Phihong Technology Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditors’ Report

Years Ended December 31, 2020 and 2019

Independent Auditors' Report

The Board of Directors and Shareholders
Phihong Technology Co., Ltd.

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission of the Republic of China on February 25, 2020 and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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

The Accuracy of Sales Revenue from Telecom Brand Operation

Description of key audit matter

Due to the impact of the uncertain trade relation between the US and China on the Group's sales from the telecom brand operation, we identified the accuracy of the sales revenue from the telecom brand operation as a key audit matter. Refer to Note 4 to the accompanying consolidated financial statements for the related disclosures.

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

We understood the internal control of the Company's recognition related to sales revenue and evaluated the design of key control. We determined whether the key control has been implemented and tested the operating effectiveness of key control. We sample tested transactions, reviewed the records of correspondence and reviewed significant subsequent sales returns and allowances of sales revenue from the telecom brand operation to confirm its existence.

Other Matters

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yi-Min Huang and Ker-Chang Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 5, 2021

Notice to Readers

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

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

Phihong Technology Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

In Thousands of New Taiwan Dollars

Code	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets				
1100	Cash and cash equivalents (Notes 4 and 6)	$ 2,545,804	25	$ 2,150,899	23
1110	Financial assets at fair value through profit or loss - current (Notes 4 and 7)	43,600	-	347,841	4
1150	Notes receivable (Notes 4 and 9)	-	-	2,022	-
1170	Accounts receivable (Notes 4 and 9)	2,019,406	20	2,038,864	21
1200	Other receivables (Note 25)	25,329	-	44,017	-
130X	Inventories (Notes 4 and 10)	2,015,069	20	1,353,930	14
1460	Non-current assets held for sale (Note 11)	245,819	2	-	-
1479	Other current assets	102,907	1	56,759	1
11XX	Total current assets	6,997,934	68	5,994,332	63
	Non-current assets				
1520	Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	65,828	1	57,311	1
1535	Financial assets at amortized cost - non-current (Notes 4, 6 and 29)	37,100	-	27,100	-
1550	Investments accounted for using equity method (Notes 4 and 13)	152,366	1	141,638	1
1600	Property, plant, and equipment (Notes 4 and 14)	2,590,539	25	2,853,417	30
1755	Right-of-use assets (Notes 4 and 15)	282,788	3	302,714	3
1780	Other intangible assets (Notes 4 and 16)	27,679	-	33,216	-
1840	Deferred income tax assets (Notes 4 and 23)	57,043	1	53,325	1
1990	Other non-current assets	151,394	1	69,123	1
15XX	Total non-current assets	3,364,737	32	3,537,844	37
1XXX	Total assets	$ 10,362,671	100	$ 9,532,176	100
Code	**Liabilities and Equity**				
	Current liabilities				
2100	Short-term borrowings (Note 17)	$ 256,320	2	$ -	-
2170	Accounts payable	2,846,732	27	2,212,547	23
2180	Accounts payable - related parties (Note 28)	82,497	1	69,526	1
2219	Other payables (Note 19)	570,038	6	706,699	8
2230	Current income tax liabilities (Notes 4 and 23)	19,558	-	19,822	-
2280	Lease liabilities - current (Notes 4 and 15)	7,786	-	5,665	-
2320	Current portion of long-term borrowings (Notes 17 and 18)	1,064,620	10	-	-
2399	Other current liabilities (Notes 11 and 19)	291,113	3	110,862	1
21XX	Total current liabilities	5,138,664	49	3,125,121	33
	Non-current liabilities				
2530	Bonds payable (Notes 4 and 18)	-	-	999,405	10
2540	Long-term borrowings (Note 17)	303,944	3	295,739	3
2570	Deferred income tax liabilities (Notes 4 and 23)	67,820	1	79,832	1
2580	Lease liabilities - non-current (Notes 4 and 15)	12,665	-	14,888	-
2640	Net defined benefit liabilities - non-current (Notes 4 and 20)	94,068	1	102,226	1
2670	Other non-current liabilities	629	-	664	-
25XX	Total non-current liabilities	479,126	5	1,492,754	15
2XXX	Total liabilities	5,617,790	54	4,617,875	48
	Equity attributable to owners of the Company (Notes 4 and 21)				
3110	Ordinary shares	3,376,884	33	3,376,884	35
3200	Capital surplus	1,044,017	10	1,044,017	11
	Retained earnings				
3310	Legal reserve	767,660	7	808,806	9
3320	Special reserve	230,859	2	230,859	2
3350	Accumulated losses	(154,744)	(1)	(41,146)	-
3300	Total retained earnings	843,775	8	998,519	11
	Other equity				
3410	Exchange differences on translation of the financial statements of foreign operations	(448,879)	(4)	(416,186)	(4)
3422	Unrealized valuation gain or loss on financial assets at fair value through other comprehensive income	(62,007)	(1)	(79,561)	(1)
3400	Total other equity	(510,886)	(5)	(495,747)	(5)
31XX	Total equity attributable to owners of the Company	4,753,790	46	4,923,673	52
36XX	Non-controlling interests (Note 21)	(8,909)	-	(9,372)	-
3XXX	Total equity	4,744,881	46	4,914,301	52
	Total liabilities and equity	$ 10,362,671	100	$ 9,532,176	100

The notes attached are part of the Consolidated Financial Statements.

Phihong Technology Co., Ltd. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2020 and 2019

In Thousands of New Taiwan Dollars, Except Loss Per Share

		2020		2019	
Code		Amount	%	Amount	%
4000	Operating revenue (Notes 4 and 35)	$ 9,243,618	100	$ 10,694,604	100
5000	Operating cost (Notes 4, 10 and 28)	8,066,422	87	9,168,956	86
5950	Gross profit	1,177,196	13	1,525,648	14
	Operating expenses				
6100	Sales and marketing expenses	442,814	5	437,069	4
6200	General and administrative expenses	474,929	5	517,933	5
6300	Research and development expenses	632,909	7	648,450	6
6450	Expected credit (reversed) loss recognized	(825)	-	646	-
6000	Total operating expenses	1,549,827	17	1,604,098	15
6900	Loss from operations	(372,631)	(4)	(78,450)	(1)
	Non-operating income and expenses				
7100	Interest income (Note 22)	33,113	-	40,749	-
7010	Other income (Notes 22 and 25)	250,596	3	92,917	1
7020	Other gains and losses (Note 22)	(37,358)	(1)	(65,122)	(1)
7050	Finance costs (Note 22)	(22,517)	-	(23,103)	-
7060	Share of profit or loss of equity-accounted associates (Note 13)	(4,645)	-	(9,130)	-
7000	Total non-operating income and expenses	219,189	2	36,311	-

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Code		2020 Amount	2020 %	2019 Amount	2019 %
7900	Net loss before income tax	($ 153,442)	(2)	($ 42,139)	(1)
7950	Income tax (expense) benefit (Notes 4 and 23)	(1,171)	-	3,982	-
8200	Net loss for the year	(154,613)	(2)	(38,157)	(1)
	Other comprehensive income(loss)				
8310	Items that will not be reclassified subsequently to profit or loss:				
8311	Remeasurement of defined benefit plans (Note 20)	(188)	-	(3,762)	-
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income or loss (Note 21)	(9,483)	-	(595)	-
8320	Share of other comprehensive income of equity-accounted associates (Note 21)	27,037	-	15,300	-
8349	Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	38	-	752	-
8360	Items that will may be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of the financial statements of foreign operations (Note 21)	(32,211)	-	(150,339)	(1)
8300	Total other comprehensive loss	(14,807)	-	(138,644)	(1)
8500	Total comprehensive loss for the year	($ 169,420)	(2)	($ 176,801)	(2)

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Code		2020 Amount	2020 %	2019 Amount	2019 %
8600	Net loss attributable to:				
8610	Owners of the Company	($ 154,594)	(2)	($ 38,136)	(1)
8620	Non-controlling interests	(19)	-	(21)	-
	Total	($ 154,613)	(2)	($ 38,157)	(1)
8700	Total comprehensive loss attributable to:				
8710	Owners of the Company	($ 169,883)	(2)	($ 177,020)	(2)
8720	Non-controlling interests	463	-	219	-
	Total	($ 169,420)	(2)	($ 176,801)	(2)
	Loss per share (Note 24)				
9710	Basic	($ 0.46)		($ 0.11)	

The notes attached are part of the Consolidated Financial Statements.

Phihong Technology Co., Ltd. and Subsidiaries

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2020 and 2019

In Thousands of New Taiwan Dollars

		Equity Attributable to Owners of the Company									
							Other Equity				
Code		Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Accumulated Losses	Exchange differences on translation of the financial statements of foreign operations	Unrealized valuation gain or loss on financial assets at fair value through other comprehensive income	Total	Non-controlling Interests	Total Equity
A1	Balance as of January 1, 2019	$ 3,376,884	$ 1,044,017	$ 1,113,185	$ 230,859	($ 304,379)	($ 265,607)	($ 94,266)	$ 5,100,693	($ 9,591)	$ 5,091,102
F1	Legal reserve used to offset deficits	-	-	(304,379)	-	304,379	-	-	-	-	-
D1	Net loss for the year ended December 31, 2019	-	-	-	-	(38,136)	-	-	(38,136)	(21)	(38,157)
D3	Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(3,010)	(150,579)	14,705	(138,884)	240	(138,644)
D5	Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	(41,146)	(150,579)	14,705	(177,020)	219	(176,801)
Z1	Balance as of December 31, 2019	3,376,884	1,044,017	808,806	230,859	(41,146)	(416,186)	(79,561)	4,923,673	(9,372)	4,914,301
F1	Legal reserve used to offset deficits	-	-	(41,146)	-	41,146	-	-	-	-	-
D1	Net loss for the year ended December 31, 2020	-	-	-	-	(154,594)	-	-	(154,594)	(19)	(154,613)
D3	Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(150)	(32,693)	17,554	(15,289)	482	(14,807)
D5	Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(154,744)	(32,693)	17,554	(169,883)	463	(169,420)
Z1	Balance as of December 31, 2020	$ 3,376,884	$ 1,044,017	$ 767,660	$ 230,859	($ 154,744)	($ 448,879)	($ 62,007)	$ 4,753,790	($ 8,909)	$ 4,744,881

The notes attached are part of the Consolidated Financial Statements.

Phihong Technology Co., Ltd. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

In Thousands of New Taiwan Dollars

Code		2020	2019
	Cash flows from operating activities		
A10000	Net loss before income tax	($ 153,442)	($ 42,139)
A20010	Adjustments for:		
A20100	Depreciation expenses	308,178	336,392
A20200	Amortization expenses	12,595	16,176
A20300	Expected credit (reversed) loss recognized	(825)	646
A20400	Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(3)	(3,845)
A20900	Finance costs	22,517	23,103
A21200	Interest income	(33,113)	(40,749)
A21300	Dividend income	-	(500)
A22300	Share of loss of associates	4,645	9,130
A22500	Loss on disposal of property, plant and equipment	2,637	55,048
A22800	Loss on disposal of intangible assets	194	401
A23100	Gain on disposal of investment	(10,274)	(4,468)
A23700	Losses on inventory valuation loss and obsolescence	48,139	40,371
A30000	Net changes in operating assets and liabilities		
A31130	Notes receivable	2,022	(2,022)
A31150	Accounts receivable	20,355	165,311
A31180	Other receivables	19,666	6,904
A31200	Inventories	(709,278)	714,881
A31240	Other current assets	(22,702)	137,075
A31990	Other operating assets	-	(26,845)
A32150	Accounts payable	634,185	(751,926)
A32160	Accounts payable - related parties	12,971	(7,320)
A32180	Other payables	(133,777)	(114,968)
A32230	Other current liabilities	180,251	(20,026)
A32240	Net defined benefit liability	(8,346)	(552)
A33000	Cash generated from operating activities	196,595	490,078

