or to liquidate or to have no feasible alternatives but to do so.

Those charged with governance (including the supervisors) of BULL WILL CO LTD are responsible for supervising BULL WILL CO LTD's financial reporting procedure.

Responsibility of the Accountant to Audit Individual Financial Reports

The purpose of the accountant's audit of the individual financial reports is to obtain reasonable assurance of whether the individual financial reports as a whole are substantially misrepresented due to fraud or error, and to issue an audit report.

Reasonable assurance refers to a high level of assurance, but there is no guarantee that accountants performing in accordance with the generally accepted auditing standards can detect any material misstatement from the parent company only financial reports. Misrepresentation may be due to fraud or error. A misrepresentation of an individual amount or sum of transfers is considered significant if it is reasonably expected to affect the economic decisions made by individual users of financial reports.

In accordance with the generally accepted auditing standards, our CPA exercised professional judgment and maintained professional skepticism throughout the audit. Our CPA also performs the following tasks:

1. To identify and assess the risk of material misrepresentation in individual financial reports due to fraud or error. Design and implement appropriate countermeasures against the assessed risks. Sufficient and appropriate verification evidence shall be obtained as the basis of the audit opinion.

Since fraud may involve collusion, forgery, intentional omission, misrepresentation, or violation of internal control, the risk of material misrepresentation due to fraud is higher than that due to error.

2. We obtained an understanding of internal control relevant to the audit in order to design audit procedures suitable for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BULL WILL CO LTD's internal control.
3. Assess the appropriateness of accounting policies adopted by management and the reasonableness of accounting estimates and related disclosures.
4. We concluded on the appropriateness of management's use of the going concern basis of accounting and whether a material uncertainty exists related to events or conditions that may cast significant doubt on BULL WILL Co., Ltd and its subsidiaries' ability to continue as a going concern based on the audit evidence we have obtained.

If the accountant considers that there is significant uncertainty in such events or circumstances, he/she shall, in the audit report, alert the users of the individual financial reports to the disclosure of the individual financial reports or amend the audit opinion if such disclosure is inappropriate. The accountant's conclusions are based on the evidence obtained as of the audit report date. However, future events or conditions may cause BULL WILL CO LTD, to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the individual financial reports (including relevant notes), and whether the individual financial reports are adequate to express relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities within the BULL WILL CO LTD to express an opinion on the parent company only financial reports. Our CPA is responsible for guiding, supervising and executing the audit cases of the investee company, and for forming the audit opinions on individual financial reports.

Matters communicated between the accountant and the governing body, including the limits and time of the planned audit, and major audit findings (including significant deficiencies in internal control identified in the audit process).

The accountant also provides to the governing body that the persons subject to the independence standard of the affiliated CPA firm have complied with the declaration of independence in the code of professional ethics of accountants and communicates with the governing body all the relations and other matters that may be considered to affect the independence of the accountant (including relevant protective measures).

We determined the key audit matters of the financial reports of 2020 of BULL WILL Co., Ltd according to matters communicated with those charged with governance. Unless the disclosure of a particular matter is prohibited by statute or, in very rare circumstances, the accountant has decided not to communicate a particular matter in the audit report, as it is reasonably expected that the negative impact of such communication will be greater than the public interest.

Moore Stephens DaHua (Taiwan) CPAs

Andrea Kuo

CPA:

Ian Yang



Securities Authority

Approved Certified Letter No: FSC Audit No.
1040019693 2021 March 31

BULL WILL Co., Ltd.

Balance sheets

December 31, 2020 and 2019

Unit: NT\$ 1,000

	2020.12.31		2019.12.31		2020.12.31		2019.12.31				
	Amount	%	Amount	%	Amount	%	Amount	%			
Assets					Liabilities and equity						
Current assets:					Current liabilities:						
1100	Cash and cash equivalents (Note 6(1))	\$ 9,669	3	17,679	5	2100	short-term loan(Note6(10))	\$ 8,000	3	-	-
1110	Financial assets measured at fair value through income (loss) - current (Note 6(2))	2,345	1	9,033	3	2130	Contractual liabilities - current(Note6(19))	705	-	9	-
1120	Equity instrument investment measured at fair value through other comprehensive gains and losses-liquidity (Note 6 (2))	49,767	16	-	-	2170	Accounts payable	21,866	7	21,617	7
1136	Financial assets measured at amortized cost-current (Note 6 (2))	-	-	30,080	9	2180	Accounts payable - related parties (Note 7)	-	-	1	-
1150	Net notes receivable (Note 6(3))	255	-	905	-	2200	Other payables (Notes 6(3) and 12)	7,111	2	9,504	3
1170	Net accounts receivable (Notes 6(3) and 12)	55,826	18	66,442	20	2220	Other payables - related parties (Note 7)	100	-	100	-
1180	Accounts receivable - net related parties (Notes 6(3) and 7)	75,601	24	102,562	31	2250	Liability reserve - current (Note 6(10))	1,201	-	1,094	-
1200	Other receivables (Notes 6(4) and 12)	11,273	4	11	-	2280	Lease liabilities - current (Note 6(11))	339	-	86	-
1210	Other receivables - related parties (Notes 6(4) and 7)	72,608	24	74,862	23	2320	Long-term liabilities (current portion) (Notes 6(13))	3,333	1	-	-
1310	Inventories (Note 6(5))	4,406	1	1,322	-	2300	Other current liabilities (Note 7)	2,911	1	3,005	1
1410	Prepayments (Note 7)	106	-	163	-			45,566	14	35,416	11
1476	Other financial assets - current (Note 8)	150	-	150	-						
		282,006	91	303,209	91						
Non-current assets:					Non-current liabilities:						
1550	Investments accounted for using equity method (Note 6(6))	3,891	1	4,318	1	2540	Long-term loans (Note 6 (13))	5,278	2	-	-
1600	Property, plants, and equipment (Note 6(7))	2,264	1	3,339	1	2570	Deferred income tax liabilities (Note 6(15))	1,900	1	2,128	1
1755	Right-of-use assets (Note 6(8))	421	-	85	-	2580	Lease liabilities-non-current (Note 6 (12))	86	-	-	-
1760	Investment property - net (Note 6(9))	20,881	7	21,019	7	2650	Investment credit balance accounted for using equity method (1)	42,941	14	87,857	26
1920	Guarantee deposits paid (Note 7)	409	-	409	-			50,205	17	89,985	27
		27,866	9	29,170	9			95,771	31	125,401	38
Total assets					Total liabilities						
		\$ 309,872	100	332,379	100						
					Equity (Note 6(16)):						
						3100	Capital stock	155,072	50	1,113,364	335
						3200	Capital surplus	44,054	14	43,702	13
						3300	Retained earnings:				
						3350	Accumulated deficits to be covered	8,221	3	(958,292)	(288)
						3400	Other equity	6,754	2	8,204	2
							Total equity:	214,101	69	206,978	62
							Total liabilities and equity	\$ 309,872	100	332,379	100

(Please refer to notes of the individual financial report attached)

Chairperson:

Manager:

Accounting supervisor:

BULL WILL Co., Ltd.
Statements of comprehensive income
January 1 to December 31, 2020 and 2019

Unit: NT\$ 1,000

		2,020		2,019	
		Amount	%	Amount	%
4000	Operating income (Notes 6(19) and 7)	\$ 139,574	100	202,093	100
5000	Operating cost (Notes 6(5) and 7)	(106,203)	(76)	(169,288)	(84)
5900	Operating gross profit	33,371	24	32,805	16
5910	Unrealized loss from sales	(849)	(1)	(3,078)	(2)
5920	Realized gain from sales	848	1	3,977	2
	Operating gross profit	33,370	24	33,704	16
6000	Operating expenses (Notes 6(3), (14), (17) and 7)				
6100	Selling expenses	(10,941)	(8)	(10,946)	(5)
6200	Management expenses	(30,039)	(22)	(37,175)	(18)
6300	Research and development expenses	(2,231)	(2)	(3,185)	(2)
6450	Expected credit impairment losses	-	-	(16,478)	(8)
	Total operating expenses	(43,211)	(32)	(67,784)	(33)
6900	Net operating loss	(9,841)	(8)	(34,080)	(17)
	Non-operating income and expenses (Notes 6(21), 7 and 12):				
7100	Interest income	3,759	3	2,128	1
7010	Other revenue	16,929	12	143,156	71
7020	Other gains and losses	(12,417)	(9)	(5,639)	(3)
7050	Financial cost	(130)	-	(106)	-
7060	Share of income (loss) of subsidiaries and associates accounted for using equity method (Note 6(6))	9,914	7	1,791	1
	Total non-operating revenue and expenses	18,055	13	141,330	70
	Pre-tax net profit (loss) from continuing operations	8,214	5	107,250	53
7950	Minus: Income tax expenses (Note 6(15))	(7)	-	34,713	17
8000	Current net profit (loss)	8,221	5	72,537	36
	Other comprehensive income (loss) (Notes 6(6) and (15)) :				
8310	Items not reclassified to profit or loss				
8316	Unrealized profit (loss) of financial assets measured at fair value through through other comprehensive gains and losses	(422)	-	-	-
	Total items not reclassified to profit and loss	(422)	-	-	-
8360	Items may be subsequently reclassified to profit or loss:				
8361	Exchange differences on translation of financial statements of foreign operations	(1,256)	(1)	1,881	1
8399	Income tax related to items that may be subsequently reclassified to profit or loss	228	-	(381)	-
	Total items that may be reclassified to profit and loss in the future	(1,028)	(1)	1,500	1
8300	Current other comprehensive income (after-tax net amount)	(1,450)	(1)	1,500	1
	Current total comprehensive profit and loss	\$ 6,771	4	74,037	37
	Earnings per share (Unit: NTD) (Note 6(18))				
9750	Basic earnings (losses) per share	\$ 0.53		4.68	
9850	Diluted earnings per share	\$ 0.53		4.61	

(Please refer to notes of the individual financial report attached)

Chairperson

Manager:

Accounting supervisor:

Statement of changes in equity
January 1 to December 31, 2020 and 2019

Unit: NT\$1,000

				Other equity			Total equity
				Retained	Currency exchange differences	Unrealized profit (loss) of financial assets	
	Share capital	Capital surplus	deficits(or to be covered)				
Balance, January 1, 2019	\$	1,113,364	43,306	(1,030,829)	7,010	(306)	132,545
Current Net Profit		-	-	72,537	-	-	72,537
Current other comprehensive income (loss)		-	-	-	1,500	-	1,500
Current total comprehensive profit (loss)		-	-	72,537	1,500	-	74,037
Other equity changes							
Share-based payment		-	396	-	-	-	396
Balance, December 31, 2019	\$	1,113,364	43,702	(958,292)	8,510	(306)	206,978
Balance, January 1, 2020	\$	1,113,364	43,702	(958,292)	8,510	(306)	206,978
Current Net Profit		-	-	8,221	-	-	8,221
Current other comprehensive income (loss)		-	-	-	(1,028)	(422)	(1,450)
Current total comprehensive profit (loss)		-	-	8,221	(1,028)	(422)	6,771
Reduce capital to make up for losses		(958,292)	-	958,292	-	-	-
Other equity changes:							
Share-based payment		-	352	-	-	-	352
Balance, December 31, 2020	\$	155,072	44,054	8,221	7,482	(728)	214,101

(Please refer to notes of the individual financial report attached)

Chairperson

Manager:

Accounting supervisor:

BULL WILL Co., Ltd.
Statements of Cash Flows
January 1 to December 31, 2020 and 2019

Unit: NT\$ 1,000

	2020	2019
Cash flows from operating activities:		
Net profit (loss) before tax	\$ 8,214	107,250
Profit/loss not affecting cash flows		
Depreciation expenses	1,551	1,641
Expected credit impairment losses	-	16,478
Financial asset profits measured at fair value through income (loss)	398	(262)
Interest expense	130	106
Interest income	(3,759)	(2,128)
Dividend revenue	(13,409)	(87)
Share-based payment cost	352	396
Share of loss (profit) of subsidiaries and associates accounted for using equity method	(9,914)	(1,791)
Disposal of investment interests using the equity method	(251)	-
Unrealized gain from sales	849	3,078
Realized gain from sales	(848)	(3,977)
Total of income charge (credit) items:	<u>(24,901)</u>	<u>13,454</u>
Net changes in operating assets and liabilities		
Net changes in assets related to operating activities		
Decrease (increase) in notes receivable	650	(661)
Decrease in accounts receivable (including related parties)	37,577	13,001
Decrease (increase) in other receivables (including related parties)	2,224	(71,390)
Decrease in inventories	(3,084)	1,341
Decrease in advance payments	57	3,302
Decrease in other financial assets	-	5,398
Total net changes in assets related to operating activities	<u>37,424</u>	<u>(49,009)</u>
Net changes in liabilities related to operating activities		
Increase (decrease) in contractual liabilities	696	(14)
Increase (decrease) in accounts payable (including related parties)	248	(2,738)
Decrease in other payables (including related parties)	(2,395)	(34,409)
Increase in liability reserve - current	107	171
Increase (decrease) in other current liabilities	(94)	2,009
Total net changes in liabilities related to operating activities	<u>(1,438)</u>	<u>(34,981)</u>
Total net changes in assets and liabilities related to operating activities	<u>35,986</u>	<u>(83,990)</u>
Total adjustment items	<u>11,085</u>	<u>(70,536)</u>
Operating cash	19,299	36,714
Interests received	3,759	2,128
Income taxes refunded (paid)	7	(5)
Net cash inflows from operating activities	<u>23,065</u>	<u>38,837</u>
Cash flows from investment activities:		
Obtain financial asset prices measured at fair value through other comprehensive gains and losses	(50,189)	-
Obtain the price of financial assets measured at fair value through profit and loss	(19,039)	(22,405)
Disposal of financial asset prices measured at fair value through profit and loss	25,329	13,634
Obtain financial assets measured at amortized cost	-	(30,080)
Disposal of financial assets measured at amortized cost	30,080	-
Obtain an investment using the equity method	(37,371)	-
Disposal of investments using the equity method	1,790	-
Proceeds for purchase of property, plants, and equipment	-	(358)
Decrease in deposit margin	-	351
Receipt of other dividend	2,177	87
Net cash inflows from investment activities	<u>(47,223)</u>	<u>(38,771)</u>
Cash flows from financing activities:		
Increase in short-term borrowings	18,000	-
Decrease in short-term borrowings	(10,000)	-
Long-term borrowing	10,000	-
Repay long-term borrowings	(1,389)	(11,947)
Lease principal repayment	(335)	(339)
Interest paid	(128)	(111)
Net cash inflow (out) from financing activities	<u>16,148</u>	<u>(12,397)</u>
Net decrease in cash and cash equivalents	(8,010)	(12,331)
Cash and cash equivalents at beginning of this year	17,679	30,010
Cash and cash equivalents at end of this year	<u>\$ 9,669</u>	<u>17,679</u>

(Please refer to notes of the individual financial report attached)

Chairperson:

Manager:

Accounting supervisor:

Notes to the Individual Financial Reports of BULL WILL CO LTD

December 31, 2020 and 2019

(Unless otherwise noted, the amounts are expressed in thousands of New Taiwanese Dollars)

1. Company History

Approved by the Ministry of Economic Affairs, Bull Will CO LTD (the Company) was established on December 20, 1993 and the registered address is 3F., No. 199, Ruihu St., Neihu Dist., Taipei City.

