

PEGATRON CORPORATION**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019**

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The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Pegatron Corporation:

Opinion

We have audited the non-consolidated financial statements of Pegatron Corporation (“the Company”), which comprise the non-consolidated statement of financial position as of December 31, 2020 and 2019, and the non-consolidated statement of comprehensive income, non-consolidated statement of changes in equity and non-consolidated statement of cash flows for the years then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to Other Matter paragraph), the accompanying financial statements present fairly, in all material respects, the non-consolidated financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants” and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Non-Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in the Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Based on our professional judgment, key audit matters pertain to the most important matters in the audit of non-consolidated financial statements for the year ended December 31, 2020 of Pegatron Corporation. Those matters have been addressed in our audit opinion on the said non-consolidated financial statements and during the formation of our audit opinion. However, we do not express an opinion on these matters individually. The key audit matters that, in our professional judgment, should be communicated are as follows:

1. Revenue recognition

The accounting principles on the recognition of revenues are discussed in Note 4(m) of the notes to non-consolidated financial statements.

(a) Key audit matters:

The timing for recognition of revenue and the transfer of control are relatively complex because the transaction terms vary with each client and the offshore hubs are established depending on the clients' needs. These factors expose the Company to a significant risk of untimely recognition of revenue.

Therefore, the test of revenue recognition was one of the key audit matters in the audit of non-consolidated financial reports for the years ended December 31, 2020 and 2019 of Pegatron Corporation.

(b) Auditing procedures performed:

- Vouching external documents with records on ledger to confirm whether the counterparty involved in the sales transaction is the same with that involved in the cash collection.
- Random sampling of material sales contracts and examining the transaction terms in order to evaluate the accuracy of the timing for recognition of revenues.
- Performing cut-off test for revenues during the periods before and after the balance sheet date.

2. Inventory valuation

Please refer to notes 4(g), 5 and 6(f) of the notes to non-consolidated financial statement for the accounting policies on measuring inventory, assumptions used and uncertainties considered in determining net realizable value, allowances for impairment loss and obsolescence and balances of impairment loss and obsolescence, respectively.

(a) Key audit matters:

Inventories are measured at the lower of cost and net realizable value in the financial statements. However, the cost of inventory might exceed its net realizable value because the products change fast and the industry in which the Company operates is very competitive.

(b) Auditing procedures performed:

- Analyze the amount of obsolete inventory and inventory market price decline between 2020 and 2019 and understand reasons of the difference.
- Obtain an inventory aging analysis and randomly select items to verify the accuracy for age of inventory.
- Obtain the most recent selling price for finished goods and replacement cost for raw material, and recalculate net realizable value with selling expense rate to check whether the net realizable value measurement adopted by the Company is reasonable.

Other Matter

We did not audit the financial statements of certain equity-accounted investees. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for certain equity-accounted investees, are based solely on the reports of the other auditors. The amount of long-term investments in these investee companies represented 2.24% and 1.90% of the related total assets as of December 31, 2020 and 2019, respectively, and the related investment gain represented 5.49% and (2.25)% of profit before tax for the years ended December 31, 2020 and 2019, respectively.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing Pegatron Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Non-Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 non-consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtained 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 Pegatron Corporation'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 Pegatron Corporation's ability to continue as a going concern. If we determine that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the non-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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on Pegatron Corporation. We are responsible for the direction, supervision and performance of the 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.

For those matters that we have communicated with those charged with governance, we have considered those matters to be key audit matters as they were the most significant to the audit of the financial statements for the year ended December 31, 2020. We have included 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 interests of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuo-Yang Tseng and Chi-Lung Yu.

KPMG

Taipei, Taiwan (Republic of China)
March 25, 2021

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

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(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION**Non-Consolidated Balance Sheets****December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

Assets		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Current assets:					
1100	Cash and cash equivalents (Note 6(a))	\$ 25,707,844	4	35,040,374	5
1110	Current financial assets at fair value through profit or loss (Note 6(b))	442,890	-	-	-
1170	Notes and accounts receivable, net (Notes 6(d) and 6(u))	184,199,690	28	187,491,683	26
1180	Accounts receivable due from related parties, net (Notes 6(d) and 7)	228,475,966	34	321,644,303	44
1200	Other receivables, net (Notes 6(e) and 7)	530,310	-	240,938	-
1220	Current tax assets	281,294	-	-	-
130X	Inventories (Note 6(f))	35,831,333	5	31,244,098	4
1476	Other current financial assets (Notes 6(k) and 8)	32,988,093	5	828,075	-
1479	Other current assets (Note 6(k))	<u>737,658</u>	<u>-</u>	<u>385,443</u>	<u>-</u>
		<u>509,195,078</u>	<u>76</u>	<u>576,874,914</u>	<u>79</u>
Non-current assets:					
1510	Non-current financial assets at fair value through profit or loss (Note 6(b))	547,615	-	484,756	-
1520	Non-current financial assets at fair value through other comprehensive income (Note 6(c))	497,030	-	551,703	-
1550	Investments accounted for using equity method (Note 6(g))	147,643,776	22	138,654,566	20
1600	Property, plant and equipment (Note 6(h))	10,182,540	2	8,123,507	1
1755	Right-of-use assets (Note 6(i))	166,975	-	138,486	-
1780	Intangible assets (Note 6(j))	92,409	-	143,655	-
1840	Deferred tax assets (Note 6(q))	494,961	-	677,775	-
1980	Other non-current financial assets (Notes 6(k) and 8)	3,147,346	-	27,708	-
1990	Other non-current assets (Note 6(k))	<u>5,253</u>	<u>-</u>	<u>29,975</u>	<u>-</u>
		<u>162,777,905</u>	<u>24</u>	<u>148,832,131</u>	<u>21</u>
Total assets		\$ <u>671,972,983</u>	<u>100</u>	<u>725,707,045</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION