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Code		2020	2019
A33100	Interest received	$ 31,757	$ 46,434
A33300	Interest paid	(19,833)	(21,129)
A33500	Income tax paid	(24,516)	(4,087)
AAAA	Net cash generated from operating activities	184,003	511,296
	Cash flows from investing activities		
B00010	Purchase of financial assets at fair value through other comprehensive income	(18,000)	(20,586)
B00020	Proceeds from sale of financial assets at fair value through other comprehensive income	-	395
B00040	Purchase of financial assets measured at amortized cost	(10,000)	-
B00050	Proceeds from financial assets measured at amortized cost	-	199,463
B00100	Purchase of financial assets at fair value through profit or loss	(171,925)	(1,751,293)
B00200	Proceeds from sale of financial assets at fair value through profit or loss	484,970	1,706,415
B02400	Proceeds from capital reduction of investments accounted for using equity method	9,567	8,402
B02700	Payments for property, plant and equipment	(237,926)	(376,005)
B02800	Proceeds from disposal of property, plant and equipment	29,806	788
B04500	Payments for intangible assets	(7,196)	(14,413)
B05350	Payment for right-of-use assets	-	(198,327)
B03700	Increase in refundable deposits	(747)	-
B03800	Decrease in refundable deposits	-	1,669
B07100	Increase in prepayments for equipment	(81,381)	(96,382)
B07300	Increase in prepayments for land	(84,075)	-
B07600	Dividends received	2,097	6,746
B09900	Receive government grants	6,820	7,286
BBBB	Net cash used in from investing activities	(77,990)	(525,842)
	Cash flows from financing activities		
C00100	Proceeds from Short-term borrowings	256,320	-
C01600	Proceeds from long-term borrowings	566,040	1,624,500
C01700	Repayments of long-term borrowings	(495,000)	(1,519,237)
C03100	Decrease in guarantee deposits received	(35)	(3,693)
C04020	Repayment of the principle portion of lease liabilities	(8,641)	(8,887)
CCCC	Net cash generated from financing activities	318,684	92,683
DDDD	Effects of exchange rate changes on the balance of cash held in foreign currencies	(29,792)	(40,464)

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Code		2020	2019
EEEE	Net increase in cash and cash equivalents	$ 394,905	$ 37,673
E00100	Cash and cash equivalents at the beginning of the year	2,150,899	2,113,226
E00200	Cash and cash equivalents at the end of the year	$ 2,545,804	$ 2,150,899

The notes attached are part of the Consolidated Financial Statements.

Phihong Technology Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2020 and 2019
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. Company History

Phihong Technology Co., Ltd. ("Phihong" or "the Company"), which was formerly known as Phihong Enterprise Co., Ltd., was incorporated on December 12, 1972. Under a resolution approved in the stockholders' meeting in June 2003, Phihong was renamed Phihong Technology Co., Ltd. Phihong primarily manufactures and sells AC/DC power adapters, charger bases, power supply modules, uninterruptible power supplies (UPS) for computers, ballasts, etc.

In February 2000, Phihong was authorized to trade its stocks on the Taipei Exchange (TPEx) in Taiwan. In September 2001, Phihong's stocks ceased to be traded on the TPEx; instead, its stocks began to be traded on the Taiwan Stock Exchange.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved by the Company's board of directors on March 5, 2021.

3. Application of Newly Issued and Amended Standards and Interpretations

(1) Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, the application of the amendments to the IFRSs endorsed and issued into effect by the FSC does not have material impact on the Group's accounting policies:

Amendments to IAS 1 and IAS 8 "Definition of Materiality"

The Group adopted the amendments on January 1, 2020. The threshold for materiality was amended to be "can be reasonably expected to influence users," and the disclosures in consolidated financial statements were adjusted by removing immaterial information which may obscure material information.

(2) IFRSs endorsed by FSC that are applicable from 2021 onwards

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB
Amendments to IFRS 4 “Deferral of Effective Date of IFRS 9”	Effective immediately upon promulgation
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	Effective for the annual reporting periods beginning on or after January 1, 2021
Amendments to IFRS 16 “COVID-19-Related Rent Concessions”	Effective for the annual reporting periods beginning on or after June 1, 2020

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New/Revised/Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2018-2020	January 1, 2022 (Note 2)
Amendment to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined
IFRS17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-Current”	January 1, 2023
Amendments to IAS 16 “Property, Plant and Equipment - Proceeds before Intended Use”	January 1, 2022 (Note 4)
Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”	January 1, 2022 (Note 5)

Note 1: Unless otherwise specified, each of the aforementioned New/Amended/Revised Standards and Interpretations shall be effective for the annual reporting period after each said date.

Note 2: The amendment to IFRS 9 applies prospectively to modifications of terms of or exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 “Agriculture” are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoption of IFRSs” are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendment applies to business combination with the acquisition date in the annual reporting periods beginning on or after January 1, 2022.

Note 4: The amendment applies to property, plant and equipment that are in line with the location and condition necessary for them to be capable of operating in the manner expected by the management on or after January 1, 2021.

Note 5: The amendment applies to the contracts with the obligations not fully fulfilled as of January 1, 2022.

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

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of preparation

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

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

1. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3. Level 3 inputs are unobservable inputs for an asset or liability.

(3) Classification of current and non-current assets and liabilities

Current assets include:

1. Assets held primarily for the purpose of trading;
2. Assets expected to be realized within 12 months after the balance sheet date; and
3. Cash or cash equivalents (excluding assets restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held primarily for the purpose of trading;
2. Liabilities due to be settled within 12 months after the balance sheet date (liabilities with long-term refinancing or rearrangement of payment terms completed after the balance sheet date and before the release of the financial statements); and
3. Liabilities with a repayment deadline that cannot be unconditionally deferred for at least 12 months after the balance sheet date. However, the terms of a liability that could, at the option of the counterparty, result in its settlement by issue of equity instruments do not affect its classification.

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

(4) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities (subsidiaries) controlled by the Company.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective dates of acquisition up to the effective dates of disposal, as appropriate.

The financial statements of subsidiaries have been adjusted to ensure consistency between their accounting policies and the Group's.

All intra-group transactions, balances, income, and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

See Note 12 and Tables 9 and 10 for detailed information on subsidiaries (including the percentage of ownership and main business).

(5) Foreign currencies

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

On each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. The resulting exchange difference is recognized in profit or loss. For items whose changes in fair value are recognized in other comprehensive income, the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

When preparing the consolidated financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries, associates, joint ventures, and branches that operate in countries or adopt functional currencies different from the Company) are translated into New Taiwan dollar. Income and expense items are translated at the average exchange rates for the period. The resulting currency exchange differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests).

(6) Inventories

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

(7) Investments in associates

An associate is an entity on which the Group has significant influence and is not a subsidiary.

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

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

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

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

When an entity in the Group transacts with its associate, profits and losses resulting from the transactions with the associate is recognized in the Group's consolidated financial statements only to the extent of interests in the associate of parties that are not related to the Group.

(8) Property, plant and equipment

Property, plant and equipment are recognized at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset shall be recognized in loss or profit.

(9) Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Intangible assets are amortized using straight-line method over the useful lives. The Group conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, while applying the effects of changes in accounting estimates prospectively. Intangible assets with indefinite useful lives are recognized at cost less accumulated impairment loss.

When derecognizing intangible assets, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in loss or profit.

(10) Impairment of property, plant, and equipment as well as right-of-use and intangible assets

The Group assesses if there are any signs of possible impairment in property, plant, and equipment as well as right-of-use and intangible assets on each balance sheet date. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

When the impairment loss is subsequently reversed, the carrying amount of the asset or the cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset or cash-generating unit, which was not recognized as impairment loss in prior years. The impairment loss reversed is recognized in profit or loss.

(11) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The non-current assets that meet this condition must be available for immediate sale in their current condition, and the sale is highly probable. When the appropriate level of the management is committed to the plan to sell the asset, and the sale transaction is expected to be completed within one year from the date of classification, the sale will be considered highly probable.

Non-current assets classified as held for sale are measured by the carrying amount and the fair value less the cost of sale, whichever is lower, and the depreciation of such assets will cease.

(12) Financial instruments

Financial assets and financial liabilities shall be recognized in the consolidated balance sheet when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Measurement categories

Financial assets held by the Group are those measured at fair value through profit or loss (FVTPL) and at amortized cost, as well as investments in equity instruments measured at fair value through other comprehensive income (FVTOCI).

A. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any remeasurement gains or losses on such financial assets are recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 27.

B. Financial assets at amortized cost

When the Group's investments in financial assets meet the following two conditions simultaneously, they are classified as financial assets at amortized cost:

a. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

C. Investments in equity instruments at FVTOCI

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

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

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

(2) Impairment of financial assets

The Group assesses the impairment loss of financial assets at amortized cost (including accounts receivable) based on the expected credit loss on each balance sheet date.

Accounts receivable are recognized in allowance loss based on the lifetime expected credit losses (ECLs). Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, a loss allowance is recognized at an amount equal to 12-month ECLs. If the risks have increased significantly, a loss allowance is recognized at an amount equal to ECLs.

The ECLs refer to the weighted average credit loss with the risk of default as the weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults in a financial instrument over the expected life of a financial instrument.

For the purpose of internal credit risk management, the Group, without considering the collateral held, determines that the following situations represent defaults in the financial assets:

A. Internal or external information indicates that it is impossible for the debtor to settle the debt.

B. It is overdue for more than 180 days, unless there is reasonable and corroborative information showing that a default date postponed is more appropriate.

The Group recognizes an impairment loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(3) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss. When derecognizing an investment in equity instrument at FVTOCI in its entirety, the cumulative profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. The purchase, sale, issuance, or cancellation of the Company's own equity instruments is recognized in profit or loss.

3. Financial liabilities

The Group's all financial liabilities are at amortized cost in the effective interest method. The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled, or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(13) Provision

The amount recognized in provision is based on the risk and uncertainty of the obligation, and is the best estimate of the expenditure required to settle the obligation on the balance sheet date. The warranty obligations of the Group under the sales contract are based on the management's best estimate of the expenditure required to settle the Group's obligations, and are recognized when the relevant products are recognized in revenue.

(14) Revenue recognition

After the Group identifies its performance obligations in contracts with customers, it allocates the transaction costs to each obligation in the contracts and recognizes revenue upon completion of performance obligations.

Revenue from sale of goods

Revenue from the sale of goods comes from sales of power supply modules and other relevant products. When the power supply modules and other relevant products are delivered to the location designated by customers, customers have the right to determine the price and the way the products are used while bearing the main responsibility for resale and the risk of obsolescence; thus, revenue and account receivable are recognized concurrently.

(15) Leasing

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

1. The Group as lessor

   Where almost all the risks and rewards attached to the ownership of an asset are transferred to the lessee in lease terms, such leases are classified as finance leases. All other leases are classified as operating leases.

2. The Group as lessee

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

   A right-of-use asset is initially measured at cost (including the initial measured amount of lease liabilities, the amount of lease payments made to the lessor less lease incentives received prior to the inception of a lease, initial direct costs, and the estimated costs of restoring underlying assets), and subsequently measured at cost less accumulated depreciation and accumulated impairment and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

A right-of-use asset is depreciated on a straight-line basis over the period from the lease commencement date to the end of its useful life, or to the end of the lease term, whichever is earlier.

Lease liabilities are initially measured at the present value of lease payments (including fixed payments, in-substance fixed payments, and variable lease payments which depend on an index or a rate). If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate applies.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. If changes in the index or rate used to determine the lease payment over the lease term lead to changes in future lease payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. Lease liabilities are presented on a separate line the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which they are incurred.

(16) Borrowing costs

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

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

(17) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the relevant costs for which the grants are intended to compensate. Government grants whose primary condition is that the Group should purchase, construct, or otherwise acquire non-current assets are debited to the carrying amount of said assets and recognized in profit or loss over the useful lives of said assets by reducing the depreciation or amortization expenses of said assets.

If government grants are used to compensate expenses or losses incurred, or are given to the Group for the purpose of immediate financial support without relevant future costs, they can be recognized in profit or loss in the period, during which the Group can receive said grants.

(18) Employee benefits

1. Short-term employee benefits

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

2. Post-employment benefits

For pension under the defined contribution plan, the amount of pension contributed is recognized as expenses during employees' service period.