The primary business items are the processing, import/export and trading of electronic materials and components.

In July 2001, the Company was approved by Securities and Futures Commission, Ministry of Finance to go public and begin selling stock. In June 2003, Securities and Futures Commission, Ministry of Finance approved the Company's shares to be listed on the Over-the-Counter Markets. On September 17, 2003, the Company became listed on the Taiwan OTC Exchange.

2. Approval Date and Procedures of Financial Reports

This individual financial report has been approved and released by the Board of Directors on March 31, 2021.

3. Application of Newly Issued and Revised Guidelines and Interpretations

- (1) The impact of new issued and revised standards and interpretations that have been adopted as endorsed by the Financial Supervisory Commission.

The following revised International Financial Standards apply to the individual financial reports of the Company as of January 1, 2020, and there is no material impact.

- Revision of IFRS 3 - "Definition of Business"
- Revision of IFRS 9, Revision of IAS 39, and Revision of IFRS 7 - Interest Rate Benchmark Reform
- Revision of IAS 1 and IAS 8 - "Definition of Materiality"
- Revision of IFRS 16 "COVID-19 Related Rental Concession"

- (2) The impact of IFRS recognition has not yet been adopted by the Financial Regulatory Commission.

The Company evaluates that the following revised IFRS, effective from 1 January 2021, will not cause a material change to the individual financial reports.

- Revision of IFRS 4 - "Temporary Exemption from the Extension of IFRS 9"
- Revision of IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - "Interest Rate Benchmark Reform - Phase Two"

- (3) Newly published and revised standards and interpretations not yet endorsed by the FSC.

The Company expects that the following new and revised standards, which have not yet been approved, will not have a material impact on the individual financial reports.

- Revision of IFRS 10 and IAS 28 "Sale or Contribution of Assets Between Investors and Their Affiliates or Joint Ventures"
- Revision of IFRS 17 "Insurance Contracts" and amendments to IFRS 17

- Revision of IAS 16 - “Real Estate, Plant, and Equipment - Price Before Reaching the Intended Use Condition”

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- Annual Improvements to IFRS 2018-2020 Cycle
- Revision of IFRS 3 “Reference to the Conceptual Framework”.

4. Summary Statement of Major Accounting Policies

The major accounting policies adopted for preparing these parent company financial statements are described below.

(1) Compliance Statement

This parent company only financial statement is prepared in accordance with Regulations Governing Preparation of Financial Reports by Securities Issuers.

(2) Preparation Foundation

1. Aside from financial assets (liabilities), which are measured at fair value through profit or loss, financial assets available for sale, which are financial instruments measured at fair value, and the defined benefit liabilities, which are recognized by the net value of the pension fund assets less the current value of defined benefit obligation, this individual financial statement has been prepared on a historical cost basis.
2. The following critical accounting policies are consistently applicable to the entire period that this individual financial statement covers.
3. Some material accounting estimations are used in preparing financial statements based on IFRS and IAS approved by the Financial Supervisory Commission and the related interpretations, and interpretative bulletins. When applying the Company's accounting policies, management also needs to make judgment, which involves accounts of a high level of decision-making and complexity or accounts associated with material assumption and estimation in the parent company only financial statements. Please refer to Note 5 attached.

(3) Foreign Currency Conversion

The Company uses the money (i.e., functional currency) of the primary economic environment of its operation for the measurement. This parent company only financial report is presented in New Taiwanese Dollars (NT\$), which is the Company's functional and presentation currency.

1. Foreign Currency Transaction and Balance

- (1) For foreign currency transactions, spot rate of exchange on the trading day or the measurement date is used for functional currency translation, and aside from deferring those satisfying cash flow risk management and net investment to other consolidated income, the resulting exchange differences are recognized in profit or loss.
- (2) The balance of foreign currency monetary assets and liabilities shall be appraised and adjusted according to the spot exchange rate on the balance sheet date, conversion differences resulting from adjustments are recognized as current profit or loss.
- (3) Foreign currency monetary assets and liabilities balance is adjusted by the spot exchange rate on the balance sheet date, and it is measured at fair value through profit or loss, and therefore, exchange differences generated from the adjustment were recognized as profit or loss. For those measured at fair value through

consolidated income, exchange differences generated from adjustments are recognized in other consolidated income. As for those not measured at fair value, they are measured at the historical exchange rate on the initial transaction day.

2. Conversion of Foreign Operating Organizations

- (1) All the company's entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - A. The assets and liabilities presented in each balance sheet are exchanged using the spot rate of exchange of the balance sheet.
 - B. The income and expense losses expressed in each consolidated income statement are converted at the current average exchange rate; and
 - C. All conversion differences resulting from conversion are recognized as other consolidated profits and losses.
- (2) Exchange differences of loans of the net investment and long-term investment of foreign operations or other currency instruments designated to be the hedgers of an investment are recognized in other comprehensive income.
- (3) When a foreign operation is partially disposed of or sold, exchange difference under other comprehensive income will be proportionally reclassified in profit and loss to be part of the income or loss from sales.
- (4) Goodwill produced from acquiring foreign entities and the fair value adjustment are valued as the assets and liabilities of said foreign entities and the exchange is done using the period-end exchange rate.

(4) Classification Criteria for Current and Non-current Assets and Liabilities

1. Assets shall be classified as current assets if they meet any of the following conditions:
 - (1) The asset is expected to be realized or intended to be sold or consumed during the normal operating cycle.
 - (2) Held primarily for trading purposes.
 - (3) Those expected to be realized in 12 months after the balance sheet date.
 - (4) Cash and cash equivalents, excluding assets to be exchanged or used to pay off liabilities in at least twelve months after the balance sheet date.

The Company classifies all assets not meeting the above criteria as non-current assets.

2. Liabilities shall be classified as current liabilities if they meet any of the following conditions:
 - (1) Expected to be settled in the normal operating cycle.
 - (2) Held primarily for trading purposes.
 - (3) Liabilities that are to be paid off within 12 months after the balance sheet date.
 - (4) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. The terms of liabilities, which may lead to the issuance of equity instruments at the option of the counterparty, shall not affect its classification.

The Company classifies all liabilities that do not meet the above criteria as non-current.

(5) Cash and Cash Equivalents

1. Cash and cash equivalents include cash on hand, cash in bank, and other short-term, highly liquid investments that are due in three months starting from the acquisition date.
2. Cash equivalents refer to short-term and highly liquid investments satisfying the

following conditions:

- (1) Those can be readily converted to fixed cash.
- (2) Those whose value is minimally affected by interest rate fluctuation.

(6) Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss

1. It refers to an irrevocable choice made at the time of the original recognition to report changes in the fair value of equity instrument investments that are not held for trade to other consolidated profit or loss; or an investment in a debt instrument that simultaneously meets the following conditions:

- (1) Financial assets held under the operating model with the purposes of collecting contract cash flow and for sales.
 - (2) Cash flows generated at specific dates by the contract terms and conditions of said financial assets and are fully used for paying the principals for outstanding principals.
2. The Company adopts settlement date accounting for financial assets that are measured at fair value through other comprehensive income and satisfying the transaction convention.
3. The Company at the initial recognition measures at fair value plus transaction costs. Afterward, it is measured at fair value.

(1) Changes in the fair value of equity instruments are recognized in other consolidated profit or loss, and before the de-recognition, the accumulated interest or lost previously recognized in other consolidated profit or loss should not be reclassified to income but to be transferred to retained earnings. When the Company's right to receive dividends is established, economic benefits associated with the dividends may flow in, and when the amount of dividends can be reliably measured, the Company shall recognize the amount under profit or loss as dividend income.

(2) Changes in the fair value of debt instruments are recognized in other consolidated profit or loss, and the impairment losses, interest income, and profit or loss on exchange rate of foreign currency exchange are recognized in profit or loss, and at de-recognition, the accumulated profit or loss previously recognized in other consolidated profit or loss will be reclassified from equity to profit or loss.

(7) Financial Assets Measured at Fair Value Through Profit or Loss

It refers to financial assets not measured at amortized cost or measured at fair value through other consolidated profit or loss are measured at fair value through profit or loss. To eliminate or materially reduce improper accounting matching at the time of original recognition, the Company may irrevocably designate financial assets that meet the requirements of measuring at fair value through after-amortized cost or other consolidated profit or loss as financial assets measured at fair value through profit or loss at the time of original recognition.

Such assets are subsequently measured at fair value and the net interest or loss (including any dividend and interest income) is recognized as profit or loss.

(8) Accounts Receivable and Bills

1. It refers to accounts and bills which, under contract, are entitled to receive unconditionally the amount of consideration for the transfer of goods or services.
2. Refers to short term accounts receivable and bills without interest payment, the

Company will only use the original invoice amount as the measurement because the discount has little effect.

(9) Impairment of Financial Assets

For debt instrument investment measured at fair value through other consolidated profit or loss, financial assets measured at amortized cost, and accounts receivable or contract assets, rents receivable, loan commitments, financial guarantee contracts, and others containing a significant financial component, the Company on each balance sheet day will consider all reasonable and verifiable information (including prospective information) to routinely measure allowance losses for expected credit loss amount for 12 months for those without significant increase in credit risk after the original recognition. For those with a significant increase in the credit risk after the original recognition, the allowance losses are measured according to the expected credit loss amounts for the lifetime. For accounts receivable that does not contain a significant financing component, the Group measures the loss allowance at an amount equal to lifetime expected credit loss amounts.

(10) De-Recognition of Financial Assets

If the Company meets any of the following conditions, will derecognize the financial assets:

1. The contractual rights for cash flows from the financial asset expire.
2. Transfer of contractual rights to receive cash flows from financial assets, and transfer of almost all risks and rewards of ownership of financial assets.
3. Almost all risks and returns from financial asset ownerships are neither transferred nor retained but the control of the financial assets are not kept.

(11) Inventories

The Company's inventory carry-over is evaluated by the average method. The final inventory is evaluated by cost or the net realizable value whichever is lower. The net realizable value refers to the estimated sale price in the normal course of business, less relevant cost and sale expenses required until the completion of the work. When comparing the cost of inventories and the net realizable value, it is done item by item. The amount of inventory of writing down the cost of inventories to the net realizable value is recognized as the cost of sales.

(12) Investments Using Equity Method

When preparing for parent only financial statements, the Company adopts the equity method rating for its controlled investment. 4. In accordance with the equity method, the profit or loss and other comprehensive income of the parent company only financial report should be the same as the share of the profit or loss and other comprehensive income belonging to the owner of the parent company in the consolidated financial report. The owner's equity in the parent company only financial report should be the same as the equity belonging to the owner of the parent company in the financial report prepared based on this foundation. The Company's changes in the ownership and equity of the subsidiaries that do not lead to the loss control are treated as equity transaction among the owners.

(13) Lease

1. Judgment of Lease

The Company assesses at the date of formation whether the contract is or includes a lease, if the contract assigns control over the use of the identified asset for a period of time in exchange for consideration. To assess whether the contract is a lease, the Company will assess the following items:

- (1) The contract relates to the use of an identified asset which is specified in the contract or is implicitly specified by virtue of being available for use and whose entity can distinguish or represent substantially all of the capacity. An asset is not an identifiable asset if the supplier has a material right to replace it.
- (2) And has the right to obtain virtually all the economic benefits arising from the use of the identified assets throughout the life of the use.
- (3) And obtains the right to dominate the use of the identified assets if one of the following conditions is met:
 - The customer has the right to direct the use of the identified assets and the purposes for which they are used throughout the use life.
 - The relevant decisions regarding how and for what purpose the asset will be used are determined in advance, and:
 - The customer has the right to operate the asset throughout the life of its use, and the supplier has no right to change such operation instructions; or
 - The way in which the customer designs the asset predetermines how and for what purpose it will be used throughout its life.

On the date of formation of the lease or when reassessing whether the contract covers the lease, the Company shall apportion the consideration in the contract to the individual lease components on a relatively separate price basis. However, in the case of leasing the land and the building, the Company elects not to distinguish between the non-leasehold components and treats the leasehold component and the non-leasehold component as a single leasehold component.

2. Lessee

The Company recognizes the right-of-use assets and lease liabilities on the commencement date of the lease. The right-of-use assets are initially measured at cost, which includes the original measured amount of the lease liability. Adjustment of any lease payments made on or before the commencement date of the lease, adding to the original direct costs incurred and the estimated costs of dismantling, removing and restoring the underlying asset to its location or the underlying asset, excluding any lease inducements received.

The subsequent depreciation of the right-of-use assets at the beginning of the lease is made by the straight-line method when the useful life of the right-of-use assets expires or when the lease term expires earlier. In addition, the Company regularly evaluates whether there is any impairment of the right-of-use assets and deals with any impairment losses that have been incurred, and adjusts the right-of-use assets in the event of re-measurement of the lease liabilities.

Lease liabilities are measured in terms of the present value of outstanding lease payments at the commencement date of the lease. If the implied lease rate is easy to determine, the discount rate is that rate; if not, the Company's incremental borrowing rate is used. In general, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measure of lease liabilities include:

- (1) Fixed payments, including substantial fixed payments;
- (2) Variable lease payments subject to an index or rate, the index or rate on the commencement date of the lease is used as the original measure;
- (3) Guarantee amount of salvage value expected to be paid; and
- (4) The price at which the purchase option or lease termination option is reasonably determined to be exercised or the penalty to be paid.

Lease liabilities are subsequently accrued interest on an effective interest basis and measured in the following circumstances:

- (1) There is a change in the index or rate used to determine lease payments result in changes in future lease payments;
- (2) There is a change in the expected residual value guaranteed amount paid;
- (3) There is a change in the evaluation of the purchase option of the underlying asset;
- (4) There is a change in the estimate of whether or not to exercise the extension or termination option changes the assessment of the duration of the lease;
- (5) Modification of the subject, scope, or other terms of the lease.