The defined benefit cost under the defined benefit pension plan (including service cost, net interest, and remeasurement) is calculated based on the projected unit credit method. The service cost and the net interest of net defined benefit liabilities (assets) are recognized as employee benefit expenses as they occur. The remeasurement (including actuarial gains and losses and the return on plan assets, net of interest) is recognized in other comprehensive income and presented in retained earnings when it occurs, and will not be reclassified to profit or loss.

The net defined benefit liabilities (assets) are the deficit (surplus) of the defined benefit pension plan. The net defined benefit assets may not exceed the present value of any refunds from the plan or reductions in future contributions to the plan.

(19) Income tax

Income tax expenses are the sum of current income tax and deferred income tax.

1. Current income tax

The Group determines the income (loss) of the current year in accordance with the laws and regulations in each jurisdiction for income tax declaration, and calculates the income tax payable (recoverable) accordingly.

A surtax is imposed on the undistributed earnings pursuant to the Income Tax Act of the Republic of China (R.O.C.) is recognized via the resolution at the annual shareholders' meeting.

Adjustments to income tax payable from prior years are recognized in the current income tax.

2. Deferred income tax

Deferred income tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income.

Deferred income tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are recognized when there are likely to be taxable income to deduct temporary differences, loss carryforwards, or research and development expenditure.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments are recognized as deferred income tax only if it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences, and they are expected to be reversed in the foreseeable future.

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

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

3. Current and deferred income tax

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

5. Critical Accounting Judgments, Assumptions, and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, the management is required to make judgments, estimations, and assumptions about the relevant information that is not readily accessible from other sources based on historical experience and other relevant factors. Actual results may differ from these estimates.

The Group takes into account the economic impact of the COVID-19 pandemic in its critical accounting estimates, and the management will constantly review the estimates and basic assumptions. If an amendment to estimates only affects the current period, it shall be recognized in the period of said amendment; if an amendment to accounting estimates affects the current year and future periods, it shall be recognized in the period of said amendment and future periods.

6. Cash and Cash Equivalents

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	$ 2,593	$ 2,120
Checking accounts and demand deposits	2,244,282	2,032,508
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	298,929	116,271
	$ 2,545,804	$ 2,150,899

As of December 31, 2020 and 2019, bank balance in the amount of $37,100 thousand and $27,100 thousand had been pledged to secured domestic bonds and syndicated loans, and reclassified to "financial assets at amortized cost - non-current". Refer to Note 29.

The market rate range of demand and time deposits at the balance sheet date is as follows:

	December 31, 2020	December 31, 2019
Demand deposits and time deposits	0.001%~2.50%	0.001%~2.39%

7. Financial Assets at Fair Value Through Profit or Loss

	December 31, 2020	December 31, 2019
Financial assets at FVTPL - current		
Financial assets mandatorily at FVTPL		
Non-derivative financial assets		
-Fund beneficiary certificates	$ 43,600	$ 347,841

8. Financial Assets at Fair Value Through Other Comprehensive Income

	December 31, 2020	December 31, 2019
Non-current		
Investments in equity instruments at FVTOCI		
Domestic unlisted equity	$ 65,828	$ 57,311

The Group invested in the above-mentioned unlisted equity for medium to long-term strategic purposes, and expected to make profits in a long term. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believed that recognizing the short-term fair value fluctuations of such investments in profit and loss would be inconsistent with the aforementioned long-term investment strategy.

9. Notes Receivable and Accounts Receivable

	December 31, 2020	December 31, 2019
Notes receivable		
At amortized cost		
Gross carrying amount	$ -	$ 2,022
Less: Allowance for impairment loss	-	-
	-	2,022
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 2,022,217	$ 2,042,711
Less: Allowance for impairment loss	(2,811)	(3,847)
	2,019,406	2,038,864
	$ 2,019,406	$ 2,040,886

The average credit period of sales of goods was 60 to 90 days. No interest was accrued for accounts receivable. The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group continuously monitored its credit exposure and counterparties' credit ratings and spread the aggregate value of transactions among customers with qualified credit ratings, while appointing dedicated staff to review and approve counterparties' credit limits on an annual basis to control the credit exposure.

The Group recognized the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The ECLs on accounts receivable were estimated using a provision matrix with reference to customers' past default records, current financial position, and other forward-looking information. Based on the

Group's history of credit losses, as there was no significant difference in the loss patterns among different customer groups, the customer groups were not further differentiated in the provision matrix, and only the ECLs rate was set based on the number of days for which accounts receivable was past due.

When there was information indicating that the counterparty was in severe financial difficulty and the Group could not reasonably expect the amount to be recovered, the Group would write off relevant accounts receivable and continued to collect the receivable due. The receivable recovered was recognized in profit or loss.

The following table details the loss allowance for accounts receivable based on the Group's provision matrix:

December 31, 2020

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
ECLs rate	0.02~0.74%	0.22~8.91%	2.62%	17.66%	11.59~100%	
Gross carrying amount	$ 1,888,308	$ 128,563	$ 878	$ 156	$ 4,312	$ 2,022,217
Loss allowance (lifetime ECLs)	(467)	(685)	(23)	(28)	(1,608)	(2,811)
Amortized cost	$ 1,887,841	$ 127,878	$ 855	$ 128	$ 2,704	$ 2,019,406

December 31, 2019

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
ECLs rate	0.03~0.87%	0.33~2.87%	6.08%	-	100%	
Gross carrying amount	$ 1,866,884	$ 173,115	$ 1,130	$ -	$ 1,582	$ 2,042,711
Loss allowance (lifetime ECLs)	(651)	(1,547)	(67)	-	(1,582)	(3,847)
Amortized cost	$ 1,866,233	$ 171,568	$ 1,063	$ -	$ -	$ 2,038,864

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

The movements of the loss allowance of accounts receivable are as follows:

	2020	2019
Balance as of January 1,	$ 3,847	$ 5,096
Add: Allowance for impairment (reversed) loss	(825)	646
Less: Amounts written off	(139)	(1,746)
Foreign currency exchange differences	(72)	(149)
Balance as of December 31,	$ 2,811	$ 3,847

10. Inventories

	December 31, 2020	December 31, 2019
Raw materials	$ 683,200	$ 477,970
Work in process	212,145	155,287
Finished goods	1,119,724	720,673
	$ 2,015,069	$ 1,353,930

For the years ended December 31, 2020 and 2019, the Group's costs of sales related to inventories were $8,066,422 thousand and $9,168,956 thousand, respectively. The costs of sales in 2020 and 2019, including the inventory valuation losses recognized by writing down the cost of inventories to the net realizable value, were $48,139 thousand and $40,371 thousand, respectively.

11. Non-current assets held for sale

	December 31, 2020	December 31, 2019
Dongguan Phitek Electronics Co., Ltd.		
Land use rights, buildings, machinery, and equipment	$ 245,819	$ -

The Group's board of directors passed the resolution on February 27, 2020, of disposal of the land use rights, buildings, machinery, and equipment of the subsidiary Dongguan Phitek Electronics Co., Ltd. (hereinafter referred to as PHP). Therefore, said assets were reclassified as non-current assets held for sale based on their carrying amounts as of February 28, 2020, and presented on a separate line in the consolidated balance sheet.

The details of PHP non-current assets held for sale are as follows:

	December 31, 2020
Land use rights	$ 4,042
Buildings	258,005
Machinery and equipment	1,244
Other equipment	13,587
Others	5,675
Less: Accumulated depreciation	(39,850)
	242,703
Net exchange differences	3,116
	$ 245,819

The sale price was expected to exceed the carrying amounts of the relevant net assets, so when said units were classified as non-current assets held for sale, there was no impairment loss that should be recognized.

As of December 31, 2020, the proceeds from the sale pre-received were in the amount of $170,466 thousand and was accounted for under "Other current liabilities". Please refer to Note 19.

After the contract for the disposal of the above-mentioned non-current assets held for sale was signed, due to delays in the delivery and administrative procedures for ownership transfer, the delivery procedures had not been completed as of the date of release of the financial statements. The Group expects to complete the relevant transactions in June 2021.

12. Subsidiaries

Investor	Investee	Nature of Business	Percentage of ownership December 31, 2020	Percentage of ownership December 31, 2019	Notes
Phihong	Phihong International Corp. (PHI)	Making investments	100.00	100.00	
Phihong	Phitek International Co., Ltd. (PHK)	Making investments	100.00	100.00	
Phihong	Ascent Alliance Ltd. (PHQ)	Making investments	100.00	100.00	
Phihong	Phihong USA Corp. (PHA)	Selling a variety of power supplies	100.00	100.00	
Phihong	Phihong Technology Japan Co., Ltd. (PHJ)	Selling power components	100.00	100.00	Note 1
Phihong	Guang-Lai Investment Co., Ltd. (Guang-Lai)	Making investments	100.00	100.00	
Phihong	Phihong Vietnam Co., Ltd. (PHV)	Manufacturing and selling a variety of power supplies	100.00	100.00	Note 2
PHI	Phihong (Dongguan) Electronics Co., Ltd.	Manufacturing and selling a variety of power supplies	100.00	100.00	
PHI	Phihong Electronics (Suzhou) Co., Ltd.	Manufacturing and selling a variety of power supplies	100.00	100.00	
PHI	N-Lighten Technologies, Inc. (N-Lighten)	Making general investments	58.45	58.45	
PHI	Yanghong Trade (Shanghai) Co., Ltd.	Selling a variety of lighting products and power supplies	100.00	100.00	
PHK	Dongguan Phitek Electronics Co., Ltd.	Manufacturing and selling a variety of power supplies	100.00	100.00	
PHQ	Dongguan Shuang-Ying Electronics Co., Ltd.	Manufacturing and selling electronic materials	100.00	100.00	
PHQ	Jin-Sheng-Hong (Jiangxi) Electronics Co., Ltd.	Manufacturing and selling electronic materials	100.00	100.00	
Guang-Lai	N-Lighten	Making investments	19.78	19.78	

Note 1: In December 2019, the board of directors of the Company approved a capital reduction in the subsidiary PHJ in Japan in the amount of $54,302 thousand (JPY200,000 thousand). Said capital reduction had been completed in January 2020; thus, its paid-in capital was in the amount of $41,153 thousand (JPY150,000 thousand).

Note 2: In 2019, the Company established a subsidiary in Vietnam named PHV, with the registered capital of US$50,000 thousand, and the Company’s ownership is 100%. In order to meet the Group’s capital needs, it was planned to inject capital in stages based on the investment progress. As of December 31, 2020, the Company’s capital injected amounted to $607,193 thousand (US$20,000 thousand).

See Tables 9 and 10 for the information on places of incorporation and principal places of business.

13. Investments Accounted for Using Equity Method

Investments in associates

	December 31, 2020	December 31, 2019
Associates that are not individually material	$ 152,366	$ 141,638

Aggregate information of associates that are not individually material:

	2020	2019
The Group's share of		
Net loss for the year	($ 4,645)	($ 9,130)
Other comprehensive income	27,037	15,300
Total comprehensive income	$ 22,392	$ 6,170

Refer to Table 9. "Information on Investees" for the nature of business, principal places of business, and countries of incorporation of the associates.

The equity-method investees' financial statements, which were used to determine the carrying amount of the Group's investments and the share of profit and other comprehensive income of associates, had been audited.

14. Property, plant and equipment

	Freehold Land	Buildings	Machinery and equipment	Other equipment	Construction in Progress	Total
Cost						
Balance as of January 1, 2020	$ 248,931	$ 2,704,125	$ 2,411,321	$ 709,254	$ 10,909	$ 6,084,540
Additions	-	4,970	114,852	18,446	90,463	228,731
Disposals	-	(662)	(171,537)	(66,335)	-	(238,534)
Reclassified to held for sale	-	(258,005)	(1,244)	(13,587)	-	(272,836)
Net exchange differences	(2,451)	6,845	11,794	2,344	948	19,480
Reclassification	-	6,863	66,309	6,802	(16,031)	63,943
Balance as of December 31, 2020	$ 246,480	$ 2,464,136	$ 2,431,495	$ 656,924	$ 86,289	$ 5,885,324
Accumulated depreciation						
Balance as of January 1, 2020	$ -	$ 789,989	$ 1,886,186	$ 554,948	$ -	$ 3,231,123
Disposals	-	(662)	(140,834)	(64,595)	-	(206,091)
Reclassified to held for sale	-	(26,239)	(1,214)	(12,397)	-	(39,850)
Depreciation expenses	-	81,201	154,000	57,561	-	292,762
Net exchange differences	-	4,856	9,875	2,110	-	16,841
Balance as of December 31, 2020	$ -	$ 849,145	$ 1,908,013	$ 537,627	$ -	$ 3,294,785
Net amount as of December 31, 2020	$ 246,480	$ 1,614,991	$ 523,482	$ 119,297	$ 86,289	$ 2,590,539
Cost						
Balance as of January 1, 2019	$ 250,320	$ 2,600,633	$ 2,460,635	$ 670,419	$ 31,053	$ 6,013,060
Additions	-	50,932	130,574	40,503	148,297	370,306
Disposals	-	(831)	(209,462)	(31,241)	-	(241,534)
Net exchange differences	(1,389)	(75,355)	(64,645)	(11,692)	(2,796)	(155,877)
Reclassification	-	128,746	94,219	41,265	(165,645)	98,585
Balance as of December 31, 2019	$ 248,931	$ 2,704,125	$ 2,411,321	$ 709,254	$ 10,909	$ 6,084,540
Accumulated depreciation						
Balance as of January 1, 2019	$ -	$ 725,734	$ 1,921,378	$ 525,569	$ -	$ 3,172,681
Disposals	-	(498)	(155,461)	(29,739)	-	(185,698)
Depreciation expenses	-	86,065	165,981	68,063	-	320,109
Net exchange differences	-	(21,312)	(45,589)	(9,068)	-	(75,969)
Reclassification	-	-	(123)	123	-	-
Balance as of December 31, 2019	$ -	$ 789,989	$ 1,886,186	$ 554,948	$ -	$ 3,231,123
Net amount as of December 31, 2019	$ 248,931	$ 1,914,136	$ 525,135	$ 154,306	$ 10,909	$ 2,853,417

The Group’s property, plant and equipment above are depreciated on a straight-line basis based on the estimated useful life below:

Buildings	
Main building	50 years
Engineering system	10 years
Machinery and equipment	3–10 years
Other equipment	3–5 years

The Group’s property, plant and equipment pledged as collateral for long-term borrowings are set out in Note 29.

15. Lease Agreements

(1) Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amount		
Land (including land use rights)	$ 266,040	$ 282,721
Buildings	10,986	15,217
Office equipment	324	688
Transportation equipment	3,563	2,761
Other equipment	1,875	1,327
	$ 282,788	$ 302,714

	2020	2019
Additions to right-of-use assets	$ 8,421	$ 141,638
Depreciation expenses of right-of-use assets		
Land (including land use rights)	$ 9,096	$ 9,573
Buildings	3,726	3,345
Office equipment	503	785
Transportation equipment	1,449	2,325
Other equipment	642	255
	$ 15,416	$ 16,283

(2) Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amount		
Current	$ 7,786	$ 5,665
Non-current	$ 12,665	$ 14,888
Range of discount rate for lease liabilities:		
Land	1.200%	1.200%
Buildings	1.030%~5.220%	1.030%~5.220%
Office equipment	4.875%	4.875%
Transportation equipment	1.155%~5.220%	1.155%~5.220%
Other equipment	1.030%	1.030%

(3) Material lease-in activities and terms

The Group has leased certain offices, transportation, and other equipment for operations as well as product manufacturing and R&D over lease terms of 2 to 9 years. These agreements do not contain renewal or purchase options upon the expiration of the lease terms.

The Group has also leased land and buildings for plants, offices, and parking over lease terms of 2 to 50 years. Upon the termination of the lease terms, the Group does not have preferential rights to acquire the land and buildings leased, and it is agreed that the Group shall not sublease or transfer all or part of the underlying assets leased without the consent of the lessor.

(4) Other lease information

	2020	2019
Short-term lease expenses	$ 16,391	$ 13,592
Variable lease payment expenses not included in the measurement of lease liabilities	$ 2,743	$ 2,921
Total cash (outflow) from leases	($ 27,775)	($ 223,727)

The Group has elected to apply the recognition exemption for office equipment leases in line with short-term leases, and, thus, did not recognize said leases in right-of-use assets and lease liabilities.

For the years ended December 31, 2020 and 2019, short-term lease expenses also include leases for which the lease terms ended on or before December 31, 2020 and 2019, and for which the recognition exemption applied.

16. Other Intangible Assets

	Computer software
Cost	
Balance as of January 1, 2020	$ 118,748
Additions	7,196
Disposals	(7,399)
Effect of foreign currency exchange differences	78
Balance as of December 31, 2020	$ 118,623
Accumulated amortization	
Balance as of January 1, 2020	$ 85,532
Amortization expenses	12,595
Disposals	(7,205)
Effect of foreign currency exchange differences	22
Balance as of December 31, 2020	$ 90,944
Net amount as of December 31, 2020	$ 27,679
Cost	
Balance as of January 1, 2019	$ 127,741
Additions	14,413
Reclassification	3,883
Disposals	(25,825)
Effect of foreign currency exchange differences	(1,464)
Balance as of December 31, 2019	$ 118,748
Accumulated amortization	
Balance as of January 1, 2019	$ 95,596
Amortization expenses	16,176
Disposals	(25,424)
Effect of foreign currency exchange differences	(816)
Balance as of December 31, 2019	$ 85,532
Net amount as of December 31, 2019	$ 33,216

The intangible assets above are amortized on a straight-line basis over estimated useful life of 2 to 5 years.

17. Borrowings

Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured borrowings		
Phihong	$ 170,880	$ -
Secured borrowings		
Phihong	85,440	-
	$ 256,320	$ -

Long-term borrowings

	December 31, 2020	December 31, 2019
Secured borrowings		
Phihong	$ 371,040	$ 300,000
Less: Discount	(2,359)	(4,261)
Current portions	(64,737)	-
	$ 303,944	$ 295,739

(1) As of December 31, 2020, the Company had short-term bank borrowings with the contract term from December 7, 2020 to February 9, 2021. As of December 31, 2020, the effective interest rate was 0.95% per annum, with the interest paid monthly .

(2) The Company had long-term bank borrowings for the years ended December 31, 2020 and 2019 with the contract term from August 22, 2019 to September 10, 2023 and from August 22, 2019 to July 30, 2022, respectively. As of December 31, 2020 and 2019, the effective interest rate was from 1.2740% to 1.9872% and 2.1862%, respectively, per annum, with the interest paid monthly.

(3) On April 30, 2019, the Company signed a 3-year syndicated loan agreement with seven participating banks led by the Taiwan Shin Kong Commercial Bank and co-led by the Yuanta Commercial Bank and the Hua Nan Commercial Bank. The credit line of the loan amounted to NT$1 billion, including NT$450 million for credit line A and NT$550 million for credit line B. As such, the parent company should be able to support the investment plan for the establishment of a factory for the subsidiary PHV in Vietnam and to enrich the Group’s working capital. Under the loan agreements with the Taiwan Shin Kong Commercial Bank, the Company should maintain the following financial ratios during the loan term (based on the annual and semi-annual consolidated financial statements audited by CPAs on a semi-annual basis):

(1) Ratio of current assets to current liabilities shall not be less than 100%.

(2) Ratio of total liabilities to tangible net worth shall not be more than 150%.

(3) Ratio of net income before income tax, plus depreciation, amortization, and interest expenses to interest expenses shall be maintained at 200% or more.

(4) Tangible net worth (net worth less intangible assets) shall not be not less than NT$4.5 billion.

For information on collateral and joint guarantee for the borrowings above, refer to Notes 28 and 29.

18. Bonds Payable

	December 31, 2020	December 31, 2019
Secured domestic bonds	$ 999,883	$ 999,405
Less: Current portions	(999,883)	-
	$ -	$ 999,405

Secured domestic corporate bond

On April 1, 2016, the Company issued 100 units of a 5-year NTD-denominated secured common bond, with a par value of NT$10,000 thousand per unit and a coupon rate of 0.95%. The principal is in the amount of $1,000,000 thousand.

For information on collateral and joint guarantee for the secured domestic bond, refer to Notes 28 and 29.

19. Other Liabilities

	December 31, 2020	December 31, 2019
Current		
Other payables		
Salary and bonus payable	$ 200,932	$ 176,551
Compensated absences payable	45,537	42,874
Equipment payable	7,621	9,996
Others	315,948	477,278
	$ 570,038	$ 706,699
Other current liabilities		
Temporary credits	$ 62,484	$ 39,960
Proceeds from sale of land and factory pre-received (Note 11)	170,466	-
Others	58,163	70,902
	$ 291,113	$ 110,862

20. Post-employment Benefit Plans

(1) Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

(2) Defined benefit plans

The defined benefit plan adopted by the Company in the Group in accordance with the Labor Standards Act is the defined benefit plan under the management of the government of the Republic of China (R.O.C.). Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes an amount, which equals to 2% to 15% of each employee's total monthly salary and wage, which is deposited by the Pension Fund Monitoring Committee in the pension account with the Bank of Taiwan in the name of the committee. Before the end of each year, if the balance in the pension account assessed is inadequate to pay for the retirement benefits for employees who meet the retirement requirements in the following year, the Company will contribute an amount to make up for the difference in a lump sum by the end of March of the following year. The pension account is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment management strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plan are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	$ 139,331	$ 138,071
Fair value of plan assets	(45,263)	(35,845)
Net defined benefit liability	$ 94,068	$ 102,226

Movements in net defined benefit liability (asset) are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Balance as of January 1, 2020	$ 138,071	($ 35,845)	$ 102,226
Service cost			
Current service cost	305	-	305
Interest expense (income)	1,035	(274)	761
Recognized in profit or loss	1,340	(274)	1,066
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,315)	(1,315)
Actuarial (gain) loss - changes in demographic assumptions	90	-	90
Actuarial (gain) loss - changes in financial assumptions	3,848	-	3,848
Actuarial (gain) loss - experience adjustments	(2,435)	-	(2,435)
Recognized in other comprehensive income	1,503	(1,315)	188
Contributions from the employer	-	(9,412)	(9,412)
Benefits paid	(1,583)	1,583	-
Balance as of December 31, 2020	$ 139,331	($ 45,263)	$ 94,068
Balance as of January 1, 2019	$ 137,254	($ 38,238)	$ 99,016
Service cost			
Current service cost	276	-	276
Interest expense (income)	1,544	(441)	1,103
Recognized in profit or loss	1,820	(441)	1,379

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	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	($ 1,368)	($ 1,368)
Actuarial (gain) loss - changes in demographic assumptions	732	-	732
Actuarial (gain) loss - changes in financial assumptions	5,884	-	5,884
Actuarial (gain) loss - experience adjustments	(1,486)	-	(1,486)
Recognized in other comprehensive income	5,130	(1,368)	3,762
Contributions from the employer	-	(1,931)	(1,931)
Benefits paid	(6,133)	6,133	-
Balance as of December 31, 2019	$ 138,071	($ 35,845)	$ 102,226

Due to the pension plans under the Labor Standards Act, the Group is exposed to the following risks:

1. Investment risk: The Bureau invests labor pension funds in domestic (foreign) equity securities, debt securities, and bank deposits on its own use and through agencies entrusted. However, the Group's amount allocated to plan assets is calculated based on the interest rate not lower than the local bank's interest rate for 2-year time deposits.
2. Interest risk: A decrease in the interest rate will increase the present value of the defined benefit obligation; however, the return on the debt investment through the plan assets will also increase, and the increases will partially offset the effect the net defined benefit liability .
3. Salary risk: The present value of the defined benefit obligation is calculated with reference to the future salaries of the participants in the plan. As such, an increase in the salary of the participants in the plan will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The critical assumptions made on the measurement date are as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.500%	0.750%
Expected salary increase rate	3.5%	3.5%

If each of the critical actuarial assumptions is subject to reasonably possible changes, when all other assumptions remain unchanged, the amounts by which the present value of the defined benefit obligation would increase (decrease) are as follows:

	December 31, 2020	December 31, 2019
Discount rate		
0.25% increase	($ 3,848)	($ 3,966)
0.25% decrease	$ 4,007	$ 4,133
Expected salary increase rate		
0.25% increase	$ 3,827	$ 3,958
0.25% decrease	($ 3,698)	($ 3,821)

As actuarial assumptions may be correlated, it is unlikely that only a single assumption would occur in isolation of one another, so the sensitivity analysis above may not reflect the actual changes in the present value of the defined benefit obligation.