When the lease liability is remeasured as a result of the foregoing changes in the index or rate used to determine lease benefits, changes in the guaranteed residual value amount, and changes in the evaluation of the option to purchase, extend, or terminate, if the book amount of the right-of-use assets is adjusted accordingly, and when the carrying amount of the right-of-use assets is reduced to zero, the remaining remeasured amount shall be recognized as the profit or loss.

For a lease modification that reduces the scope of the lease, the carrying amount of the right-of-use assets is reduced to reflect the partial or full termination of the lease, and the difference between this and the remeasured amount of the lease liability is recorded in the profit or loss.

The Company shall separately present the right-of-use assets and lease liabilities which do not meet the definition of investment real estate in the balance sheet as separate items.

For short-term leases and leases of low-value target assets, the Company chooses not to recognize the right-of-use assets and lease liabilities, but to recognize the relevant lease payments as expenses on a straight-line basis during the lease life.

3. Lessor

The Company as a lessor involves the classification of almost all the risks and rewards of the lease contract on the date of the lease, depending on whether it is transferred to the ownership of the underlying asset. If so, it is classified as financial lease; otherwise, it is classified as business lease. In the evaluation, the Company considers certain relevant indicators, including whether the lease term covers a major part of the economic life of the target asset.

If the agreement contains leasehold and non-leasehold components, the Company will use the consideration in the apportionment agreement as specified in IFRS 15.

Assets held under a financial lease shall be expressed as financial lease receivable in terms of the net amount of leasing investment. The original direct costs arising from the negotiation and arrangement of the business lease are included in the net investment in the lease.

Net leasing investment is apportioned as interest income over the lease term in a form that reflects a fixed rate of return over the term. For business leases, the Company shall recognize the lease payments received as rental income during the lease term on a

straight-line basis.

(14) Real Estate, Plant, and Equipment

1. Real estate, plant and equipment shall be recorded based on acquisition cost and capitalized relevant interest during the period of purchase and construction.
2. Subsequent cost may become a carrying amount of the assets or be recognized as a single asset only if future economic benefits associated with this item may flow into the Company, and the cost of this item can be reliably measured. The carrying amount of the reset portion shall be derecognized. All other assembly and maintenance costs are recognized as current profits and losses when incurred.
3. In the subsequent measurement of the cost of real estate, plant and equipment, except for the depreciation of land, depreciation shall be calculated on a straight-line method according to the estimated useful life. Depreciation of real estate, plant and equipment, if significant, shall be itemized separately. The Company reviews each asset's residual value, useful life, and depreciation method at the end of each fiscal year, and if the expected residual value and useful lives are different from the previous estimation or if the expected consumption type of future economic benefits of a given asset has any material change, the stipulation on changes in accounting estimates from IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is adopted for treatment.

The useful lives of assets are listed below: Machinery Equipment 3-5 Years

Transportation Equipment 5 Years

Office Equipment 3-10 Years

Leasehold Improvement 5 Years

Other Equipment 2-6 Years

(15) Investment Real Estate

Investment real estate is recognized by acquisition cost, and cost model is adopted for subsequent measurement. Except for land, depreciation shall be carried out by the straight-line method according to the estimated useful life, which shall be 50 years.

(16) None-Financial Asset Impairment

On the balance sheet date, the Company estimates the recoverable amount of the assets with indicator of impairment, and recognizes the impairment loss when the recoverable amount is lower than its book value. Recoverable amount means the fair value of an asset minus the cost of disposal or the value of its use, whichever is higher. With the exception of goodwill, where the impairment of an asset recognized in a previous year does not exist or is reduced, the impairment loss shall be reversed, provided that the carrying amount of the asset added by the reversal impairment loss shall not exceed the carrying amount of the asset after depreciation or amortization if the impairment loss is not recognized.

(17) Loans

1. The amount of the loan at the time of the initial recognition shall be measured at the fair value after deducting the transaction cost, and any difference between the price (after deducting the transaction cost) and the redemption value shall be measured at the amortized cost during the loan period by the effective interest method.
2. Where it is likely that part or all of the line of credit will be withdrawn, the cost shall be recognized as the transaction cost of the line of credit and shall be deferred until such

time as the effective interest rate is adjusted. Where it is unlikely that part or all of the line of credit will be drawn, such charges are recognized as advances and amortized over the period in which the line is relevant.

(18) Accounts Payable and Bills

Accounts and bills payable refer payment obligations from acquiring goods or labor from vendors in the normal course of business. Accounts and bills payable is initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. However, for short-term accounts receivable without interest payment, because of insignificant effect of discounting, they are subsequently measured at the original invoice amount.

(19) Liability Reserve

Liability reserve is a current statutory or constructive obligation arising from a past event. It is likely that resources of economic benefit will be required to discharge the obligation and the amount of the obligation will be recognized when the estimate is reliable. Liability reserve is measured by the best estimated present value of the expenditure required to meet the obligation at the balance sheet date. The discount rate is the pretax discount rate reflecting the current market assessment of the time value of money and the specific risks of liabilities. Discounted amortization is recognized as interest expense. Future operating losses shall not be recognized as liabilities. Future operating losses cannot be recognized in liability reserve.

(20) Employee Benefits

1. Short-Term Employee Benefits

Short-term employee benefits are measured in terms of expected non-discounted payments and are recognized as expenses at the time of service delivery.

2. Pensions

Defined Contribution Plan

For defined contribution plans, the amount of the pension fund to be contributed is recognized as the current pension cost on an accrual basis. Advance contributions are recognized as assets to the extent that they are refundable in cash or reduce future payments.

3. Termination Benefits

Termination benefits are provided when the employer terminates the employment of the employee prior to normal retirement or when the employee decides to accept the company's offer of benefits in exchange for the termination of employment. The Company recognizes the expenses when the offer of resignation pay becomes irrevocable or when recognizing related restructuring cost, whichever happens first. Benefits not expected to be fully settled twelve months after the balance sheet date shall be discounted.

4. Bonus Plan of Employees and Consideration of Directors and Supervisors

Bonus plan of employees and consideration of directors, and supervisors are recognized as expenses and liabilities where there is a legal or constructive obligation and the amount is reasonably estimated. If there is any difference between the actual allotment amount and the resolved amount subsequently decided by the board of shareholders, the changes shall be treated as accounting estimates.

(21) Employee Share-Based Payment

A share-based payment agreement with equity settlement is the labor services provided to employees on the basis of the fair value of the equity commodities to which they are entitled, it is recognized as a cost of remuneration during the vesting period and relatively adjusted as an interest. The fair value of an equity commodities shall reflect the impacts of the vesting and non-vesting market conditions. The recognized remuneration costs are adjusted in line with the expected quantity of awards in line with the conditions of service and non-market value vesting, until the final recognized amount is recognized by the vested quantity obtained on the vested date.

(22) Income Tax

1. Income tax expenses include current and deferred income taxes. Except for income tax related to items included in other comprehensive profits and losses or directly included in the equity, income tax shall be recognized in the profits and losses.
2. The current income tax of the Company shall be calculated on the basis of the tax rate which has been legislated or substantially legislated on the balance sheet date in the country where the operation and taxable income are generated. The management shall periodically assess the status of the income tax declaration in respect of the applicable income tax laws and regulations, and, where applicable, shall estimate the income tax liabilities according to the taxes expected to be paid to the tax authorities. There is an additional tax of unappropriated earnings according to the Income Tax Act, and after the earning distribution is approved at the shareholders' meeting held in the year following the year the earnings are generated, the tax expense of undistributed earnings shall be recognized based on the actual condition of earning distribution.
3. For deferred tax, the balance sheet liability method is adopted, and it is recognized using the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. Deferred income tax liabilities generated from the initial recognition of goodwill are not recognized. Moreover, deferred income tax is not recognized if it is originated from the initial recognition of assets or liabilities in transactions (business merger excluded) and neither accounting profits nor taxable income (or tax losses) is affected at the time of the transaction. For temporary differences generated from investing in subsidiaries and associates, they are not recognized if the Company is capable of controlling the time point of reversal of the temporary differences and the temporary differences may not be reversed in the foreseeable future.
Deferred income tax shall be subject to the tax rate (and tax law) which is enacted or substantially enacted on the balance sheet date and which is expected to apply when the deferred income tax asset is realized or the deferred income tax liability is satisfied.
4. Deferred income tax assets are recognized on the basis that temporary differences are likely to be used to offset future taxable income and are reassessed on each balance sheet date for unrecognized and recognized deferred income tax assets.
5. The current income tax assets and current income tax liabilities shall be offset against each other when there is a statutory enforcement right to offset the amount of current income tax assets and liabilities, and there is an intention to repay or simultaneously realize the assets and liabilities on a net basis. When there is a legal enforcement right to offset the current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are generated by the same tax payer or different tax payer of income tax levied by the same tax authority, but each tax payer

intends to pay off the assets and liabilities on a net basis or at the same time, then the deferred income tax assets and liabilities shall be offset against each other.

6. The tax preference for equipment or technology acquisition, research and development expenditures and equity investments adopt income tax deduction accounting.

7. The "Income Basic Tax Act" came into force on January 1, 2006. The basis of calculation shall be the amount of taxable income calculated in accordance with the provisions of the Income Tax Act, and the tax deduction or exemption enjoyed by the Income Tax Act and other laws, and the basic tax shall be calculated according to the tax rate prescribed by the Executive Yuan. In comparison with the amount of tax calculated according to the provisions of the Income Tax Act, the higher the base tax is, the income tax of the current year shall be paid. The Company has taken its impact into account in the current income tax.

(23) Customer Contractual Revenue

Income is measured at the consideration of expected ownership from transfer of goods, and the Company recognizes it in income when the control of goods is transferred to customers and performance obligation is satisfied.

1. Sales of Commodities

The Company recognizes income when the control of goods is transferred to customers and performance obligation is satisfied. The control transfer of the product means that the product has been delivered to the customer and there is no unfulfilled obligation that will affect the customer's acceptance of the product. Delivery refers to customers accepting products according to the transaction conditions and obsolescence and risk of loss have been transferred to the customer. Moreover, the Company has objective evidence to consider that the time point of all inspection conditions have been satisfied.

The Company recognizes the accounts receivable when delivering the products because the Company at the time point has the right to the consideration.

2. Financial Components

The Company's expected time point for transferring products to customers is not separated from the customer's time point of payment for products for more than one year. Therefore, the Company does not adjust the time value of money of the transaction price.

3. Customer Contracts Obtaining Cost

The Company's incremental cost incurred from acquiring customer contracts is expected to be recoverable, but because the related contract period is shorter than one year, the cost is recognized as expenses when the cost incurs.

(24) Operating Departments

The Company has disclosed segment information in this financial statement, and therefore the parent-company-only financial statement will not disclose the segment information.

(25) Earnings Per Share

The Company lists out the basic and the dilutive earnings per share (EPS) of the Company's common share equity holders. The Company's basic earning per shares are calculated by having the equity of the equity holders of the Company's common shares

divided by the weighted average of the number of outstanding common shares. The diluted earnings per share are calculated after adjusting for the effect of all potential diluted common shares on the profits and losses attributable to holders of the Company's common shares and the weighted average number of outstanding common shares. The Company's potential dilutive common shares are stock option certificates granted to employees.

5. Material Sources of Uncertainty in Accounting Judgments, Estimates and Assumptions

In preparing the Company's individual financial statements, the management has used its judgment to determine the accounting policies to be adopted and has made accounting estimates and assumptions based on reasonable expectations of future events based on the current situation on the balance sheet date. Material accounting estimates and assumptions may differ from actual results and will be assessed and adjusted on an ongoing basis taking into account historical experience and other factors. Please refer to the following descriptions of material accounting judgments, estimates and assumptions with uncertainty:

- (1) Important judgment of accounting policy: no such case.
- (2) Significant accounting estimates and assumptions

The accounting estimates made by the Company are based on reasonable expectations of future events based on the current situation on a specific date, but the actual results may differ from the estimates. For estimates and assumptions regarding the risk of material adjustments to the carrying amounts of assets and liabilities in the next financial year, please refer to Note VI (5), impairment assessment of inventory.

6. Explanation of Important Accounting Items

- (1) Cash and Cash Equivalents

	<u>2020.12.31</u>	<u>2019.12.31</u>
Petty Cash	\$ 546	328
Bank Deposit	<u>9,123</u>	<u>17,351</u>
Cash and Cash Equivalents	<u>\$ 9,669</u>	<u>17,679</u>

Disclosure of Interest Rate Risk and Sensitivity Analysis of the Financial Assets and Liabilities of the Company. Please refer to Note VI (22) for details.

- (2) Financial Products

Financial Assets

	<u>2020.12.31</u>	<u>2019.12.31</u>
Financial Assets at Fair Value Through Profit or Loss	<u>\$ 2,345</u>	<u>9,033</u>
Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss	<u>\$ 49,767</u>	<u>-</u>
Financial Assets Measured at Amortized Cost	<u>\$ -</u>	<u>30,080</u>
Current	<u>\$ 52,112</u>	<u>39,113</u>

1. Investments in equity instruments measured at fair value through other consolidated profits and losses are by resolution of the Board of Directors of the Company on August 7, 2020, the Company purchased 530 thousand new special shares B shares of Strek Corporation Company Limited ("Strek Company") at approximately NT\$ 93

- each. The total investment amount is NT\$ 50,189 thousand (Thai baht 53,000 thousand) and signed the investment contract with Strek Company on the same day, which agreed: (1) The dividend of the special share B share shall be at least 8% of the agreed net after-tax profit of the special share in Thailand, but not less than NT\$ 9,361 thousand (\$10,080 thousand in Thai Baht, with an interest rate of about 19%). (2) The Company shall have the right to force the redemption of the investment shares by Strek within eight months from the date of signing but no later than the original offering price.
2. In view of the above investment, the Company entered into a guarantee contract with Serial System LTD on August 7, 2020. In the event that Strek Company fails to redeem its shares, Serial System LTD is willing to acquire all of the special shares of Strek held by the Company at the original offering price. The Company intends to transfer the entire special shares of Strek Company to Serial System LTD at the original issue price of Thai Baht \$53,000 thousand subject to the guaranteed agreement.
 3. On December 25, 2020, the shareholders' meeting of Strek Company approved a proposed dividend of NT\$ 13,104 thousand (Thai baht 14,000 thousand) to be paid to the Company and recorded as dividend income and received a dividend of NT\$ 1,872 thousand on December 31, 2020, with the remaining amount recorded as other receivables. Paid by March 31, 2021.
 4. Disclosure of Interest Rate Risk and Sensitivity Analysis of the Financial Assets and Liabilities of the Company. Please refer to Note VI (22) for details.