	December 31, 2020	December 31, 2019
Expected contributions to the plan for the following year	$ 13,200	$ 1,860
Average duration of the defined benefit obligation	11.2 years	11.7 years

21. Equity

(1) Share capital

Ordinary shares

	December 31, 2020	December 31, 2019
Number of authorized shares (in thousands)	600,000	600,000
Authorized capital stock	$ 6,000,000	$ 6,000,000
Number of shares issued and fully paid (in thousands)	337,688	337,688
Share capital issued	$ 3,376,884	$ 3,376,884

The ordinary shares issued, with a par value of $10 per share, are entitled to one voting right per share and to the right to receive dividends.

(2) Capital surplus

	December 31, 2020	December 31, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares	$ 244,117	$ 244,117
Conversion of bonds	667,058	667,058
Treasury share transactions	48,234	48,234
Interest payable on bond conversion	13,243	13,243
May be used to offset a deficit only		
Treasury share transactions	71,365	71,365
	$ 1,044,017	$ 1,044,017

The capital surplus arising from shares issued in excess of the par value (including share premium from issuance of common shares, conversion of corporate bonds, and treasury share transactions) and donations may be used to offset a deficit. In addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital; however, when it is transferred to share capital, it is limited to a certain percentage of the Company's paid-in capital.

(3) Retained earnings and dividend policy

Under the earnings distribution policy as set forth in the Company's Articles of Incorporation, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting accumulated losses, setting aside 10% of the remaining profit as legal reserve, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be adopted by the Company's board of directors as the basis for proposing a distribution plan, which shall be resolved at the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration to directors and supervisors as set forth in the Company's Articles of Incorporation, refer to "Employees' compensation and remuneration to directors and supervisors" in Note 22-7.

Appropriation of earnings to legal reserve shall be made until the legal reserve reaches the total of the Company's paid-in capital. The legal reserve may used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to share capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The shareholders' meetings approved a deficit compensation proposal and resolved to offset the deficit in the amount of $41,146 thousand from the legal reserve on June 10, 2020.

(4) Special reserve

Upon the first-time adoption of IFRSs, the Company transferred unrealized revaluation increments and cumulative translation adjustment to its retained earnings, in the amounts of $10,968 thousand and $250,296 thousand, respectively. The increase in retained earnings arising from the first-time adoption of IFRSs was insufficient for appropriation; therefore, the Company appropriated the increase in retained earnings arising from the transition to IFRSs to the special reserve in the amount of $230,859 thousand.

(5) Other Equity

1. Exchange differences on translation of the financial statements of foreign operations

	2020	2019
Balance as of January 1	($ 416,186)	($ 265,607)
Exchange differences on translation of the net assets of foreign operations	(32,693)	(150,579)
Balance as of December 31	($ 448,879)	($ 416,186)

2. Unrealized Valuation Gain or Loss on Financial Assets at Fair Value Through Other Comprehensive Income

	2020	2019
Balance as of January 1	($ 79,561)	($ 94,266)
Recognized for the year		
Unrealized gain or loss in equity instruments at fair value through other comprehensive income	(9,483)	(595)
Share of equity-accounted associates	27,037	15,300
Balance as of December 31	($ 62,007)	($ 79,561)

(6) Non-controlling interests

	2020	2019
Balance as of January 1	($ 9,372)	($ 9,591)
Attributable to non-controlling interests		
Net loss for the year	(19)	(21)
Exchange differences on translation of the financial statements of foreign operations	482	240
Balance as of December 31	($ 8,909)	($ 9,372)

22. Net Profit from Continuing Operations

(1) Interest income

	2020	2019
Bank deposits	$ 31,651	$ 33,651
Others	1,462	7,098
	$ 33,113	$ 40,749

(2) Other income

	2020	2019
Government grant income (Note 25)	$ 114,432	$ -
Dividends	-	500
Others	136,164	92,417
	$ 250,596	$ 92,917

(3) Other gains and (losses)

	2020	2019
Net foreign currency exchange losses	($ 39,146)	($ 8,960)
Loss on disposal of property, plant and equipment	(2,637)	(55,048)
Loss on disposal of intangible assets	(194)	(401)
Gain on disposal of investment	10,274	4,468
Gain (loss) on financial assets and financial liabilities		
Financial assets mandatorily as at FVTPL	3	3,845
Others	(5,658)	(9,026)
	($ 37,358)	($ 65,122)

(4) Depreciation and amortization

	2020	2019
Property, plant and equipment	$ 292,762	$ 320,109
Right-of-use assets	15,416	16,283
Computer software	12,595	16,176
	$ 320,773	$ 352,568
Depreciation by function		
Operating costs	$ 148,970	$ 163,463
Operating expenses	159,208	172,929
	$ 308,178	$ 336,392

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	2020	2019
Amortization by function		
Operating costs	$ 3,357	$ 2,951
Operating expenses	9,238	13,225
	$ 12,595	$ 16,176

(5) Financial cost

	2020	2019
Interest on bank borrowings	$ 11,726	$ 12,423
Interest on bonds payable	9,978	9,976
Interest on lease liabilities	813	704
	$ 22,517	$ 23,103

(6) Employee benefits expense

	2020	2019
Short-term employee benefits	$ 2,007,711	$ 2,034,904
Post-employment benefits (Note 20)		
Defined contribution plan	21,613	21,546
Defined benefit plan	1,066	1,379
Total employee benefits expense	$ 2,030,390	$ 2,057,829
An analysis of employee benefits expense by function		
Operating costs	$ 1,195,096	$ 1,213,591
Operating expenses	835,294	844,238
	$ 2,030,390	$ 2,057,829

(7) Employees' compensation and remuneration to directors

The Company distributed employees' compensation and remuneration to directors at the rates of no less than 10% and no higher than 2% of the net profit before tax for the year, respectively. For the years ended December 31, 2020 and 2019, due to operating loss, the Company did not appropriate an amount for employees' compensation and remuneration to directors.

If there is a change in the proposed amounts after the annual consolidated financial statements were approved for release, the differences will be recorded as a change in the accounting estimate and accounted for in the next year.

Information on the employees' compensation and remuneration to directors resolved by the Company's board of directors for 2020 and 2019 is available on the Market Observation Post System (MOPS) of the Taiwan Stock Exchange.

(8) Foreign currency exchange gains and losses

	2020	2019
Foreign currency exchange gains	$ 21,751	$ 16,047
Foreign currency exchange losses	(60,897)	(25,007)
Net loss	($ 39,146)	($ 8,960)

23. Income Tax of Continuing Operations

(1) Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	2020	2019
Current income tax		
Recognized in the year	$ 31,862	$ 2,554
Recognized in prior years	(14,999)	-
	16,863	2,554
Deferred income tax		
Recognized in the year	(15,692)	(6,536)
Income tax expense (benefit) recognized in profit or loss	$ 1,171	($ 3,982)

A reconciliation of accounting profit and income tax benefit (expense) is as follows:

	2020	2019
Net loss before income tax	($ 153,442)	($ 42,139)
Net loss before income tax expense at statutory tax rate	$ 16,863	$ 2,554
Unrecognized loss carryforwards	-	-
Current income tax	16,863	2,554
Deferred income tax		
Temporary differences	(15,692)	(6,536)
Income tax expense (benefit) recognized in profit or loss	$ 1,171	($ 3,982)

(2) Income tax recognized in other comprehensive income

	2020	2019
Deferred income tax		
Recognized in the year		
Actuarial gains and losses on defined benefit plan	($ 38)	($ 752)
Income tax recognized in other comprehensive income	($ 38)	($ 752)

(3) Current income tax liabilities

	December 31, 2020	December 31, 2019
Current income tax liabilities		
Income tax payable	$ 19,558	$ 19,822

(4) Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

2020

	Balance, Beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, Ending of year
Deferred income tax assets				
Temporary differences				
Unrealized inventory valuation losses	$ 3,310	$ 510	$ -	$ 3,820
Unrealized bad debt losses	1,770	(1,770)	-	-
Unrealized gross profit	8,850	7,530	-	16,380
Unrealized pension expenses	12,520	1,670	-	14,190
Unrealized loss carryforwards	5,196	-	-	5,196
Others	21,679	(4,260)	38	17,457
	$ 53,325	$ 3,680	$ 38	$ 57,043
Deferred income tax liabilities				
Temporary differences				
Unrealized gain on investments	$ 79,832	($ 12,012)	$ -	$ 67,820

2019

	Balance, Beginning of year	Recognized in profit or loss	Recognized in other comprehensive income	Balance, Ending of year
Deferred income tax assets				
Temporary differences				
Unrealized inventory valuation losses	$ 2,120	$ 1,190	$ -	$ 3,310
Unrealized bad debt losses	1,770	-	-	1,770
Unrealized gross profit	10,330	(1,480)	-	8,850
Unrealized pension expenses	12,410	110	-	12,520
Unrealized loss carryforwards	-	5,196	-	5,196
Others	19,407	1,520	752	21,679
	$ 46,037	$ 6,536	$ 752	$ 53,325
Deferred income tax liabilities				
Temporary differences				
Unrealized gain on investments	$ 79,832	$ -	$ -	$ 79,832

(5) Unused loss carryforwards in income tax assets that were not recognized in the consolidated balance sheets

	December 31, 2020	December 31, 2019
Loss carryforwards	$ 737,589	$ 737,036

(6) Income tax assessments

The Company's profit-seeking enterprise business income tax filings have been certified by the tax authorities up till 2018.

24. Loss per share

Unit: $ Per share

	2020	2019
Basic loss per share	($ 0.46)	($ 0.11)

Net loss for the year

	2020	2019
Net loss used in the computation of basic loss per share	($ 154,594)	($ 38,136)

Ordinary Shares Outstanding

Unit: Thousand shares

	2020	2019
Weighted average number of ordinary shares used in the computation of basic loss per share	337,688	337,688

25. Government grants

PHC and PHP received government grants of $6,820 thousand and $7,286 thousand for technological transformation as well as installation of automated equipment and energy-saving equipment in 2020 and 2019, respectively. Said amounts have been deducted from the carrying amounts of the relevant assets while transferred and recognized in profit or loss within the useful lives of the assets by reducing the depreciation expenses. In 2020 and 2019, the depreciation expenses reduced were in the amounts $1,532 thousand and $513 thousand, respectively.

The Company's salary and working capital subsidy application was approved by the Industrial Development Bureau, Ministry of Economic Affairs (MOEA) in 2020, and it was estimated that a total of NT$84,855 thousand for the subsidy would be obtained and accounted for in "Other income". As of December 31, 2020, an amount of NT$76,216 thousand had been received, and the remaining NT$8,639 thousand was accounted for in "Other receivables". Please refer to Notes 22 and 33.

PHA obtained a relief loan of $29,577 thousand (US$1,036 thousand) under the U.S. Government's Paycheck Protection Program in April 2020, and was approved to be exempted from repayment in November 2020, and the entire amount was transferred to the "Other income". Please refer to Note 33.

26. Capital Risk Management

The Group manages its capital to ensure that all entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of its net debt (borrowings less cash and cash equivalents) and equity attributable to owners of the Company (comprising share capital, reserves, retained earnings, and other equity).

The Group is not subject to any externally imposed capital requirements.

27. Financial instruments

(1) Fair value—financial instruments at fair value

Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial Assets at FVTPL				
Fund beneficiary certificates	$ 43,600	$ -	$ -	$ 43,600
Financial Assets at FVTOCI				
Investment in equity instruments				
-Domestic unlisted equity	$ -	$ -	$ 65,828	$ 65,828

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial Assets at FVTPL				
Fund beneficiary certificates	$ 347,841	$ -	$ -	$ 347,841
Financial Assets at FVTOCI				
Investment in equity instruments				
-Domestic unlisted equity	$ -	$ -	$ 57,311	$ 57,311

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

(2) Types of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
FVTPL		
Mandatorily at FVTPL	$ 43,600	$ 347,841
Financial assets at amortized cost (Note 1)	4,650,814	4,285,330
Financial Assets at FVTOCI		
Investment in equity instruments	65,828	57,311
Financial liabilities		
At amortized cost (Note 2)	5,124,780	4,284,580

Note 1: The balances included financial assets at amortized cost, comprising cash and cash equivalents, notes receivable, account receivables, other receivables, and refundable deposits

Note 2: The balances included financial liabilities at amortized cost, comprising short-term borrowings, account payables, account payables to related parties, other payables, bonds payable, long-term borrowings, and guarantee deposits received.

(3) Financial risk management objective and policy

The Group's major financial instruments included cash and cash equivalents, financial assets at amortized cost, equity instrument investments, notes receivable, account receivables, other receivables, guarantee deposits paid (received), short-term borrowings, account payables, account payables to related parties, other payables, long-term borrowings, bonds payable, and lease liabilities. The Group's financial management entity provides services to various business units, coordinates operations in domestic and international financial markets, as well as monitors and manages financial risks related to the operations of the Group through internal risk reports that analyze risk exposure based on the degree and magnitude of risks. Such risks include market risk (including foreign currency risk and interest rate risk), credit risk, and liquidity risk.

1. Market risk

The main financial risks for the Group's operating activities are the risk of changes in foreign currency exchange rates (see (1) below) and the risk of changes in interest rates (see (2) below).

(1) Foreign currency risk

Several subsidiaries of the Company are engaged in sale and purchase transactions denominated in foreign currencies, which has caused the Group to be exposed to the risk of exchange rate fluctuations. After assessment, the positions of the Group's foreign currency assets and liabilities were not exposed to significant exchange rate risks, and it did not adopt additional hedging measures. Therefore, no relevant hedging accounting treatment applied.

For the carrying amounts of the Group's monetary assets and monetary liabilities denominated in non-functional currencies at the balance sheet date (including monetary items denominated in non-functional currencies eliminated in the consolidated financial statements), please refer to Note 32.

Sensitivity analysis

The Group was mainly affected by the fluctuations in the exchange rates of USD and CNY.

The following table details the Group's sensitivity analysis when the New Taiwan dollar (functional currency) increases and decreases by 1% against each relevant foreign currency . The sensitivity analysis only included monetary items in foreign currencies in circulation, and were adjusted by 1% in the exchange rates for the year-end translation. The positive numbers in the table below indicate the amount by which the net income before tax will be reduced when the New Taiwan dollar appreciates by 1% against the relevant currencies; when the New Taiwan dollar depreciates by 1% against the relevant foreign currencies, the net income before tax will be the negative number of the same amount.

	2020	2019
USD	$ 3,579	$ 5,308
CNY	37	43
VND	190	13

(2) Interest rate risk

The Group's interest rate risk was mainly from long-term and short-term borrowings, corporate bonds payable, and lease liabilities at both fixed and floating interest rates, which exposed the Group to fair value and cash flow interest rate risks.

The carrying amounts of the Group's financial liabilities with exposure to the interest rate risk at the balance sheet date were as follows:

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
-Financial liabilities	$ 1,191,214	$ 1,019,958
Cash flow interest rate risk		
-Financial liabilities	454,121	295,739

2. Credit risk

Credit risk refers to the risk that a counterparty defaults on its contractual obligations, resulting in a financial loss to the Group. At the balance sheet date, the Group's maximum exposure to credit risk, which might cause financial losses due to a counterparty's failure to perform its obligations, approximated the carrying amounts of the financial assets recognized in the consolidated balance sheet.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group continuously monitored its credit exposure and counterparties' credit ratings and spread the aggregate value of transactions among customers with qualified credit ratings, while appointing dedicated staff to review and approve counterparties' credit limits on an annual basis to control the credit exposure.

As for the accounts receivable, many customers in different industries and geographic regions were involved. The Group continuously evaluated the financial position of the customers involved in the accounts receivable and would also purchase credit guarantee insurance policy when necessary.

3. Liquidity risk

The Group managed and maintained sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations. The management of the Group monitored the use of the bank financing facilities and ensured compliance with the terms of the borrowing terms.

Bank borrowings were an important source of liquidity for the Group. As of December 31, 2020 and 2019, for the Group's unutilized credit facilities, please refer to (2) below for description of financing facilities.

(1) Liquidity and interest rate risk tables for non-derivative financial liabilities

The remaining contractual maturity analysis of non-derivative financial liabilities was based on the earliest date at which the Group might be required to repay and was compiled based on the undiscounted cash flows of financial liabilities (including principal and estimated interest). Therefore, the bank borrowings with a repayment on demand clause were included in the earliest time period, regardless of the probability of exercise of the right by banks. The maturity analysis of other non-derivative financial liabilities was compiled in accordance with the agreed repayment date.

December 31, 2020

	Less than 1 Year	1 to 3 Years	Over 3 Years	Total
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 3,499,267	$ -	$ -	$ 3,499,267
Lease liabilities	7,786	10,769	1,896	20,451
Floating interest rate instruments	150,177	303,944	-	454,121
Fixed interest rate instruments	1,170,763	-	-	1,170,763
	$ 4,827,993	$ 314,713	$ 1,896	$ 5,144,602

Additional information about the maturity analysis of lease liabilities:

	Less than 1 Year	1 to 5 Years	5 to 10 Years
Lease liabilities	$ 7,786	$ 12,665	$ -

December 31, 2019

	Less than 1 Year	1 to 3 Years	Over 3 Years	Total
Non-derivative financial liabilities				
Non-interest-bearing liabilities	$ 2,988,772	$ -	$ -	$ 2,988,772
Lease liabilities	5,665	8,715	6,173	20,553
Floating interest rate instruments	-	295,739	-	295,739
Fixed interest rate instruments	-	999,405	-	999,405
	$ 2,994,437	$ 1,303,859	$ 6,173	$ 4,304,469

Additional information about the maturity analysis of lease liabilities:

	Less than 1 Year	1 to 5 Years	5 to 10 Years
Lease liabilities	$ 5,665	$ 14,786	$ 102

(2) Financing facilities

	December 31, 2020	December 31, 2019
Unsecured bank facilities		
Drawdown amount	$ 170,880	$ -
Undrawn amount	-	180,120
	$ 170,880	$ 180,120
Secured bank facilities		
Drawdown amount	$ 456,480	$ 300,000
Undrawn amount	3,244,097	2,937,443
	$ 3,700,577	$ 3,237,443

28. Related-party Transactions

(1) The Group's related parties and relationship

Related party	Relationship with the Group
Heng Hui Co., Ltd.	Other related parties
Dongguan Song Xiang Metal Products Co., Ltd.	Other related parties
Hua Jung Co., Ltd.	Other related parties
Spring City Resort Co., Ltd.	Associates
Yao Yu Design Co., Ltd.	Other related parties
Peter Lin	Chairman of Phihong

The transactions, account balances, as well as income and expenses between the Company and its subsidiaries (related parties of the Company) were all eliminated upon consolidation, so they are note disclosed in this note. Details of transactions between the Group and other related parties are as follows:

(2) Purchase of goods

Category of related parties	2020	2019
Other related parties	$ 141,596	$ 127,392

The prices of purchases made by the Group from related parties were determined by the product type, cost, market price, market competition, etc., and showed no significant differences with non-related parties.

(3) Payables to related parties

Category of related parties	December 31, 2020	December 31, 2019
Other related parties	$ 82,497	$ 69,526

(4) Compensation to key management personnel

The amounts of the remuneration to directors and other key members of the management are as follows:

	2020	2019
Short-term employee benefits	$ 31,147	$ 32,765
Post-employment benefits	432	432
	$ 31,579	$ 33,197

The remuneration to directors and key members of the management was determined by the Remuneration Committee based on individual performance and market trends.

(5) Other transactions with related parties

The Company's chairman served as the joint guarantor for the Company's bonds payable and short- and long-term borrowings. As of December 31, 2020 and 2019, the amounts of the borrowings were $1,454,004 thousand and $1,295,144 thousand, respectively.

29. Assets Pledged as Collateral

The Group's assets below have been provided as contractual performance bonds and collateral for bank borrowings and domestic secured bonds:

	December 31, 2020	December 31, 2019
Financial assets at amortized cost - non-current (Note 6)	$ 37,100	$ 27,100
Land	185,202	185,202
Buildings	436,406	469,051
Land use rights	15,499	15,763
	$ 674,207	$ 697,116

30. Material Contingent Liabilities and Unrecognized Contractual Commitments

Unrecognized contractual commitments of the Group are as follows:

	December 31, 2020	December 31, 2019
Acquisition of property, plant and equipment		
Contractual amount signed	$ 627,710	$ -
Amount unpaid	464,866	-

31. Significant Events After the Balance Sheet Date

The Company's board of directors passed the resolution of a new Phase 2 factory plan in Tainan on November 6, 2020, for a total amount of around $284,595 thousand. As of December 31, 2020, the Company had prepaid $84,075 thousand for the land and had already completed the transfer of ownership in January 2021.

32. Information on Significant Assets and Liabilities Denominated in Foreign Currencies

The aggregate information below is presented in foreign currencies other than the functional currency adopted by the Group. The exchange rates disclosed refer to the rates at which these foreign currencies were exchanged to the functional currency. Information on significant assets and liabilities denominated in foreign currencies is as follows:

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary item			
USD	$ 78,435	28.48000	$ 2,233,832
CNY	855	4.35974	3,730
VND	47,432,187	0.00123	58,342
Financial liabilities			
Monetary item			
USD	65,868	28.48000	1,875,919
VND	32,010,796	0.00123	39,373

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December 31, 2019

Financial assets	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Monetary item			
USD	$ 51,365	30.02000	$ 1,541,966
CNY	998	4.30055	4,291
VND	16,983,031	0.00130	22,078
Financial liabilities			
Monetary item			
USD	33,684	30.02000	1,011,202
VND	16,001,217	0.00130	20,802

33. Other Matters

The Group was affected by the global COVID-19 pandemic, which caused a significant drop in its operating income from January to June 2020. With the alleviation of the pandemic and loosening of policies, the Group expects that operations will gradually return to normal.

In response to the impact of the pandemic, the Group has applied for various subsidies, such as paycheck, working capital, and relief loans from the R.O.C. and U.S. governments. After review and approval of the applications, the Company expects to receive a total of $84,855 thousand for paycheck and working capital subsidies. PHA, after approval of its application, has received a relief subsidy of $29,577 thousand (US$1,036 thousand) under the U.S. Paycheck Protection Program. Please refer to Notes 22 and 25.

34. Additional Disclosures

(1) Significant transactions and (2) Information on investees:

1. Financing provided to others. (Table 1)
2. Endorsements/guarantees provided to others. (Table 2)
3. Marketable securities held at the end of the period (excluding investment in subsidiaries and associates). (Table 3)
4. Marketable securities acquired or sold amounting to at least NT$300 million or 20% of the paid-in capital. (Table 4)
5. Acquisition of real estate amounting to at least NT$300 million or 20% of the paid-in capital. (None)
6. Disposal of real estate amounting to at least NT$300 million or 20% of the paid-in capital. (Table 5)
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 6)
8. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 7)

9. Trading in derivative instruments. (None)

10. Other: Business relations and important transactions between parent company and subsidiaries and among subsidiaries and amounts. (Table 8)

11. Information on investees. (Table 9)

(3) Information on investments in mainland China:

1. Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and limit on the amount of investment in the mainland China area. (Table 10)

2. Any of the following significant transactions with investees in mainland China, either directly or indirectly through a third region, and the price, payment term, and unrealized gains or losses: (Table 11)

   (1) The amount and percentage of purchases and the balance and percentage of the relevant payables at the end of the period.

   (2) The amount and percentage of sales and the balance and percentage of the relevant receivables at the end of the period.