(3) Bills Receivable and Accounts Receivable

	<u>2020.12.31</u>	<u>2019.12.31</u>
Bills Receivable	\$ 255	905
Accounts Receivable	58,047	68,663
Accounts Receivable - Related Parties	75,601	102,562
Minus: Allowance for Bad Debts	<u>(2,221)</u>	<u>(2,221)</u>
	<u>\$ 131,682</u>	<u>169,909</u>

- (1) The Company uses a simplified approach to estimate expected credit losses for all bills receivable and accounts receivable, i.e., the expected credit loss measure over the life period, for this purpose. Such bills receivable and accounts receivable are grouped according to the common credit risk characteristics of the ability on behalf of the customer to pay all amounts due under the terms of the contract and have been incorporated into forward-looking information.

The expected credit loss analysis of bills receivable and accounts receivable of the Company is as follows:

	December 31, 2020		
	Bills Receivable and Accounts Receivable Carrying Amount	Weighted Average Expected Credit Loss Rate	Allowance Duration Expected Credit Loss
Not Overdue	\$ 131,342	-%	-
Under 31 Days	2,561	87%	2,221
1 to 3 Months	-	-%	-
3 to 6 Months	-	-%	-
Over 6 Months	-	-%	-
	<u>\$ 133,903</u>		<u>2,221</u>

	December 31, 2019		
	Bills Receivable and Accounts Receivable Carrying Amount	Weighted Average Expected Credit Loss Rate	Allowance Duration Expected Credit Loss
Not Overdue	\$ 169,909	-%	-
Under 31 Days	125	100%	125
1 to 3 Months	184	100%	184
3 to 6 Months	285	100%	285
Over 6 Months	<u>1,627</u>	100%	<u>1,627</u>
	<u>\$ 172,130</u>		<u>2,221</u>

(2) The Company's statement of changes in bills receivable and allowance for doubtful accounts for the years 2020 and 2019 is as follows:

	2020	2019
Opening Balance	\$ 2,221	59,192
Recognized Impairment Loss	-	16,478
Amount Written Off Due to Non-recovery in the Current Year	-	<u>(73,449)</u>
Ending Balance	<u>\$ 2,221</u>	<u>2,221</u>

(3) Guarantee:

On December 31, 2019 and 2018, the Company's bills receivable and accounts are not provided as guarantee for long-term loans and financing lines.

(4) Accounts Receivable for Sale

The Company has entered into a non-recourse assignment and sale of accounts receivable with Bank SinoPac, and the bank has made an advance purchase of 80% of the net accounts receivable to the Company in accordance with the provisions of

the contract. The relevant information is as follows:

2015.12.31						
Selling Target	Transferred Receivables Account Amount	Credit	Advance Amount	Amount Advanced (presented in other accounts payable)	Interest Rate	Guarantee Items
Bank SinoPac	47,691	38,000	38,000	36,216	1.55%	None

The Company has entered into a non-recourse assignment and sale of accounts receivable with Bank SinoPac, there is still an outstanding balance of NT\$ 45,691 thousand in the accounts receivable of Yang Hua. Among them, the Company's advance to Bank SinoPac is NT\$ 36,216 thousand. In 2019, because of this amount, Bank SinoPac has been paid off and signed a statement of discharge of liability to the Company, the Company will fully reverse the other payable of NT\$ 36,216 thousand, which was credited to other income.

- (5) On January 30, 2016, the Company applied to Tokyo Marine New a Insurance CO LTD (insurance company) for the settlement of the trade credit insurance claims due to the credit problems of Yang Hua Technology CO LTD (Yang Hua). The overdue accounts of the Company and the Yang Hua are accounts receivable of NT\$ 23,246 thousand and other accounts receivable of NT\$ 205,848 thousand respectively, which have been fully set aside.

On January 23, 2019, the Company acquired the debenture documents of Yang Hua and wrote off the relevant accounts receivable and other receivables in full. In addition, the Company reached a settlement with the insurance company on June 10, 2019, and the insurance company paid the company's claims of NT\$ 103,736,000 on June 18, 2019, which was credited to other income.

- (6) On 16 July 2019, the court decided that OTE Power Corp should pay NT\$ 13,650 thousand to the Company and acquired the notes of debt of OTE Power Corp on 18 October 2019. Accounts receivable of the Company amounted to NT\$ 13,650 thousand, which had been fully set aside for bad debts in the previous year and was fully written off in the current period. Moreover, in the year 2020, \$1,003 thousand of the deposit of OTE Power Corp with the court was obtained and credited to other income.

(4) Other Receivables

	<u>2020.12.31</u>	<u>2019.12.31</u>
Other Receivables	\$ 11,273	11
Other Accounts Receivable - Related Parties	72,608	74,862
Minus: Allowance for Bad Debts	-	-
	<u>\$ 83,881</u>	<u>74,873</u>

(5) Inventories

	<u>2020.12.31</u>	<u>2019.12.31</u>
Commodities	<u>\$ 4,406</u>	<u>1,322</u>

In 2020 and 2019, an amount of NT\$ 1,870 thousand and NT\$ 745 thousand, respectively, were recognized as a recovery benefit due to the recognition of inventory to net realizable value and were reported as a deduction item for cost of commodities sold.

As of December 31, 2019 and 2018, none of the Company's inventories has been provided as pledge guarantees.

(6) Investments Using Equity Method

The Company's investments (credit balance) under the equity method as at the reporting date are as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Subsidiary	\$ (42,941)	(87,857)
Affiliated Enterprise	3,891	4,318
	<u>\$ (39,050)</u>	<u>(83,539)</u>
Investments Accounted for Using Equity Method	<u>\$ 3,891</u>	<u>4,318</u>
Investments accounted for using equity method	<u>\$ (42,941)</u>	<u>(87,857)</u>

1. Subsidiary

(1) For subsidiaries, please refer to the 2020 consolidated financial report.

(2) The Company's share of the profits or losses of the subsidiaries in 2020 and 2019 is summarized as follows:

	<u>2020</u>	<u>2019</u>
Shares Attributable to the Company		
Current Net Profit (Loss)	\$ 8,686	1,728
Other Consolidated Profit or Loss	(912)	1,524
Total	<u>\$ 7,774</u>	<u>3,252</u>

2. Affiliated Enterprise

Name of Investee	Primary Business	Set Up and Operating Site	Carrying Amount		Percentage of Equity Held	
			<u>2020.12.31</u>	<u>2019.12.31</u>	<u>2020.12.31</u>	<u>2019.12.31</u>
BULL WILL TRADING(S) PTE LTD.	Sand and Gravel Sales	Singapore	\$ 3,891	4,318	30.00%	48.95%

(1) The consolidated company sold BULL WILL TRADING(S) PTE LTD in 2020. The disposal price of 18.95% of the equity is SGD 85,000 thousand (NT\$ 1,790 thousand), which has been completed in the second quarter of 2020, resulting in disposal investment benefit of NT\$ 251 thousand, which has been recognized under other benefits and losses.

(2) If the affiliated enterprises of the Company using the equity method are individual and insignificant, their aggregate financial information is as follows, which refers to the amount contained in the individual financial report of the Company:

	<u>2020</u>	-	<u>2019</u>
Ending Summary Carrying Amount of the Interests of Individual Non-materially Affiliated Enterprises	<u>\$ 12,969</u>	:	<u>8,820</u>
Shares Attributable to the Company:	<u>\$ 3,891</u>	=	<u>4,318</u>
Current Net Profit	\$ 1,228		63
Other Consolidated Profit or Loss	<u>(116)</u>	-	<u>(24)</u>
Total Consolidated Profit or Loss	<u>\$ 1,112</u>	:	<u>39</u>

3. Guarantee

As of December 31, 2019 and 2018, no equity method investments of the Company have been provided as pledge guarantees.

(7) Real Estate, Plant and Equipment

A breakdown of the changes in cost, depreciation and impairment of real estate, plant, and equipment of the Company is as follows:

	<u>Machinery Equipment</u>	<u>Transportation Equipment</u>	<u>Office Equipment</u>	<u>Other Equipment</u>	<u>Total</u>
Cost or Identified Cost:					
Balance as of January 1, 2020	\$ 4,345	530	18,743	23,237	46,855
Balance as of December 31, 2020	<u>\$ 4,345</u>	<u>530</u>	<u>18,743</u>	<u>23,237</u>	<u>46,855</u>
Balance as of January 1, 2019	\$ 4,345	530	29,516	23,237	57,628
Added	-	-	358	-	358
Disposed	-	-	(11,131)	-	(11,131)
Balance as of December 31, 2019	<u>\$ 4,345</u>	<u>530</u>	<u>18,743</u>	<u>23,237</u>	<u>46,855</u>
Depreciation and Impairment Losses					
Balance as of January 1, 2020	\$ 4,345	530	15,443	23,198	43,516
Current Depreciation	-	-	1,036	39	1,075
Balance as of December 31, 2020	<u>\$ 4,345</u>	<u>530</u>	<u>16,479</u>	<u>23,237</u>	<u>44,591</u>
Balance as of January 1, 2019	\$ 4,341	530	25,519	23,094	53,484
Current Depreciation	4	-	1,055	104	1,163
Disposed	-	-	(11,131)	-	(11,131)
Balance as of December 31, 2019	<u>\$ 4,345</u>	<u>530</u>	<u>15,443</u>	<u>23,198</u>	<u>43,516</u>
Carrying Amount Value:					
31-Dec-20	<u>\$ -</u>	<u>-</u>	<u>2,264</u>	<u>-</u>	<u>2,264</u>
31-Dec-19	<u>\$ -</u>	<u>-</u>	<u>3,300</u>	<u>39</u>	<u>3,339</u>

No real estate, plant, and equipment of the Company has been provided as pledge guarantees as 31 December 2020 and 2019.

(8) Right-of-Use Assets

The changes in the cost, depreciation, and impairment of leased premises and buildings etc. of the Company are as follows:

	<u>Houses and Buildings</u>	<u>Total</u>
Cost of Right-of-Use Assets:		
Balance as of January 1, 2020	\$ 425	425
Added	674	674
Expired	<u>(425)</u>	<u>(425)</u>
Balance as of December 31, 2020	<u>\$ 674</u>	<u>674</u>
Balance as of January 1, 2019	\$ -	-
Trace the Impact Number of Application of IFRS16	<u>425</u>	<u>425</u>
Balance as of December 31, 2019	<u>\$ 425</u>	<u>425</u>
Depreciation and Impairment Losses of Right-of-Use Assets:		
Balance as of January 1, 2020	\$ 340	340
Depreciation	338	338
Expired	<u>(425)</u>	<u>(425)</u>
Balance as of December 31, 2020	<u>\$ 253</u>	<u>253</u>
Balance as of January 1, 2019	\$ -	-
Depreciation	<u>340</u>	<u>340</u>
Balance as of December 31, 2019	<u>\$ 340</u>	<u>340</u>
	<u>Houses and Buildings</u>	<u>Total</u>
Accounting Value:		
December 31, 2020	<u>\$ 421</u>	<u>421</u>
December 31, 2019	<u>\$ 85</u>	<u>85</u>

(9) Investment Real Estate

The details of the changes in the investment real estate of the Company are as follows:

	Land	Houses and Buildings	Total
Cost or Identified Cost:			
Balance as of January 1, 2020	\$ 16,203	7,062	23,265
Balance as of December 31, 2020	\$ 16,203	7,062	23,265
Balance as of January 1, 2019	\$ 16,203	7,062	23,265
Balance as of December 31, 2019	\$ 16,203	7,062	23,265
Accumulated Depreciation and Impairment:			
Balance as of January 1, 2020	\$ -	2,246	2,246
Depreciation Expense	-	138	138
Balance as of December 31, 2020	\$ -	2,384	2,384
Balance as of January 1, 2019	\$ -	2,108	2,108
Depreciation Expense	-	138	138
Balance as of December 31, 2019	\$ -	2,246	2,246
Book Value			
Balance as of December 31, 2020	\$ 16,203	4,678	20,881
Balance as of December 31, 2019	\$ 16,203	4,816	21,019

Rental Revenue and Direct Operating Expenses of Investment Real Estate

	2020	2019
Rental Revenue from Investment Real Estate	\$ 780	782
Direct Operating Expenses Incurred in the Current Period for Investment Real Estate with Rental Income Direct Operating Expenses	\$ 293	292

The fair values of the investment real estate of the Company as at December 31, 2020 and 2019 are NT\$ 31,500 thousand and NT\$ 25,380 thousand. The fair values are based on market evidence of the transaction prices of similar real estate.

As of December 31, 2020 and 2019, no pledge guarantee has been provided for the investment real estate of the Company.

(10) Short-Term Loan

	2020.12.31	2019.12.31
Unsecured Bank Loan	\$ 8,000	-
Unused Credit	-	-
Interest Rate Collars	2.47%	-

(11) Liability Reserve

Liability Reserve of

	<u>Employee Benefits</u>
Balance as of January 1, 2020	\$ 1,094
Current Added (Reversed) Liability Reserve	<u>107</u>
Balance as of December 31, 2020	<u>\$ 1,201</u>
Balance as of January 1, 2019	\$ 923
Current Added (Reversed) Liability Reserve	<u>171</u>
Balance as of December 31, 2019	<u>\$ 1,094</u>

(12) Lease Liabilities

The carrying amount of the Company's leasing liabilities is as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Current	\$ 339	86
Non-Current	<u>86</u>	<u>-</u>
	<u>\$ 425</u>	<u>86</u>

For maturity analysis, please refer to Note VI (22) Financial Instruments.

The amount of lease recognized in profit or loss is as follows:

	<u>2020</u>	<u>2019</u>
Interest Expense of Lease Liabilities	\$ 12	8
Expense of Short-Term Leases	\$ 2,151	2,151
Expense of Leasing an Asset of Low Value	\$ 69	59

The amount of the lease recognized in the cash flow statement is as follows:

	<u>2020</u>	<u>2019</u>
Total Cash Outflow from Leasing	\$ 335	339

(13) Long-Term Loan

	<u>2020.12.31</u>	<u>2019.12.31</u>
Unsecured Bank Loan	\$ 8,611	-
Minus: Part Due Within One Year	(3,333)	-
Total	<u>\$ 5,278</u>	-
Unused Credit	\$ -	-
Interest Rate Collars	1.655%	-

(14) Employee Benefits

Defined Contribution Plan

In accordance with the provisions of the Labor Pension Act, the definitional contribution plan of the Company shall be allocated to the labor pension individual account of the Bureau of Labor Insurance at a contribution rate of 6% of the monthly wages of the labors. Under the scheme, there is no statutory or constructive obligation on the part of the Company to pay any additional amount after a fixed contribution has been made to the Bureau of Labor Insurance. The Company's pension expense under the 2020 and 2019 definitional pension scheme are NT\$ 990 thousand and NT\$ 1,034 thousand respectively, which have been allocated to the Bureau of Labor Insurance.