   (3) The amount of property transactions and the amount of the resulting gains or losses.

   (4) The balance of negotiable instrument endorsements or guarantees or collateral pledged at the end of the period and the purposes.

   (5) The highest balance, the closing balance, the interest rate range, and total current-period interest with respect to financing of funds.

   (6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of labor services.

(4) Information on major shareholders: The name of shareholders with a shareholding ratio of 5% or more, and the number and percentage of shares held. (Table 12)

35. <u>Segment Information</u>

(1) Basic information on operating segments

1. Classification of operating segments

The Group's segments that shall be reported are as follows:

The power supply products segment: It mainly engages in the R&D, design, manufacturing, and sales of power supply products and provision of after-sales service.

2. Principles of measuring operating segments' profit and loss, assets, and liabilities

The accounting policies adopted for each operating segment are the same as the important accounting policies described in Note 4. The profit and loss, assets, and liabilities of the operating segments of the Group were measured based on the operating profit and loss that could be controlled by the segment managers, which could used as the basis for management performance evaluation.

(2) Segment revenues and operating results

The Group's revenues and operating results of the segments reported for 2020 and 2019:

	Power Supply Segment	Other segments	Total
2020			
Revenues from external customers	$ 9,236,707	$ 6,911	$ 9,243,618
Segment losses	($ 372,245)	($ 386)	($ 372,631)
Interest income			33,113
Other income			250,596
Other gains and losses			(37,358)
Financial cost			(22,517)
Share of profit or loss of equity-accounted associates			(4,645)
Net loss before income tax			($ 153,442)
2019			
Revenues from external customers	$ 10,681,356	$ 13,248	$ 10,694,604
Segment losses	($ 71,031)	($ 7,419)	($ 78,450)
Interest income			40,749
Other income			92,917
Other gains and losses			(65,122)
Financial cost			(23,103)
Share of profit or loss of equity-accounted associates			(9,130)
Net loss before income tax			($ 42,139)

(3) Segment assets and liabilities

	December 31, 2020	December 31, 2019
Power supply products	$ 9,701,757	$ 8,945,913
Other assets	660,914	586,263
Total assets	$ 10,362,671	$ 9,532,176
Power supply products	$ 5,561,974	$ 4,559,246
Other Liabilities	55,816	58,629
Total liabilities	$ 5,617,790	$ 4,617,875

(4) Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services in its continuing operations:

	2020	2019
Power supply products	$ 9,236,707	$ 10,681,356
Others	6,911	13,248
	$ 9,243,618	$ 10,694,604

(5) Region-specific information

The Group operates in three major geographical regions: Asia, the Americas, and Europe.

The Group's revenue from continuing operations' external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenues from external customers		Non-current assets	
	2020	2019	December 31, 2020	December 31, 2019
Asia	$ 6,399,200	$ 7,635,990	$ 2,935,210	$ 3,128,237
Americas	1,827,046	1,811,213	117,190	130,233
Europe	984,836	1,171,000	-	-
Others	32,536	76,401	-	-
	$ 9,243,618	$ 10,694,604	$ 3,052,400	$ 3,258,470

(6) Information on major customers

Of the sales revenue of $9,243,618 thousand and $10,694,604 thousand in 2020 and 2019, respectively, $4,943,605 thousand and $5,033,143 thousand were derived from the sales to the Group's major customers, respectively.

Single customers, contributing 10% or more to the Group's total revenue, were as follows:

	2020	2019
Customer A	$ 1,865,176	$ 1,829,471
Customer B	1,678,975	1,771,695
Customer C	1,399,454	1,431,977
	$ 4,943,605	$ 5,033,143

There were no other single customers contributing 10% or more to the Group's total revenue for both 2020 and 2019.

Phihong Technology Co., Ltd. and Subsidiaries

Financing Provided to Others

For the year ended December 31, 2020

Table 1

In Thousands of New Taiwan Dollars, Unless Specified Otherwise

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party Status	Highest Balance for the Period	Balance, Ending of year	Actual Borrowing Amount	Interest Rate (Range)	Nature of Financing (Note 2)	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limit (Notes 3 and 4)	Note
													Item	Value			
0	Phihong	Phihong Vietnam Co., Ltd.	Other receivables - related parties	Yes	$ 256,320 USD 9,000,000	$ - -	$ -	3.50%	2	$ -	Capital movement in the Group	$ -	-	$ -	$ 950,758	$ 1,901,516	
1	Phihong (Dongguan) Electronics Co., Ltd.	Dongguan Phitek Electronics Co., Ltd.	”	”	871,948 RMB 200,000,000	435,974 RMB 100,000,000	-	4.35%	”	-	”	-	-	-	1,706,066	1,706,066	
1	Phihong (Dongguan) Electronics Co., Ltd.	Dongguan Phitek Electronics Co., Ltd.	”	”	43,597 RMB 10,000,000	43,597 RMB 10,000,000	43,597	4.90%	”	-	”	-	-	-	1,706,066	1,706,066	
2	Phihong Electronics (Suzhou) Co., Ltd.	Dongguan Phitek Electronics Co., Ltd.	”	”	1,264,325 RMB 290,000,000	1,046,338 RMB 240,000,000	1,046,338	4.75%	”	-	”	-	-	-	1,211,634	1,211,634	

Note 1: The information on the Company and its subsidiaries' financing provided to others shall be separated and indicated in the No. column. The Company and its subsidiaries are coded in the No. column as follows:

1. The Company is coded "0".
2. The subsidiaries are coded sequentially beginning from "1" by each individual company.

Note 2: The description of the nature of financing is as follows:

1. Business relationship.
2. The need for short-term financing.

Note 3: According to the Company's operating procedures for financing provided to others, the aggregate amount of financing provided to others shall not exceed 40% of its net worth, which is based on the latest financial statements audited or attested by CPAs. The maximum financing limit for each borrower is set based on the types of financing reasons below:

1. Business relationship: Each of the financing amounts shall not exceed the amount of the total purchases from or sales to a borrower in the most recent year or in the current year, whichever is higher.
2. The need for short-term financing: Each of the financing amounts shall not exceed 20% of the Company's net worth, which is based on the latest financial statements audited or attested by CPAs.

Note 4: According to the subsidiaries' operating procedures for financing provided to others, the aggregate financing amount between subsidiaries shall not exceed the net worth of the lending subsidiary's latest financial statements.

Phihong Technology Co., Ltd. and Subsidiaries

Endorsements/Guarantees Provided to Others.

For the year ended December 31, 2020

Table 2

In Thousands of New Taiwan Dollars,
Unless Specified Otherwise

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Provided to Each Party (Notes 2 and 3)	Maximum Amount of Endorsement/ Guarantee Provided During the Period	Balance of Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount of Endorsement/ Guarantee with Property as Collateral	Proportion of Accumulated Endorsement/Guarantee to Net Worth in Latest Financial Statements (%)	Maximum Limit on Endorsement/ Guarantee (Notes 2 and 3)	Endorsement/ Guarantee Provided by the Company to Subsidiaries	Endorsement/ Guarantee Provided by Subsidiaries to the Company	Endorsement/ Guarantee Provided to Companies in Mainland China	Note
		Company Name	Relationship											
0	Phihong	Phihong USA Corp.	Subsidiary of the Company	$ 1,426,137	$ 142,400 USD 5,000,000	$ 142,400 USD 5,000,000	$ -	$ -	3.00	$ 2,376,895	Y	N	N	
1	Phihong (Dongguan) Electronics Co., Ltd.	Dongguan Phitek Electronics Co., Ltd.	Sister company	1,706,066	217,987 RMB 50,000,000	-	-	-	-	1,706,066	N	N	Y	

Note 1: The information on the Company and its subsidiaries' endorsement/guarantee provided shall be separated and indicated in the No. column. The Company and its subsidiaries are coded in the No. column as follows:

1. The Company is coded "0".
2. The subsidiaries are coded sequentially beginning from "1" by each individual company.

Note 2: According to the Company's operating procedures for provision of endorsement/guarantee to others, the aggregate amount of endorsements/guarantees provided to others by the Company shall not exceed 50% of its net worth based on its latest financial statements. In particular, the amount of endorsement/guarantee provided by the Company to any single entity shall not exceed 30% of the Company's net worth based on its latest financial statements.

Note 3: According to the Company's operating procedures for provision of endorsement/guarantee to others, the aggregate amount of endorsements/guarantees provided among the subsidiaries shall not exceed the net worth based on their latest financial statements.

Note 4: On August 13, 2019, the board of directors approved that the amount of the Company's endorsement/guarantee provided to its subsidiary Phihong USA Corp. was US$5 million.

Note 5: On November 8, 2019, the board of directors approved that Phihong (Dongguan) Electronics Co., Ltd.'s amount of endorsement/guarantee provided to Dongguan Phitek Electronics Co., Ltd. was CNY50 million.

Phihong Technology Co., Ltd. and Subsidiaries

Marketable Securities Held

December 31, 2020

Table 3

In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Holding Company Name	Type and Name of Marketable Securities Held	Relationship with Marketable Securities Issuer	Financial Statement Account	End of Period				Note
				Number of Shares	Carrying Amount	Percentage of ownership (%)	Fair Value	
Phihong	Ordinary Shares							
	Pao-Dian Venture Capital Co., Ltd.	None	Financial assets at FVTOCI - non current	270,565	$ 2,837	10.49	$ 2,837	
	Zhong-Xuan Venture Capital Co., Ltd.	”	”	2,758,621	23,054	8.62	23,054	
	Wan-Chang Venture Capital Co., Ltd.	”	”	3,600,000	37,780	9.84	37,780	
Guang-Lai	Ordinary Shares							
	Taiwan Cultural & Creativity No. 1 Co., Ltd.	None	Financial assets at FVTOCI - non current	3,000,000	2,157	10.83	2,157	
Phihong Electronics (Suzhou) Co., Ltd.	Fund							
	China Construction Bank Principal and Income Protected Financial Products	”	”	10,000,000	43,600	-	43,600	

Note 1: The marketable securities stated in this table refer to shares, debentures, beneficiary certificates, and their derivative products within the scope of IFRS 9 “Financial Instruments”.

Note 2: For information on the investments in subsidiaries and associates, refer to Tables 9 and 10.

Phihong Technology Co., Ltd. and Subsidiaries

Marketable Securities Acquired or Sold Amounting to at Least NT$300 Million or 20% of the Paid-in Capital.

For the year ended December 31, 2020

Table 4

In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Company Name	Type and Name of Marketable Securities Held (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	Balance, Beginning of year		Acquisition (Note 3)		Disposal (Note 3)				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Book Cost	Gain or Loss on Disposal	Number of Shares	Amount
Phihong Electronics (Suzhou) Co., Ltd.	China Construction Bank Principal and Income Protected Financial Products	Financial assets at FVTPL - current	China Construction Bank	None	80,000,000	$ 344,044	-	$ -	80,000,000	$ 357,393 RMB83,086,767	$ 344,044 RMB80,000,000	$ 13,349 RMB 3,086,767	-	$ -

Note 1:The marketable securities stated in this table refer to shares, debentures, beneficiary certificates, and the marketable securities derived from said items.

Note 2:Investors whose marketable securities accounted for under the equity method are required to make disclosure.

Note 3:The accumulated amounts of the marketable securities acquired and sold shall be calculated separately at the market values to determine whether each amount reaches $300 million or 20% of the paid-in capital.

Note 4:The paid-in capital refers to the paid-in capital of the parent company. If the share issued by an issuer has no face value or the face value is not NT$10 per share, with regard to the rule of a transaction amounting to 20% of the paid-in capital, then the benchmark of 10% of equity attributable to owners of the Company on the balance sheet shall apply.

Phihong Technology Co., Ltd. and Subsidiaries

Disposal of Real Estate Amounting to at Least NT$300 Million or 20% of the Paid-in Capital.

For the year ended December 31, 2020

Table 5

In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Company Name	Property	Date of Fact	Original Acquisition Date	Carrying Amount	Transaction Amount	Status of Payment Collection	Gain or Loss on Disposal	Counterparty	Relationship	Purpose of Disposal	Basis for Price Determination	Other Agreed Terms
Dongguan Phitek Electronics Co., Ltd.	Land and factory in Dongguan	2020.02.27 (Note 1)	May 2001	$ 241,752 RMB 56,383,755	$ 358,016 RMB 83,500,000	$170,466 thousand received	$ 21,107 (Note 2)	Blackview High Technology Enterprise in Dongguan City	Non-related parties	To liquidate unprofitable idle assets	Professional appraisal reports and market conditions	—

Note 1: Date of signing the contract.

Note 2: Amount after deducting the estimated relevant expenses and taxes.

Phihong Technology Co., Ltd. and Subsidiaries

Total Purchases from or Sales to Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital

For the year ended December 31, 2020

Table 6

In Thousands of New Taiwan Dollars,
Unless Specified Otherwise

Buyer (Seller)	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase (Sale)	Amount	Proportion of Total Purchases (Sales) (%)	Payment Term	Unit Price	Payment Term	Ending Balance	Proportion of Total Notes/Accounts Receivable (%)	
Phihong	Phihong USA Corp.	Subsidiary of the Company	Sale	($ 2,989,208)	(43.92)	Determined by mutual agreement	-	—	$ 325,929	27.37	
”	Phihong Technology Japan Co., Ltd.	”	Sale	(158,816)	(2.33)	”	-	—	30,667	2.58	
”	Phihong (Dongguan) Electronics Co., Ltd.	”	Purchase of goods	5,226,352	86.97	”	-	—	-	-	
”	Phihong Vietnam Co., Ltd.	”	”	725,800	12.08	”	-	—	-	-	
Phihong USA Corp.	Phihong	Parent company	”	2,989,208	96.67	”	-	—	(325,929)	(95.25)	
Phihong Technology Japan Co., Ltd.	”	”	”	158,816	100	”	-	—	(30,667)	(100)	
Phihong (Dongguan) Electronics Co., Ltd.	”	Ultimate parent company	Sale	(5,226,352)	(100)	”	-	—	-	-	
Phihong Vietnam Co., Ltd.	”	”	”	(725,800)	(99.42)	”	-	—	-	-	

Phihong Technology Co., Ltd. and Subsidiaries

Receivables from Related Parties Amounting to at Least NT$100 Million or 20% of the Paid-in Capital

December 31, 2020

Table 7

In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Company Name	Related Party	Relationship	Financial Statement Account and Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Response		
Phihong	Phihong USA Corp.	Subsidiary of the Company	Accounts receivable $ 325,929	15	$ -	—	$ 278,611	$ -
〃	Phihong (Dongguan) Electronics Co., Ltd.	〃	Other receivables 241,122	-	-	—	240,985	-
〃	Phihong Vietnam Co., Ltd.	〃	Other receivables 246,244	-	-	—	192,296	-
Phihong Electronics (Suzhou) Co., Ltd.	Dongguan Phitek Electronics Co., Ltd.	Sister company	Other receivables 1,046,338	-	-	—	-	-

Phihong Technology Co., Ltd. and Subsidiaries

Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries

For the year ended December 31, 2020

Table 8

In Thousands of New Taiwan Dollars, Unless Specified Otherwise

No. (Note 1)	Company Name	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	Proportion of Total Consolidated Revenue or Assets (Note 3)
0	Phihong	PHA	1	Revenue from sale of goods	$ 2,989,208	Determined by mutual agreement	32%
”	”	PHJ	”	”	158,816	”	2%
”	”	PHC	”	Purchase of goods	5,226,352	No difference compared with general customers	57%
”	”	PHP	”	”	52,534	”	1%
”	”	PHV	”	”	725,800	”	8%
”	”	PHA	”	Accounts receivable	325,929	—	3%
”	”	PHC	”	Other receivables	241,122	—	2%
”	”	PHP	”	”	80,647	—	1%
”	”	PHV	”	”	246,244	—	2%
1	PHZ	PHP	3	”	1,046,338	—	10%

Note 1: The information on transactions between the Company and its subsidiaries shall be separated and indicated in the No. column. The Company and its subsidiaries are coded in the the No. column as follows:

1. The parent company is coded “0”.
2. The subsidiaries are coded sequentially beginning from “1” by each individual company.

Note 2: There are three types of relationships with the counterparty, indicating the code is sufficient:

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

Note 3: Regarding the transaction amount as a percentage of the total consolidated revenue or assets, if it is recognized in the balance sheet account, it is shown with the ending balance as a percentage of the total consolidated assets; if it is in the profit or loss account, it is shown with the cumulative amount throughout the period as a percentage of the total consolidated revenue.

Phihong Technology Co., Ltd. and Subsidiaries

Information on Investees with Direct or Indirect Material Influence or Control

For the year ended December 31, 2020

Table 9

In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investor	Investee	Location	Main Business and Products	Original Investment Amount		As of December 31, 2020			Net Income (Loss) on Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Shares	(%)	Carrying Amount			
Phihong	PHI	British Virgin Islands	Making investments	$ 3,448,270	$ 3,448,270	111,061,351	100.00	$ 3,134,524	($ 62,826)	($ 49,208)	
	PHA	California, U.S.	Selling a variety of power supplies	207,203	207,203	3,100,000	100.00	923,714	25,020	25,020	
	PHK	British Virgin Islands	Making investments	314,956	314,956	10,200,000	100.00	(243,673)	(94,712)	(93,489)	
	PHQ	British Virgin Islands	Making investments	352,043	352,043	12,012,600	100.00	69,397	(21,576)	(22,275)	
	Guang-Lai	Taiwan	Making investments	139,758	139,758	13,975,828	100.00	140,802	(7,454)	(7,454)	
	H&P Venture Capital Co., Ltd.	Taiwan	Making investments	13,738	23,305	1,373,801	32.26	21,193	9,466	2,689	
	PHJ	Japan	Selling power components	137,436 JPY 150,000,000	191,738 JPY 550,000,000	3,000	100.00	82,082	(9,537)	(9,537)	
	PHV	Vietnam	Manufacturing and selling a variety of power supplies	607,193	308,468	20,000,000	100.00	442,085	(47,192)	(46,983)	
PHI	N-Lighten	California, U.S.	Making investments	409,851	409,851	110,834,223	58.45	(23,921)	(86)	(50)	PHI and Guang-Lai jointly held 78.23%
Guang-Lai	Spring City Resort Co., Ltd.	Taiwan	Hotel and restaurant	190,000	190,000	2,837,343	25.33	11,891	(22,925)	(5,715)	
	Han-Yu Venture Capital Co., Ltd.	Taiwan	Making investments	100,000	100,000	10,000,000	22.22	119,281	(7,286)	(1,619)	
	N-Lighten	California, U.S.	Making investments	206,084	206,084	37,498,870	19.78	(8,095)	(86)	(17)	PHI and Guang-Lai jointly held 78.23%

Note 1: For information on investees in mainland China, refer to Table 10.

Phihong Technology Co., Ltd. and Subsidiaries

Information on Investment in Mainland China

For the year ended December 31, 2020

Table 10

In Thousands of New Taiwan Dollars, Unless Specified Otherwise

1. Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, investment income or loss, book value of the investment, and repatriation of investment income:

Investee	Main Business and Products	Paid-in Capital	Investment Method	Accumulated Investment Remitted from Taiwan, as of January 1, 2020	Remittance of Funds		Accumulated Investment Remitted from Taiwan, as of Deceember 31, 2020	Gain or Loss on Investee in the Period	% of Ownership in Direct or Indirect Investment	Investment Gain (Loss) in the Period (Note 4)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
Phihong (Dongguan) Electronics Co., Ltd.	Manufacturing and selling a variety of power supplies	$ 1,988,018 HKD 495,450,000	Indirect investment in mainland China through PHI	$ 1,677,679 HKD 419,000,000	$ -	$ -	$ 1,677,679 HKD 419,000,000	($ 93,014)	100.00	($ 93,014)	$ 1,706,066	$ -	
Phitek (Tianjin) Electronics Co., Ltd.	Manufacturing and selling a variety of power supplies	-	”	25,327 USD 255,127	-	-	25,327 USD 255,127	-	-	-	-	-	Note 1
Phihong Electronics (Suzhou) Co., Ltd.	Manufacturing and selling a variety of power supplies	1,097,139 USD 31,960,000	”	1,343,033 USD 40,600,000	-	-	1,343,033 USD 40,600,000	35,645	100.00	35,645	1,211,634	-	
Yanghong Trade (Shanghai) Co., Ltd.	Selling a variety of lighting products and power supplies	26,291 USD 880,000	”	63,934 USD 2,865,000	-	-	63,934 USD 2,865,000	(5,448)	100.00	(5,448)	12,684	-	
Dongguan Phitek Electronics Co., Ltd.	Manufacturing and selling a variety of power supplies	362,042 USD 11,500,000	Indirect investment in mainland China through PHK	315,258 USD 10,000,000	-	-	315,258 USD 10,000,000	(94,419)	100.00	(94,419)	(245,387)	-	
Dongguan Shuang-Ying Electronics Co., Ltd.	Manufacturing and selling electronic materials	39,678 HKD 9,000,000	Indirect investment in mainland China through PHQ	39,678 HKD 9,000,000	-	-	39,678 HKD 9,000,000	1,655	100.00	1,655	55,328	-	
Jin-Sheng-Hong (Jiangxi) Electronics Co., Ltd.	Manufacturing and selling electronic materials	360,124 USD 11,500,000	”	360,124 USD 11,500,000	-	-	360,124 USD 11,500,000	(23,128)	100.00	(23,128)	12,637	-	
N-Lighten (Shanghai) Trading Inc.	R&D, manufacturing, and selling a variety of optoelectronic equipment and displays	-	Indirect investment in mainland China through N-Lighten	387,406 USD 12,366,400	-	-	387,406 USD 12,366,400	-	-	-	-	-	Note 2

Note 1: The liquidation of Phitek (Tianjin) Electronics Co., Ltd. was completed on March 24, 2017.

Note 2: The liquidation of N-Lighten (Shanghai) Trading Inc. was completed on June 18, 2015.

Note 3: The amount was recognized based on financial statements audited by CPAs entrusted by the parent company in Taiwan.

Note 4: The foreign currencies in this are converted into New Taiwan dollars at the exchange rates at the investment dates, except for the investment income and expense items which were translated based on the monthly weighted average exchange rates in 2020.

2. Limit on investment amount in mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amount Authorized by Investment Commission, MOEA	Limit on Investment Amount Stipulated by Investment Commission, MOEA
$4,212,439	$4,816,767	Note

Note 1: In accordance with the provisions of the “Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area” passed on June 26, 2018, the Company has acquired the Business Operation Headquarter Certificate issued by the Industrial Development Bureau of the Ministry of Economic Affairs, which exempts the Company from the limitation of the amount of investment in mainland China.

Phihong Technology Co., Ltd. and Subsidiaries

Any of the Following Significant Transactions with Investees in Mainland China, Either Directly or Indirectly Through a Third Region, and the Price, Payment Term, Unrealized Gains or Losses, and Other Information

For the year ended December 31, 2020

Table 11

In Thousands of New Taiwan Dollars, Unless Specified Otherwise

Investee	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain)/Loss	Note
		Amount	%		Payment Terms	Comparison with General Transaction	Ending Balance	%		
Phihong (Dongguan) Electronics Co., Ltd.	Purchase of goods	$ 5,226,352	86.97%	Determined by mutual agreement	Determined by mutual agreement	—	$ -	-	$ -	

Phihong Technology Co., Ltd. and Subsidiaries

Major Shareholder Information

December 31, 2020

Table 12

Name of Major Shareholder	Shares	
	Number of Shares Held	Percentage of ownership
Peter Lin	51,703,063	15.31%

Note 1: The major shareholder information in this table is based on Taiwan Depository & Clearing Corporation's data of shareholders who hold more than 5% of the Company's ordinary shares and preferred stock (including treasury shares), for which electronic registration and delivery were completed, on the last business day of the quarter. The share capital recorded in the Company's consolidated financial statements and the actual number of shares, for which electronic registration and delivery were completed, may not be consistent due to different bases for preparation and calculation.