(15) Income Tax

1. Income Tax Expense

The income tax expense (interest) of the Company in 2020 and 2019 is detailed as follows:

	<u>2020</u>	<u>2019</u>
Current Income Tax Expense (Interest)		
Occurrence of Previous Years	\$ (7)	-
Deferred Income Tax Expense (Interest)		
Occurrence and Reversal of Temporary Differences	(134)	11,569
Original Occurrence and Reversal of Tax Losses	<u>134</u>	<u>23,144</u>
Income Tax Expense (Interest)	<u>\$ (7)</u>	<u>34,713</u>

The details of income tax (expense) interests recognized under other consolidated profit or loss of the Company in 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Items That May Be Subsequently Reclassified as Profit or Loss		
Exchange Differences on Conversion of the Financial Statements of Foreign Operation	<u>\$ 228</u>	<u>(381)</u>

2. The relationship between income tax expense (interest) and pre-tax net profit of the Company in 2020 and 2019 is adjusted as follows:

	<u>2020</u>	<u>2019</u>
Net Profit Before Tax	<u>\$ 8,214</u>	<u>107,250</u>
Income Tax Calculated According to the Domestic Tax Rate at the Locality of the Company	1,643	21,450
Permanent Difference	205	(52)
Occurrence of Previous Years	(7)	-
Changes in Tax Losses on Deferred Tax Assets Not Recognized	134	23,144
Changes of Temporary Differences Not Recognized	<u>(1,982)</u>	<u>(9,829)</u>
Total	<u>\$ (7)</u>	<u>34,713</u>

3. Deferred Income Tax Assets and Liabilities

Unrecognized Deferred Income Tax Assets

Items not recognized as deferred income tax assets of the Company are as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Deductible Temporary Differences	<u>\$ 104,311</u>	<u>105,092</u>
Levy Loss	<u>\$ 42,988</u>	<u>49,515</u>

According to the provisions of the Income Tax Act, tax loss shall be deducted from the net profit of the preceding ten years after the approval of the tax inspection authority.

This item has not been recognized as a deferred income tax asset because it is unlikely that the Company will have sufficient tax income to cover the temporary difference in the future.

As of December 31, 2020, the Company has not recognized the tax loss on deferred income tax assets. The deduction period is as follows:

Deficiency Year	Deficits Not Yet Deducted	Final Year of Deduction
Approvals in 2016	\$ 13,407	2126
Approvals in 2017	27,403	2127
Approvals in 2018	57,654	2128
Declarations in 2019	115,804	2129
Estimates in 2020	670	2130
Total	\$ 214,938	

Recognized Deferred Income Tax Assets (Liabilities)

The changes of deferred tax assets (liabilities) in 2020 and 2019 are as follows:

2020

	Opening Balance	Recognized as Profit or Loss	Recognized in Consolidated Profit or Loss	Ending Balance
Temporary Differences				
Exchange Differences on Conversion of the Financial Statements of Foreign Operation	\$ (2,128)	-	228	(1,900)
Deferred Income Tax Expense		\$ -	228	
Net Deferred Income Tax	\$ (2,128)			(1,900)
The information expressed in the balance sheet is as follows:				
Deferred Income Tax Liabilities	\$ (2,128)			(1,900)

2019

	Opening Balance	Recognized as Profit or Loss	Recognized in Consolidated Profit or Loss	Ending Balance
Temporary Differences				
Excesses of Allowance for Bad Debts	\$ 23,246	(23,246)	-	-
Allowance for Inventory Valuation and Obsolescence Losses	11,387	(11,387)	-	-
Unrealized Exchange Profit or Loss	20	(20)	-	-
Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss	60	(60)	-	-
Exchange Differences on Conversion of the Financial Statements of Foreign Operation	(1,747)	-	(381)	(2,128)
Deferred Income Tax Expense		\$ (34,713)	(381)	
Net Deferred Income Tax	\$ 32,966			(2,128)
The information expressed in the balance sheet is as follows:				
Deferred Income Tax Assets	\$ 34,713			-
Deferred Income Tax Liabilities	\$ (1,747)			(2,128)

4. Income Tax Approval Status

The business income tax settlement declaration of the Company has been approved by the tax inspection authority until 2018.

(16) Capital and Other Equities

1. Share Capital

December 31, 2020 and 2019, the total rated share capital of the Company is NT\$ 2,050,000 thousand, with NT\$ 10 par value per share in the amount of 205,000 thousand shares. The issued shares are 15,507 thousand shares and 111,336 thousand shares respectively. The proceeds of all issued shares have been collected.

On June 18, 2020, the Company decided by the Board of Shareholders that in order to make up the losses and improve the financial structure, the paid-up capital will be reduced by NT\$ 958,292 thousand, and the issued shares will be cancelled by 95,829 thousand shares, with a capital reduction ratio of about 86.07176%. The capital reduction plan has been approved by the Financial Supervisory Commission, and July 22, 2020 is taken as the base date for the capital reduction, and the capital change registration shall be approved by the competent authority on August 5, 2020.

2. Capital Surplus

The Company's capital reserve balance is as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Common Share Capital Premium	\$ 35,341	35,341
Compensatory Cost Recognized for Employee Stock Option	8,713	8,361
Total	\$ <u>44,054</u>	<u>43,702</u>

In accordance with the provisions of the Company Act, after the capital reserves need to be first used to cover losses, the company may issue new shares or cash out of the realized capital reserves according to the proportion of the shareholders' original shares. The term "realized capital reserves" as mentioned in the preceding paragraph includes the excess of income from issuing shares above par value and income from receiving gifts. The total amount of the capital reserve that may be allocated as capital in accordance with the issuer's standards for handling the issue of securities shall not exceed 10% of the paid-up capital.

3. Retained Earnings

The company's earnings distribution or loss allocation and compensation shall be made at the end of each quarter. Where the earnings distribution is made in cash, the board of directors shall make a resolution and report to the shareholders' meeting in accordance with Article 228-1 and Item 5 of Article 240 of the Company Act, without submitting it to the shareholders' meeting for recognition.

If there is net profit after tax of the current period in the Company's annual general accounts, the accumulated losses (including the adjustment of undistributed surplus amount) shall be made up first, and 10% shall be contributed as the legal surplus reserve according to law; except when the legal surplus accumulated has reached the total paid-in capital of the Company. Next, allocating or reversing the special earnings reserve as required by law or by the competent authority; for the remaining earnings, together with undistributed earnings at the beginning of the period (including the adjusting the non-distributed amount of earnings), the Board of Directors shall propose earnings distribution at the shareholders' meeting to have the resolution of dividends and bonuses distribution among shareholders approved.

The dividend policy of the Company is based on the current and future development plan, considering the investment environment, capital needs and foreign competition conditions, and considering the equities of shareholders and other factors, so as to allocate no less than 30% of the distributable surplus to shareholders every year. However, if the accumulated distributable surplus is not less than 10% of the paid-in share capital, it may not be distributed. Dividends may be paid in cash or shares to shareholders, in which the cash dividend shall not be less than 50% of the total dividend.

4. Surplus Earnings Distribution

- (1) The Company passed the profit and loss compensation plan for 2019 and 2018 by the shareholders' meeting on June 18, 2020 and June 27, 2018 respectively, and no amount of dividends was distributed to the owners.
- (2) Information on the Company's surplus earnings distribution plan for the past year can be found at the Market Observation Post System.

5. Other Equities (Net Amount After Tax)

	Unrealized Profit or Loss on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss	Difference of Conversion of Financial Statements of Foreign Operating Institutions statements	<u>Total</u>
January 1, 2019	\$ (306)	7,010	6,704
Difference of Conversion of Financial Statements of Foreign Operating Institutions statements	<u>-</u>	<u>1,500</u>	<u>1,500</u>
Balance as of December 31, 2019	<u>\$ (306)</u>	<u>8,510</u>	<u>8,204</u>
Unrealized Profit or Loss on Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss Profit or Loss	(422)	-	(422)
Difference of Conversion of Financial Statements of Foreign Operating Institutions	<u>-</u>	<u>(1,028)</u>	<u>(1,028)</u>
Balance as of December 31, 2020	<u>\$ (728)</u>	<u>7,482</u>	<u>6,754</u>

(17) Share-Based Payment Plan

Employees of the Company may receive a share-based payment as part of the reward scheme; the transaction in which an employee provides services as consideration for the acquisition of equity is a share-based payment transaction for the delivery of equity.

Employee Share-Based Payment Plan

On May 27, 2019, the Company was approved by the competent authority to issue an Employee Stock Option Warrants of 9,000 units, with each unit entitled to subscribe for 1 common share of the Company. The above employee stock options were granted in full on June 10, 2019 to employees who are officially incorporated in the Japan Company on the basis of subscription eligibility and to full-time employees of the Company who directly or indirectly hold more than 50% of the voting shares of the same invested company. The duration of the stock options is seven years, and the holder of the warrants may exercise a certain percentage of the stock options granted upon the expiration of two years.

The fair value of the options is assessed on the basis of the Black-Scholes-Merton option pricing model at the date of issue, and the parameters and assumptions are set by taking into account the terms and conditions of the contract.

The plan offers stock options for seven years and does not provide a cash settlement option. In the past, the Company has not been in the practice of granting stock options in respect of such programs on a cash settlement basis.

The information related to the aforesaid share-based payment plan is as follows:

Date of Issue of Stock Option Warrant	Number of Units Issued	Ending Total Outstanding Units	Number of Shares for Subscription	The Date on Which Subscribers May Commence to Exercise	Subscription Price (NT\$)	Performance Method
2019.6.10	9,000 Thousand Units	8,500 Thousand Units	8,500,000	2021.6.10	\$15.10	Issuing New Shares

For the share-based payment plan, the pricing model and assumptions used are as follows:

	Issued Stock Option Warrants on June 10 2019
Expected Dividend Rate	0.00%
Expected Price Volatility	35.08%
Risk-Free Interest Rate	0.613%~0.635%
Stock Option Expected Duration	4.5 years, 5 years, 5.5 years

The expected duration of stock options is based on historical information and current expectations and may not necessarily correspond to actual performance. Expected volatility is the historical volatility of a period close to the duration of the option assumed to represent the future trend, although it may not necessarily correspond to actual future results.

Details of the aforementioned stock option plan are as follows:

	2020		2019	
	Outstanding Quantity (Unit)	Weighted Average Exercise Price (NT\$)	Outstanding Quantity (Unit)	Weighted Average Exercise Price (NT\$)
Outstanding Employee Stock Options on January 1	8,800	\$2.10	-	\$-
Current Granted Employee Stock Options	-	-	9,000	2.10
Current Lost Employee Stock Options	(300)	-	(200)	-
Current Exercised Employee Stock Options	-	-	-	-
Outstanding Employee Stock Options on December 31	<u>8,500</u>	\$15.10	<u>8,800</u>	\$2.10
Executable Employee Stock Options on December 31	-	-	-	-

Information of employee stock options issued on May 27, 2019 outstanding as of December 31, 2020 is as follows:

Issuing Date	Outstanding Employee Stock Options	
	Exercise Price	Weighted Average Expected Residual Duration (Years)
2019.6.10	\$15.10	6

The Company's authorized employee share-based payment plan costs are as follows:

	2020	2019
Expense Recognized as a Result of Share-based Payment Transactions (All of them are based on share-based payment of equity settlement)	<u>\$ 352</u>	<u>396</u>

(18) Earnings Per Share

	<u>2020</u>	<u>2019</u>
Basic Earnings Per Share		
Net Profit Attributable to the Company's Common Shareholders	<u>\$ 8,221</u>	<u>72,537</u>
Weighted Average Number of Common Shares Outstanding (Basic)(1,000 shares)	<u>15,507</u>	<u>15,507</u>
Basic Earnings Per Share (NT\$)	<u>\$ 0.53</u>	<u>4.68</u>
Diluted Earnings Per Share		
Net Profit Attributable to the Company's Common Shareholders	<u>\$ 8,221</u>	<u>72,537</u>
Weighted Average Number of Common Shares Outstanding (Basic)(1,000 shares)	15,507	15,507
Effect of Employee Stock Option	=	219
Effect of Employee Bonus	<u>16</u>	<u>-</u>
Weighted Average Number of Common Shares Outstanding (Dilution)(1,000 shares)	<u>15,523</u>	<u>15,726</u>
Diluted Earnings Per Share (NT\$)	<u>\$ 0.53</u>	<u>4.61</u>

(19) Customer Contractual Revenue

1. The details of the Company's customer contractual revenue for the years 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Electronic Component Revenue	\$ 136,370	202,093
Other Income	<u>3,204</u>	<u>-</u>
	<u>\$ 139,574</u>	<u>202,093</u>

2. Details of Customer Contract Revenue:

Revenue Recognition Time Point	<u>2020</u>	<u>2019</u>
Commodities That Are Transferred at a Certain Time Point	<u>\$ 139,574</u>	<u>202,093</u>

3. Contractual liabilities:

	<u>2020.12.31</u>	<u>2019.12.31</u>
Commodity Sales	<u>\$ 705</u>	<u>9</u>

(20) Employee Consideration

In accordance with the Articles of Association of the Company, no less than 5% of the annual profits of the Company shall be set aside for the consideration of the employees and no more than 3% for the consideration of the directors and supervisors. However, if the company has accumulated deficiency, it shall reserve the amount of

compensation in advance. The said employee consideration can be paid in the form of stock or cash, and the recipient of the payment include employees of subordinate companies qualifying the conditions set by the Board of Directors. The aforementioned directors/supervisors can only be paid in the form of cash.

The consideration of the Company's employee and the consideration of the directors are estimated according to the ratio of the net profit before tax for the current period less the consideration of the employee and the consideration of the directors. If there is any change in the amount after the publication of the annual financial report, it shall be treated according to the change of accounting estimation and be recorded in the next year. In 2020, the estimated consideration for employees and directors and supervisors is NT\$ 447 thousand and NT\$ 268 thousand respectively. In 2019, it was the accumulated loss, so the estimated consideration for employees and directors and supervisors was not included.

There is no difference between the amount of the aforementioned resolution and the amount of the Company's account expenses. Information on the consideration of our employees and directors and supervisors can be found at the Market Observation Post System.

(21) Non-Operating Revenue and Expense

1. Interest Revenue

The details of the Company's interest revenue for the years 2020 and 2019 are as follows:

	2020	2019
Bank Deposit Interest Revenue	\$ 195	459
Other Interest Revenues	3,564	1,669
	\$ 3,759	2,128

2. Other Income

The details of the Company's other revenue for the years 2020 and 2019 are as follows:

	2020	2019
Rental Revenue	\$ 1,312	1,339
Dividend Income	13,409	87
Insurance Claims Revenue	-	103,736
Accounts Receivable Factoring Revenue	-	36,216
Revenue of Court Enforcement of Creditors' Rights	2,003	-
Others	205	1,778
	\$ 16,929	143,156

3. Other Profits and Losses

The details of the Company's other interests and losses for the years 2020 and 2019 are as follows:

	2020	2019
Net Loss on Foreign Currency Exchange	\$ (11,611)	(5,539)
Financial Asset Interests Measured at Fair Value Through Profit or Loss	(398)	262
Interests of Disposal of Investment	251	-
Others	(659)	(362)
	\$ (12,417)	(5,639)

4. Financial Cost

The details of the Company's financial cost for the years 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Interest Expense on Bank Loans	\$ 118	98
Interest Expense on Lease Liabilities	<u>12</u>	<u>8</u>
	<u>\$ 130</u>	<u>106</u>

(22) Financial Instrument

1. Credit Risk

(1) Exposure of Credit Risk

The carrying amount of a financial asset represents the maximum credit exposure amount.

(2) Credit Risk Situation

The Company's accounts receivable is mainly from payments for goods from selling goods to customers, all divisions of the Company comply with the credit risk policies, procedure, and control for managing credit risk. The credit risk evaluation of trading counterparties is based on a comprehensive evaluation of the counterparty's financial condition, credit rating by credit rating institutions, past transaction experiences, current economic environment, and the Company's internal evaluation criteria. According to the experience of collecting payments from customers, the Company management's evaluation showed no major credit risk.

2. Liquidity Risk

The following table shows the contract maturity dates of financial liabilities, including estimated interest but excluding the effect of net agreements.

	<u>Carrying Amount</u>	<u>Contract Cash Flow</u>	<u>Under 12 Months</u>	<u>1 to -2 Years</u>	<u>2 to -5 Years</u>	<u>Over 5 Years</u>
December 31, 2020						
Non-Derivative Financial Liabilities						
Floating Interest Rate Instrument	\$ 16,611	17,032	11,659	3,415	1,958	-
Non-Interest-Bearing Liabilities	29,077	29,077	29,077	-	-	-
Lease Liability	425	433	346	87	-	-
	<u>\$ 46,113</u>	<u>46,542</u>	<u>41,082</u>	<u>3,502</u>	<u>1,958</u>	<u>-</u>
December 31, 2019						
Non-Derivative Financial Liabilities						
Non-Interest-Bearing Liabilities	\$ 31,222	31,222	31,222	-	-	-
Lease Liability	86	87	87	-	-	-
	<u>\$ 31,308</u>	<u>31,309</u>	<u>31,309</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company does not expect the timing of the occurrence of cash flows through the maturity date analysis will be significantly earlier or the actual amount will significantly differ.

3. Currency Risk

(1) Exposure of Currency Risk

The financial assets and liabilities of the Company exposed to material foreign exchange risk are as follows:

	2020.12.31			2019.12.31		
	Foreign Currency	Exchange Rate	NT\$	Foreign Currency	Exchange Rate	NT\$
(Unit: Foreign Currency/NT\$ 1,000)						
<u>Financial Assets</u>						
<u>Monetary Items</u>						
USD	\$ 7,029	28.48	200,186	9,275	30.08	278,992
RMB	118	4.38	517	101	4.321	436
HKD	10	3.625	36	518	3.866	2,003
KRW	-	-	-	55	0.0262	1
SGD	1	21.58	22	1	22.37	22
<u>Non-Monetary Items</u>						
THB	12,000	0.939	11,268	-	-	-
<u>Financial Liabilities</u>						
<u>Monetary Items</u>						
USD	432	28.48	12,303	432	30.08	12,995
RMB	25	4.38	110	21	4.321	91
HKD	2	3.625	7	-	-	-

(2) Sensitivity Analysis

The exchange rate risk of the Company mainly derives from the foreign currency conversion profit or loss of cash and cash equivalents, accounts receivable, and accounts payable, etc. valued in foreign currency. On December 31, 2020 and 2019, if the NT\$ depreciates or appreciates by 5% against the USD, RMB, HKD, KRW, and SGD, and all other factors remain unchanged, the net profit for 2020 and 2019 would increase or decrease by NT\$ 9,417 thousand and NT\$ 13,418 thousand respectively. The two analyses were based on the same basis.

Due to the variety of functional currencies of the Company, the conversion profit or loss information of monetary items is disclosed by integrated method. Foreign currency conversion losses (including realized and unrealized) for 2020 and 2019 were NT\$ 11,611 thousand and NT\$ 5,539 thousand respectively.

4. Interest Rate Analysis

The interest rate exposure of the financial assets and financial liabilities of the Company is indicated in the liquidity risk management in this note. The following sensitivity analysis is based on the risk of interest rate spike of both derivative and non-derivative instruments at the reporting date.

For floating rate liabilities, the analysis assumes that the outstanding amount of liabilities at the reporting period is outstanding throughout the year. Internally,

the Company report changes to the interest rate that are increased or decreased by 1% to the major management. This means that management evaluates the range of reasonable possible changes of the interest rates.

If interest rates increase or decrease by 1% as at the reporting date, all other variables being unchanged, the net profit of the Company in 2020 and 2019 will be reduced or increased by NT\$ 166 and NT\$ 0 thousand, mainly due to variable interest rate borrowings of the Company.

5. Fair Value

(1) Categories of Financial Instrument and Fair Value

The carrying amount and fair value (where the fair value level information is included, but the carrying amount of a financial instrument which is not measured by the fair value is a reasonable approximation of the fair value, and where there is unquoted price in the active market and the fair value cannot be reliably measured, the fair value information is not required to be disclosed) of the financial assets and financial liabilities of the Company are listed as follows:

		2020.12.31				
		Fair Value				
		Carrying	Level 1	Level 2	Level 3	Total
		Amount				
Financial Assets at Fair Value						
Through Profit or Loss						
Domestic & Foreign TWSE- Listed (OTC-Listed) Stocks	\$	<u>2,345</u>	<u>2,345</u>	<u>-</u>	<u>-</u>	<u>2,345</u>
Investments in Equity Instruments Measured at Fair Value Through Other Consolidated Profit or Loss						
Preferred Stock Shares	\$	<u>49,767</u>	<u>-</u>	<u>-</u>	<u>49,767</u>	<u>49,767</u>
		2019.12.31				
		Fair Value				
		Carrying	Level 1	Level 2	Level 3	Total
		Amount				
Financial Assets at Fair value						
Through Profit or Loss						
Domestic & Foreign TWSE- Listed (OTC-Listed) Stocks	\$	<u>9,033</u>	<u>9,033</u>	<u>-</u>	<u>-</u>	<u>9,033</u>
Financial Assets Measured at						
Amortized Cost						
Cash and Cash Equivalents	\$	<u>30,080</u>	<u>30,080</u>	<u>-</u>	<u>-</u>	<u>30,080</u>

(2) Fair Value Evaluation Techniques for Financial Instruments Measured at Fair Value (2.1) Non-Derivative Financial Instruments

If a financial instrument has an open quotation in the active market, the open offered price in the active market shall be taken as its fair value. The market prices announced by the TPEX of the central government and the major exchanges judged to be popular securities are the basis of the fair value of listed (counter) equity instruments and debt instruments with active open market quotations.

For financial instruments with no active market, their fair value is estimated by the discounted cash flow model according to the category and nature. The main assumption is that the expected future cash flows to be received by investors are measured by the current exchange rate of foreign currency.

(3) Transition Between Level 1 and Level 2

There is no material transfer of fair value measures between Level 1 and Level 2 for 2020 and 2019 of the Company.

(4) Schedule of Changes to Level 3

Financial Assets Measured at Fair Value Through Other Consolidated Profit or Loss	Equity Instruments Without Public Quotation
2019.1.1	\$ -
Recognized in Other Consolidated Profit or Loss	-
2019.12.31	\$ -
Acquisition	50,189
Recognized in Other Consolidated Profit or Loss	(422)
2020.12.31	\$ 49,767

(5) Significant Unobservable Input Value Information for Level 3 of Fair Value Level

There is no material unobservable input information for the assets measured by repeatable fair value of fair value Level 3 of the Company.

(23) Financial Risk Management

1. Summary

The Company is exposed to the following risks as a result of the use of financial instruments:

- (1) Credit Risk
- (2) Liquidity Risk
- (3) Market Risk

This note provides information on the risks of the Company and the Company's objectives, policies, and procedures for measuring and managing risks. For further quantitative disclosures, please refer to these notes in the individual financial statements.

2. Risk Management Framework

The Company's objective is to management operating activities related market risk, credit risk, and liquidity risk and to identify, measure, and manage above-mentioned risk according to policies and risk preferences. For the Company's

financial risk management, the Company has referred to related regulations and specifications to establish appropriate policies, procedures, and internal control and important financial activities have to be reviewed by the Board of Directors according to related regulations and specifications as well as the internal control system.

During the financial management activity implementation period, the Company should authentically follow the established financial risk management related regulations and rules.

To reduce and to manage related financial risks, the Company has worked on analyzing, identifying, evaluating adverse effects of financial risk related factors on the Company's finance and proposing related programs to avoid adverse factors generated from financial risks.

3. Market Risk

The Company's market risk refers to market price changes induced risk to the fair value or cash flow volatility. Market risk includes primarily exchange rate risk, interest rate risk, and other price risk.

In practice, it is rare for a single risk variable to change independently, and the changes of each risk variable are usually correlated. However, the following risk sensitivity analysis does not consider the interaction of related risk variables.

A. Currency Risk

The Company's foreign exchange rate risk is primarily associated with operating activities (when the currency of revenue or expenses is different from the Company's functional currency) and foreign operating entities' net investment.

The Company's foreign currency accounts receivable and payable are of the same currency. Natural risk avoidance effect is generated from similar positions, but these natural risk avoidance methods do not satisfy hedge accounting regulations. Therefore, hedge accounting was not adopted. In addition, foreign operating entities' net investment is strategic investment, and as a result, the Company did not manage the risk. The Company's primary exchange rate risk comes from cash denominated in foreign currencies, accounts receivable, accounts receivable-net value of related parties, other accounts receivable, other accounts receivable - related parties, bank loans, accounts payable, and other accounts payable. They generate foreign currency exchange profit/loss at the exchange.

B. Interest Rate Risk

Interest rate risk refers to risk due to market interest rate changes induced volatility for fair value or future cash flow of financial instruments. The Company's interest rate risk is primarily linked to floating interest rate loans. The Company adopts consistent floating interest rate combination to manage interest rate risk. The Company routinely evaluate the risk management activity to make sure that they align with the interest rate viewpoints and the existing risk preferences to ensure that the adopted risk management strategy best satisfies with the cost benefit.

4. Credit Risk

Credit risk refers to the risk that the trading counterparty fails to fulfill its obligations contained in the contract and causes financial loss. The credit risk of the Company is caused by business activities (mainly notes receivable and accounts) and financial activities (mainly bank deposits and various financial instruments).

All divisions of the Company comply with the credit risk policies, procedure,

and control for managing credit risk. The credit risk evaluation of trading counterparties is based on a comprehensive evaluation of the counterparty's financial condition, credit rating by credit rating institutions, past transaction experiences, current economic environment, and the Company's internal evaluation criteria.

The Company's accounts receivable is mainly from payments for goods from selling goods to customers, and according to the experience of collecting payments from customers, the Company management's evaluation showed no major credit risk.

The Company's finance department follows the Company's policy for managing credit risk of bank deposits, fixed rate bonds, and other financial instruments. Determined by the internal controlled procedure, The Company's counterparties are banks with a good credit rating, financial institutions, companies, and government agencies of a investment grade, there is no significant credit risk.

5. Liquidity Risk
Liquidity risk refers to the risk that the Company fails to deliver cash or other financial assets to pay off financial liabilities and fails to fulfill relevant obligations.

The Company uses management and maintaining sufficient cash and cash equivalents to support changes on the Company's operations and reduce cash flow volatility. The Company's management supervises the use condition of the bank financing amount and make sure that the terms and conditions of the loan contracts are observed.

Bank loans are an important source of liquidity of the Company. As of December 31, 2020 and 2019, the Company has no untapped bank financing credit.

(24) Capital Management

The Company's capital management objectives are to secure the Company's ability to continue as a going concern, maintain the optimal capital structure for reducing the cost of capital, and to provide returns to our shareholders. To maintain or adjust the capital structure, the Company may adjust the number of dividends paid to shareholders, return capital to shareholders, or issue new shares or sell assets to reduce the liabilities. The Company manages the assets by routinely evaluating the debt to assets ratio. The Company's capital is stated as "total equity" in the balance sheet and is also the total assets less the total liabilities.

As of December 31, 2020, the Company's approach to capital management has not changed.

(25) Changes in Liabilities Arising from Financing Activities

The Company's liabilities from financing activities are adjusted as follows:

	2020.1.1	Cash Flow	Non-Cash Flow	2020.12.31
Short-Term Loan	\$ -	8,000	-	8,000
Lease Liability	86	(335)	674	425
Long-Term Loan	-	8,611	-	8,611
Liabilities Arising from Financing Activities	\$ <u>86</u>	<u>16,276</u>	<u>674</u>	<u>17,036</u>

	2019.1.1	Cash Flow	Non-Cash Flow	2019.12.31
Lease Liability	\$ -	(339)	425	86
Long-Term Liabilities	<u>11,947</u>	<u>(11,947)</u>	<u>-</u>	<u>-</u>
Liabilities Arising from Financing Activities	<u>\$ 11,947</u>	<u>(12,286)</u>	<u>425</u>	<u>86</u>

7. Transactions with Related Parties

(1) Parent Company and Ultimate Controller

The Company is the ultimate controller of the Company and its subsidiaries.

(2) Name and Relationship of Related Parties

Name of Related Parties	Relationship with the Company
Serial System LTD (Serial System)	Entities evaluating the Company by the equity method
Hong Kong Serial Investment CO LTD (Hong Kong Serial Investment)	Subsidiary
BULL WILL Electronics Corporation (Bull Will Electronics)	Subsidiary
Huizhou BULL WILL Electronics Corporation (Huizhou Bullwill)	Subsidiary
Huizhou Chunchao Electronics Corporation (Huizhou Chunchao)	Subsidiary
Dongguan Chaokang Electronics Corporation (Dongguan Chaokang)	Subsidiary
BULL WILL TRADING PTE LTD (BWTS)	Related Enterprises
Serial System CO LTD (Serial System)	Company Also Controlled by Serial System

Name of Related Parties	Relationship with the Company
Serial Investment CO LTD (Serial Investment)	Company Also Controlled by Serial System
Serial System (Hong Kong) LTD (Serial System (HK))	Company Also Controlled by Serial System
Serial System (Singapore) LTD (Serial System Singapore)	Company Also Controlled by Serial System
NULINE MARKETING SINGAPORE PTE LTD(NULINE)	Other Related Parties

(3) Major Transactions with Related Parties

1. Operating Revenue

The amount of the Company's major sales revenue (refund) to its related parties is as follows:

Name of Related Parties	2020	2019
Subsidiary	\$ 1,090	(587)
Huizhou Chunchao	-	42,813
Affiliated Enterprise	128	131
	<u>\$ 1,218</u>	<u>42,357</u>

The sales price and credit conditions of the related parties of the Company's merchandise sales are similar to general transactions.

In 2020 and 2019 the Company's unrealized profit from sales generated from merchandise sales to related parties were NT\$ 849,000 and NT\$ 3,078,000 respectively, while the realized gross profits were NT\$ 848,000 and NT\$ 3,977,000 respectively.

2. Purchase

The amount of purchase by the Company from its related parties is as follows:

Name of Related Parties	2020	2019
Subsidiary	\$ 278	94
Huizhou Chunchao	33,212	93,908
Affiliated Enterprise	43	46
	<u>\$ 33,533</u>	<u>94,048</u>

The payment conditions of the Company's purchasing from related parties are similar to general transactions.

3. Receivables from Related Parties

The details of accounts payable by the Company's related parties are as follows:

Accounting Items	Name of Related Parties	2020.12.31	2019.12.31
Accounts Receivable	Bull Will	\$ -	24,669
Accounts Receivable	Electronics		
Accounts Receivable	Huizhou Chunchao	74,866	77,709
Accounts Receivable	Subsidiary	735	184
Other Receivables	Bull Will	-	3,637
	Electronics		
Other Receivables	Huizhou Bull Will	721	1,409
Other Receivables	Serial System	57,157	60,160
Other Receivables	Subsidiary	44	344
Other Receivables	BWTS	14,686	9,312
		<u>\$ 148,209</u>	<u>177,424</u>

4. Payables from Related Parties

The details of accounts payable by the Company's related parties are as follows:

Accounting Items	Name of Related Parties	<u>2020.12.31</u>	<u>2019.12.31</u>
Accounts Payable	Subsidiary	\$ -	1
Other Payables	Subsidiary	100	100
		<u>\$ 100</u>	<u>101</u>

5. Transactions with Other Related Parties

Accounting Items	Name of Related Parties	2020	2019
Rental Expense	Serial System Investment	\$ -	2,151
Other Revenues - Interest Revenues	Serial System	2,827	1,320
Other Revenues - Interest Revenues	Affiliated Enterprise	737	348
Other Revenues - Rental Revenues	Serial System (Hong Kong)	533	556
Other Profits and Losses - Disposition Investment Profits and Losses (Note)	NULINE	251	-

Accounting Items	Name of Related Parties	2020.12.31	2019.12.31
Refundable Deposits	Serial System Investment	358	358
Other Current Liabilities - Receipts Under Custody	Dongguan Chaokang	-	35

Note: Please refer to Note VI (6) for the explanation of disposition of investment transactions.

(4) Key Management Remuneration

Key management returns include:

	<u>2020</u>	<u>2019</u>
Short-Term Employee Benefits	\$ 6,385	6,154
Benefits After Retirement	186	186
Share-Based Payment	352	106
	<u>\$ 6,923</u>	<u>6,446</u>

8. Pledged Asset

The book value of the assets pledged by the Company is detailed as follows:

Asset Name	Target of Pledge Guarantees	<u>2020.12.31</u>	<u>2019.12.31</u>
Other Financial Assets - Current	Fuel on Credit Purchase and Import Goods Released Before Tax	<u>\$ 150</u>	<u>150</u>

9. Material Contingent Liabilities and Unrecognized Contractual Commitments: None.

10. Material Disaster Losses: None.

11. Material Subsequent Events: None.

12. Others

(1) The functions of employee benefits, depreciation, depletion, and amortization expenses are summarized as follows:

Function	2020			2019		
	Under Operating Cost	Under Operating Expenses	Total	Under Operating Cost	Under Operating Expenses	Total
Property						
Employee Benefits Expenses						
Salary Expenses	\$ -	19,463	19,463	-	21,071	21,071
Labor and Health Insurance Expenses	-	1,704	1,704	-	1,769	1,769
Pension Expenses	-	990	990	-	1,034	1,034
Remuneration of Directors	-	838	838	-	1,190	1,190
Other Employee Benefits Expenses	-	810	810	-	873	873
Depreciation Expense	-	1,551	1,551	-	1,641	1,641
Amortization Expense	-	-	-	-	-	-

Additional information on the Company's 2020 and 2019 employee numbers and employee benefits expenses is as follows:

	2020	2019
Employee Number	<u>29</u>	<u>30</u>
Number of Directors Who Are Not Employees Concurrently	<u>5</u>	<u>5</u>
Average Employee Benefits Expense	<u>\$ 957</u>	<u>990</u>
Average Employee Salary Expense	<u>\$ 811</u>	<u>843</u>
Adjustment of Average Employee Salary Expense	<u>(3.80)%</u>	<u>9.91%</u>
Remuneration of Supervisor	<u>\$ 279</u>	<u>225</u>

The Company's remuneration policy (including directors, managers and employees) is as follows:

1. The remuneration of the directors and supervisors shall be in accordance with the provisions of the Articles of Association of the company, with reference to the usual

level of payment of the same industry, and with due consideration of the relationship between the company's revenue, earnings per share, operating performance and future risks.

2. The performance and remuneration of the manager shall be evaluated with reference to the usual levels of remuneration in the same industry, taking into account the individual's time commitment, responsibilities, achievement of personal goals, performance in other positions, and remuneration for those in the same position in recent years. The remuneration is based on the achievement of the company's short-term and long-term business objectives, the company's financial position, etc., and the reasonableness of the relationship between personal performance and the company's business performance and future risks.

3. The Company's employee salary structure is divided into two categories: regular pay and non-regular pay. Regular pay includes principal pay and meal allowance, etc., while non-regular pay includes regular full-time bonus, overtime pay, performance bonus and year-end bonus, etc. The salary shall be determined according to the salary market situation, the company's operating conditions and organizational structure. And shall be adjusted according to the market salary dynamics, the overall economic and industrial business changes, and the necessary regulations of government decrees. Salary and remuneration of employees are based on their academic experience, professional knowledge and skills, years of professional experience, and personal performance, without any difference in age, sex, race, religion, political affiliation, marital status, or union membership. At the same time, incentives will be paid according to the company's operating performance and the employee's personal performance.

(2) Securities and Futures Investors Protection Center on February 17, 2017 in accordance with Securities Investor and Futures Trader Protection Act sued Ho Yi-Qing, the previous person in charge of the Company, and related people for violating the Securities and Exchange Act and requested for a compensation of NT\$ 113,710 thousand. The Company has purchased the liability insurance according to Article 39 of Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies for an insurance amount of USD 5,000 thousand.

By letter from the court on 1 May 2019, the two parties agreed to suspend the proceedings on 24 April 2019. Due to the necessity of continuing the lawsuit, Securities and Futures Investors Protection Center applied for continuing the lawsuit on July 23, 2019, which is currently being heard in Shilin District Court.

(3) In 2020, COVID-19 spread all over the world, causing some subsidiaries, customers, and suppliers to implement quarantine and travel restrictions. The Company evaluated that there was no major impact on the overall business and financial aspects of COVID-19, and that there were no concerns about the continuing ability, impairment of assets, and financing risk.

13. Additional Disclosure Items

(1) Information on Material Transactions

In 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company shall disclose the following information concerning major transaction items:

1. Capital loan to others: Please refer to Schedule I for details.

2. Endorsement for others: None.
 3. Marketable securities held period end (excluding investments in subsidiaries, associates, and joint ventures): See Schedule II for details.
 4. Accumulated amount of NT\$ 300 million or paid-in capital of more than 20% in the purchase or sale of the same marketable securities. Please refer to Schedule III for details.
 5. Amount of real estate acquired up to NT\$ 300 million or more than 20% of the paid-in capital: None.
 6. Disposal of real estate up to NT\$ 300 million or more than 20% of paid-in capital: None.
 7. The amount of purchase and sale with related parties up to NT\$ 100 million or more than 20% of the paid-in capital: See Schedule IV for details.
 8. Receivables from affiliates of NT\$ 100 million or more than 20% of the paid-in capital: See Schedule V for details.
Engaging in derivatives trading: None.
- (2) Information on Reinvestment in Other Companies:
In 2020, the reinvestment business information of the Company (excluding the invested companies in mainland China) : See Schedule VI for details.
- (3) Investment Information on Mainland China: See Schedule VII for details.
- (4) Information of Major Shareholders: See Schedule VIII for details.

14. Department Information

Please refer to the 2020 consolidated financial report.

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule I: Capital Loan to Others

Unit: NT\$ 1,000

Number	Company Providing the Loan	Loan Object	Transaction Items	A Related Party or Not	Current Maximum Balance	Ending Balance	Actual Dealing Amount	Interest Rate Collars %	Nature of Capital Loan	Business Transaction Amount	Reasons Necessary for Short-Term Capital Financing	Itemized Allowance Amount for Bad Debts	Collateral ^s		Capital Loan and Ceiling to Each Individual	Capital Loan and Total Ceiling	Note
						(Credits Approved by the Board of Directors)							Name	Value			
0	BULL WILL CO LTD	BULL WILL TRADING(S) PTE LTD	Other Receivables	Yes	14,240	14,240	14,240	6%	2	-	Operating Turnover	-	-	-	85,640	85,640	
0	BULL WILL CO LTD	SERIAL SYSTEM LTD	Other Receivables	Yes	56,960	56,960	56,960	4.8%	2	-	Operating Turnover	-	-	-	85,640	85,640	

Note 1: For individual objects, the loan and limit shall not exceed 40% of the total net value of the Company. The loan and limit shall be limited to 40% of the total net value of the Company.

Note 2: The nature of capital loan shall be: 1. Is a business associate or; 2. It is necessary for short-term financing.

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule II Marketable Securities Held at the End of the Period

Unit: NT\$ 1,000

Holding Company	Type and Name of Marketable Securities	Relationship with the Issuer of Marketable Securities	Accounting Subjects	Ending				Maximum Shareholding or Capital Contribution in Interim Period (%)	Note
				Shares (1,000 shares)	Carrying Amount	Shareholding Ratio %	Fair Value		
BULL WILL CO LTD	Stocks -								
	HIM International Music INC	-	Financial Assets Measured at Fair Value Through Profit or Loss – Current	10	1,025	-	1,025	-	Note 1
	Chenbro Micom CO LTD	-	Financial Assets Measured at Fair Value Through Profit or Loss – Current	10	820	-	820	-	"
	AVerMedia Technologies INC	-	Financial Assets Measured at Fair Value Through Profit or Loss – Current	10	500	-	500	-	"
	Japan Bull Will Group Incorporation	-	Financial Assets Measured at Fair Value Through Other Comprehensive Income - Non-Current	-	-	18	-	18	
Preferred Stock Shares –									
	Strek Corporation Company Limited	-	Financial Assets Measured at Fair Value Through Other Comprehensive Income - Current	530	49,767	-	49,767	-	

Note 1: The market price refers to the closing price listed on December 31, 2020.

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule III: Accumulated amount of NT\$ 300 million or paid-in capital of more than 20% in the purchase or sale of the same marketable securities.

Unit: NT\$ 1,000 / thousand shares

Purchase/ Sale Companies	Type and Name of Marketable Securities (Note 1)	Accounting Subjects	Transaction Object (Note 2)	Relation ship (Note 2)	Beginning		Purchase (Note 3)		Sale (Note 3)				Ending	
					Shares	Amount	Shares	Amount	Shares	Selling Price	Book Cost	Profit/Loss Disposal	Shares	Amount
BULL WILL CO LTD	Strek Corporation Company Limited Preferred Stock	Financial Assets Measured at Fair Value Through Other Comprehensive Income - Current	-	-	-	\$-	530	\$50,189	-	-	-	-	530	\$50,189

Note 1: The term "securities" as used in this schedule refers to the marketable securities derived from stocks, bonds, beneficiary certificates and the above items.

Note 2: Investors who use the equity method in securities accounts are required to fill in these two columns. The remainder are exempted.

Note 3: The accumulative purchase and sale amount shall be calculated separately according to the market price whether it is NT\$ 300 million or 20% of the paid-up capital.

Note 4: Paid-in capital means the paid-in capital of the parent company. Where there is no face value of the issuer's shares or the face value of each share is not NT\$ 10, the transaction amount of 20% of the paid-in capital shall be calculated as 10% of the equity of balance sheet vested in the owner of the parent company.

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)
(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule IV: The amount of purchase and sale with related parties up to NT\$ 100 million or more than 20% of the paid-in capital.

Unit: NT\$ 1,000

Purchase (Sale) Companies	Transaction Object	Relationship	Transaction Status				Status and Reasons Why Trading Terms Are Different from Ordinary Trading Terms		Bills and Accounts Receivable (Payable)		Note
			Purchase (Sale) of Goods	Amount	The Ratio (%) of Total Purchase (Sale)	Credit Period	Unit Price	Credit Period	Balance	The Ratio % of Bills and Accounts Receivable (Payable)	
BULL WILL CO LTD	Huizhou Jun Chao Electronic CO LTD	Subsidiary	Purchase	33,212	22.56%	Normal	Normal	Normal	-	-%	

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule V: Receivables from affiliates of NT\$ 100 million or more than 20% of the paid-in capital:

Unit: NT\$ 1,000

Company with Accounts Receivable	Name of Transaction Object	Relationship	Balance of Accounts Receivable from Related Parties	Turnover Rate	Overdue Receivables from Related Parties		Amount to Be Collected After the Period of Receivables from Related Parties	Ending Recovered Amount	Itemized Allowance Amount for Bad Debts
					Amount	Handling Method			
BULL WILL CO LTD	Huizhou Jun Chao Electronic CO LTD	Subsidiary	74,866	0.00%	-	-	-	-	-
BULL WILL CO LTD	Serial System LTD	Entities evaluating the Company by the equity method	57,157	0.00%	-	-	-	-	-

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)
(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule VI: Name of investee, location and other relevant information (excluding mainland Chinese investees):

Unit: NT\$ 1,000

Name of Investment Company	Name of Investee	Location	Main Business Items	Original Investment Amount		Held at the End of the Period			The Investee's Current (Loss) Profit	Investment (Loss) and Profit Recognized Investment (Loss) Gain	Maximum Shareholding or Capital Contribution in Interim Period (%)	Note
				End of Current Period	End of Last Year	Shares	Ratio %	Carrying Amount				
BULL WILL CO LTD	Hong Kong Bull Will Holding CO LTD	Hong Kong	General Investment Business	\$385,105 (HKD 95,765 USD 355)	347,735 (HKD 86,165 USD 355)	11,619	100	(42,941)	8,686	8,686	100	Subsidiary Note 1 & Note 3
	BULL WILL TRADING(S) PTE LTD	Singapore	Sand and Gravel Sales	959 (SGD 43)	1,564 (SGD 70)	43	30	3,891	4,647	1,228	49	Companies Using the Equity Method Note 2
Hong Kong Bull Will Holding CO LTD	Hong Kong Serial Investment CO LTD	Hong Kong	General Investment Business	385,097 (HKD 95,765 USD 355)	347,727 (HKD 86,165 USD 355)	11,619	100	(42,879)	8,686	8,686	100	Subsidiary Note 1 & Note 3
Hong Kong Serial Investment CO LTD	BULL WILL Electronics CO LTD	British Virgin Islands	Agent for the Company's Products	106,660 (HKD 26,550)	69,290 (HKD 16,950)	3	100	205	293	293	100	Subsidiary Note 1 & Note 3

Note 1: The Company signed an agreement to dispose of the 18.95% equity of Bull Will Trading (S) PTE LTD in 2020 and completed the transfer registration.

Note 2: The Company and the subsidiary increased the capital of Hong Kong Bull will Holding CO LTD, Hong Kong Serial Investment CO LTD and Hong Kong Bull Will Electronics CO LTD by HK\$ 9,600 thousand respectively in 2020, and completed the capital increase registration.

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)

(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule VII: Investment Information on Mainland China

1. Name of the invested company in mainland China, main business items, paid-up capital, investment method, capital inward and outward remittance, investment profit and loss, book value of the ending investment, and investment profit and loss repatriated:

Unit: NT\$ 1,000

Name of Investee Company in Mainland China	Main Business Items	Paid-Up Capital	Investment Method	Accumulated Investment Amount Remitted from Taiwan at the Beginning of the Current Period	Amount of Investment Remitted or Recovered in the Current Period		Accumulated Investment Amount Remitted from Taiwan at the Ending of the Current Period	The Investee's Current Profit or Loss	Shareholding Ratio of Direct or Indirect Investment of the Company	Investment Profit or Loss Recognized at Current Period	Ending Book Value of Investments	Investment Income Remitted to Taiwan as of the Current Period	Note
					Remitted	Recovered							
Huizhou Chunchao Electronics CO., LTD	Agent for the Company's Products and Manufacturing	\$51,403 (HKD 13,000)	(2)	47,151 (HKD 12,050)	-	-	47,151 (HKD 12,050)	(434)	100%	(434)	(116,288)	-	
Dongguan Zhao Kang Electronic CO LTD	Agent for the Company's Products	35,738 (HKD 9,000)	(2)	35,738 (HKD 9,000)			35,738 (HKD 9,000)	(591)	100%	(591)	37,879	-	
Huizhou Bullwill Electronic CO LTD	Agent for the Company's Products and Manufacturing	19,102 (HKD 5,000)	(2)	19,102 (HKD 5,000)	-	-	19,102 (HKD 5,000)	10,138	100%	10,138	17,873	-	
Huizhou Bai Qin Electronics CO LTD	Agent for the Company's Products and Manufacturing	78,092 (HKD 20,400)	(2)	78,092 (HKD 20,400)	-	-	78,092 (HKD 20,400)	154	100%	154	-	-	

Note 1: The current investment profits and losses are recognized on the basis of financial statements verified by accountants.

Note 2: Investment methods can be divided into the following four categories, simply mark the category:

- (1)Through the third region remittance investment mainland company.
- (2)Reinvest in the mainland company by establishing a company through the third region investment.
- (3)Reinvest in mainland by reinvesting in existing companies in the third region.
- (4)Other methods.

2.Investment Ceiling in Mainland China:

Aggregate Amount at the End of the Period Remitted from Taiwan Investment Amount in Mainland China	Investment Commission, MOEA Approved Investment Amount	In accordance with Investment Commission, MOEA Investment Ceiling in Mainland China
284,235 (USD 700 、 HKD 72,910)	284,235 (USD 700 、 HKD 72,910)	128,461

Notes to the Individual Financial Reports of BULL WILL CO LTD (continue)
(all amounts are in NT\$ 1,000 unless otherwise indicated)

Schedule VIII: Information of Major Shareholders

Shares	Shares Held	Shareholding Ratio
Name of Substantial Shareholders		
Shun-Fa Cho	3,788,481	24.43%
Mega International Commercial Bank with the Custody of Investment Account in Serial System LTD	2,666,474	17.19%
Fu-Tian Xie	1,559,963	10.05%

Note: (1) The information of major shareholders in this table refers to the information calculated by the company on the last business day at the end of each quarter of the total number of common shares and special shares held by the company which have been delivered without physical registration (including treasury stocks) by the shareholders. As for the capital stock recorded in the company's financial report and the number of shares actually delivered without physical registration, the calculation basis may be different or has differences.

(2) If the above information belongs to the shareholders who have entrusted their shares to the trust, it is revealed by the trustor who opened a special trust account with the trustee. As for the stock ownership declaration made by a shareholder who holds more than 10% of the shares of an insider pursuant to the Securities and Exchange Act, his stock ownership includes his own stock ownership plus the shares he has entrusted to the trust and has the right to use the trust property, etc. Please refer to the Market Observation Post System for insider equity filing information.

Please refer to the Market Observation Post System for insider equity declaration information

BULL WILL CO LTD
 Statements of Cash and Cash Equivalents
 December 31, 2020

Unit: NT\$ 1,000

Items	Summary	Amount	Note
Cash in treasury			
	Petty cash	\$546	
	Subtotal	546	
Bank deposits			
Checking deposits		7	
Demand deposits		5,123	
Foreign currency	US\$ 138thousand/Exchange rate 28.48	3,940	
	HK 10 thousand/Exchange rate 3.625	37	
	SG 1 thousand/Exchange rate 21.58	16	
	Subtotal	9,123	
	Total	\$9,669	

BULL WILL CO LTD

Financial Assets Measured at Fair Value
Through Profit or Loss — Current December

31, 2020

Unit: NT\$ 1,000

Item	Unit (thousand shares)	Acquisit ion Cost	Fair value		Guarantee provision or pledge condition	Note
			Unit net Value	Total		
Stock						
HIM International Music Inc.	10	\$1,282	102.50	\$1,025	None	
Chenbro Micom Co., Ltd	10	889	82.00	820	"	
AVerMedia Technologies, Inc	10	619	50.00	500	"	
Minus: Adjustments by valuation		(445)				
Total		\$2,345		\$2,345		

BULL WILL CO LTD
Statement of Bill Receivable and Accounts Receivable
December 31, 2020

Unit: NT\$ 1,000

Item	Summary	Amount	Note
Notes receivable			
Company A	payments for good	\$80	
Company B	payments for good	67	
Company C	payments for good	63	
Company D	payments for good	34	
Others	payments for good	11	Amount Does Not Exceed 5% of the Balance of the Account
Subtotal		255	
Account receivables			
Company E	payments for good	13,725	
Company F	payments for good	8,583	
Company G	payments for good	6,386	
Company H	payments for good	6,146	
Company I	payments for good	5,305	
Company J	payments for good	5,016	
Others	payments for good	12,886	Amount Does Not Exceed 5% of the Balance of the Account
Subtotal		58,047	
Less: Allowance for doubtful accounts		(2,221)	
Net Amount		55,826	
Accounts receivable - related parties			
Huizhou Chunchao Electronics company	payments for good	74,866	
Others	payments for good	735	Amount Does Not Exceed 5% of the Balance of the Account
Subtotal		75,601	
Total		\$131,682	

BULL WILL CO LTD
Statement of Other Accounts Receivable
December 31, 2020

Unit: NT\$ 1,000

Item	Summary	Amount	Note
Other Receivables			
Dividends Receivable	Strek Corporation Company Limited	\$11,268	
Income tax refund receivable		5	
Subtotal		<u>11,273</u>	
Other Accounts Receivable - Related Parties			
Serial System	Capital Loan and Interest	57,157	
BWTS	Capital Loan and Interest	14,686	
Others	Payment on Behalf of Others	<u>765</u>	
Subtotal		<u>72,608</u>	Amount Does Not Exceed 5% of the Balance of the Account
Total		\$83,881	

BULL WILL CO LTD
Statement of Inventory
December 31, 2020

Unit: NT\$ 1,000

Item	Summary	Amount		Note
		Cost	Market price	
Merchandise less :allowance for inventory valuation and observe		\$81,749	\$4,406	Net realizable value
		(77,343)		
		\$4,406	4,406	

BULL WILL CO LTD

Financial Assets Measured at Fair Value Through
Other Consolidated Profit or Loss — Current

December 31, 2020

Unit: NT\$ 1,000

Items	Unit (shares)	Acquisit ion Cost	Fair value		Guarantee provision or pledge condition	Note
			Unit net value	Total		
Current Assets						
Preferred stock Strek Corporation Company Limited		\$50,189	93.90	\$49,767	None	
Minus: Adjustments by Valuation		(422)				
Subtotal		49,767				
Non-Current Assets						
Stock Japan BullWill Corporation		306	-	-	None	
Minus: Adjustments by Valuation		(306)				
Subtotal		-				
Total		\$49,767				

BULL WILL CO LTD

Statement of Changes in Investment (Credits) Property Accounted for Using the Equity Method

January 1 to December 31, 2020

Unit: NT\$ 1,000 / 1,000 Shares

Item	Opening Balance		Current Increase		Current Decrease		Investment (Loss) Profit Recognized by the Equity Method	Accumulated Conversion Adjustments	Unrealized Sales Gross Margin	Ending Balance			Note			
	Shares	Amount	Shares	Amount	Shares	Amount				Shares	Shareholding Ratio %	Amount				
BULL WILL TRADING(S) PTE LTD	70	\$4,318	-	-	(27)	(1,539)	1,228	(116)	-	43	30	3,891				
		\$4,318		-		(1,539)						1,228		(116)	3,891	
Hong Kong Bull Will Holding CO LTD	10,374	(\$87,857)	1,245	37,371	-	-	8,686	(1,140)	(1)	11,619	100	(42,941)				
		(\$87,857)		37,371		-						8,686		(1,140)	(1)	(42,941)

BULL WILL CO LTD
Statement of Short-Term Loan
December 31, 2020

Unit: NT\$ 1,000

Types of Loan	Explanation	Ending Balance	Ending Interest	Financing Credit	Mortgage or Collateral	Note
Credit Loan	Taiwan Cooperative Bank - East Taipei Branch	\$8,000	2.47%	\$8,000	None	

BULL WILL CO LTD
Statement of Accounts Payable
December 31, 2020

Unit: NT\$ 1,000

Name of Supplier	Summary	Amount	Note
Accounts Payable			
Company A		\$ 5,836	
Company B		3,581	
Company C		1,734	
Company D		1,222	
Company		1,219	
Others		<u>8,274</u>	Amount Does Not Exceed 5% of the Balance of the Account
合 計		<u>\$ 21,866</u>	

BULL WILL CO LTD

Statement of Other Accounts Payable

December 31, 2020

Unit: NT\$ 1,000

Item	Summary	Amount	Note
Other Payables			
Payable Salary and Board and Supervisor Remuneration		\$ 4,299	
Payable Expense		2,812	
Subtotal		\$ 7,111	
Accounts Payable - Related Parties			
Hong Kong Serial Investment CO LTD		\$ 100	
Total		\$ 7,211	

Statement of other current liabilities

December 31, 2020

Unit: NT\$ 1,000

Item	Summary	Amount	Note
Temporary receivables		\$ 2,710	
Receipts under custody		201	
Total		\$ 2,911	

BULL WILL CO LTD
Statement of Long-Term Loan
December 31, 2020

Unit: NT\$ 1,000

Creditor	Summary	Ending Balance	Ending Interest	Financing Credit	Mortgage or Collateral	Note
Xinyi Branch of Bank of Panhsin	Credit Loan	\$8,611	1.655%	8,611	None	
Minus: Net Long-Term Loan Due Within One Year		(3,333)				
		\$5,278				

BULL WILL CO LTD
Statement of Operating Cost
January 1 to December 31, 2020

Unit: NT\$ 1,000

項 目	金 額		備 註
	小 計	合 計	
Plus: Initial inventory	\$80,534		
Plus: Current merchandise purchase	109,287		
Minus: End of term inventory	(81,749)		
Cost of sales		\$108,072	
Other operating cost		(1,869)	
Total		<u>\$ 106,203</u>	

BULL WILL CO LTD
Statement of Sale Expenses
January 1 to December 31, 2020

Unit: NT\$ 1,000

Item	Amount	Note
Salary Expenditure	\$4,502	Amount Does Not Exceed 5% of the Balance of the Account
Rental Expense	692	
Freight	913	
Entertainment	551	
Other Expenses - Exporting Expenses	2,058	
Other Expenses - Others	2,225	
	\$10,941	

Statement of Administration Expenses
January 1 to December 31, 2020

Unit: NT\$ 1,000

Item	Amount	Note
Salary Expenditure	\$14,902	Account Balance Did Not Exceed 5%
Other expenses - labor	7,143	
Other expenses - others	7,994	
	\$30,039	

BULL WILL CO LTD
Statement of Research Expenses
January 1 to December 31, 2020

Unit: NT\$ 1,000

Item	Amount	Note
Salaries	\$1,448	Account Balance Did Not Exceed 5%
Rental Expense	271	
Insurance	141	
Depreciation & Depletion	189	
Other Expenses - Others	182	
	\$2,231	
	\$2,231	

Real Estate, Plant and Equipment	Please refer to Note VI (7) to the individual financial report.
Right-of-Use Assets	Please refer to Note VI (8) to the individual financial report.
Investment Real Estate	Please refer to Note VI (9) to the individual financial report.
Lease Liability	Please refer to Note VI (12) to the individual financial report.
Operating Income	Please refer to Note VI (19) to the individual financial report.
Non-Operating Income and Expenditure	Please refer to Note VI (21) to the individual financial report.