Non-Consolidated Balance Sheets (CONT'D)

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
2100	Short-term loans (Note 6(l))	\$ 59,130,238	9	38,674,200	5
2130	Current contract liabilities (Note 6(u))	724,708	-	671,460	-
2150	Notes and accounts payable	215,243,299	32	193,609,774	27
2180	Accounts payable to related parties (Note 7)	164,677,435	25	275,709,758	38
2219	Other payables (Notes 6(p) and 7)	17,439,616	3	15,046,652	2
2230	Current tax liabilities	-	-	1,756,116	-
2281	Current lease liabilities (Note 6(o))	41,509	-	57,034	-
2321	Bonds payable, current portion (Note 6(n))	1,000,000	-	3,000,000	-
2399	Other current liabilities (Notes 6(m) and 7)	23,127,875	3	18,885,318	3
		<u>481,384,680</u>	<u>72</u>	<u>547,410,312</u>	<u>75</u>
Non-Current liabilities:					
2530	Bonds payable (Note 6(n))	24,478,182	4	20,480,339	3
2540	Long-term loans (Note 6(m))	3,146,170	-	-	-
2570	Deferred tax liabilities (Note 6(q))	120,971	-	-	-
2580	Non-current lease liabilities (Note 6(o))	126,533	-	82,012	-
2670	Other non-current liabilities (Notes 6(m), 6(p) and 7)	121,866	-	69,320	-
		<u>27,993,722</u>	<u>4</u>	<u>20,631,671</u>	<u>3</u>
	Total liabilities	<u>509,378,402</u>	<u>76</u>	<u>568,041,983</u>	<u>78</u>
Equity (Notes 6(r) and 6(s)):					
3100	Share capital	26,628,737	4	26,110,919	4
Capital surplus:					
3210	Capital surplus, premium on capital stock	77,471,560	11	76,645,504	10
3280	Capital surplus, others	5,536,787	1	4,406,597	1
		<u>83,008,347</u>	<u>12</u>	<u>81,052,101</u>	<u>11</u>
Retained earnings:					
3310	Legal reserve	13,706,083	2	11,774,310	2
3320	Special reserve	11,286,050	2	7,868,877	1
3350	Unappropriated retained earnings	44,978,224	7	42,156,192	6
		<u>69,970,357</u>	<u>11</u>	<u>61,799,379</u>	<u>9</u>
Other equity interest:					
3410	Exchange differences on translation of foreign financial statements	(15,808,892)	(3)	(10,982,396)	(2)
3420	Unrealized losses on financial assets measured at fair value through other comprehensive income	(57,309)	-	(303,654)	-
3491	Deferred compensation cost arising from issuance of restricted stock	(1,146,659)	-	(8,287)	-
		<u>(17,012,860)</u>	<u>(3)</u>	<u>(11,294,337)</u>	<u>(2)</u>
3500	Treasury stock	-	-	(3,000)	-
	Total equity	<u>162,594,581</u>	<u>24</u>	<u>157,665,062</u>	<u>22</u>
	Total liabilities and equity	<u>\$ 671,972,983</u>	<u>100</u>	<u>725,707,045</u>	<u>100</u>

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
PEGATRON CORPORATION

Non-Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		For the years ended December 31			
		2020		2019	
		Amount	%	Amount	%
4110	Operating revenue (Notes 6(u) and 7)	\$ 1,248,193,101	100	1,266,262,359	100
4170	Less: Sales returns and allowances	1,411,596	-	1,429,474	-
	Operating revenue, net	1,246,781,505	100	1,264,832,885	100
5000	Cost of sales (Notes 6(f), 6(o), 6(p), 6(s), 6(v) and 7)	1,228,743,006	99	1,240,714,073	98
5900	Gross profit from operations	18,038,499	1	24,118,812	2
5920	Add: Realized profit on from sales	7,444	-	11,723	-
5950	Gross profit from operations	18,045,943	1	24,130,535	2
6000	Operating expenses (Notes 6(d), 6(o), 6(p), 6(s) and 7):				
6100	Selling expenses	2,186,421	-	2,086,169	-
6200	General and administrative expenses	2,480,951	-	2,126,375	-
6300	Research and development expenses	8,840,869	1	8,202,644	1
6300	Total operating expenses	13,508,241	1	12,415,188	1
	Net operating income	4,537,702	-	11,715,347	1
	Non-operating income and expenses:				
7100	Interest income (Note 6(w))	264,961	-	371,457	-
7010	Other income (Notes 6(w) and 7)	907,516	-	676,319	-
7020	Other gains and losses (Note 6(w))	1,788,188	-	(851,471)	-
7050	Finance costs (Notes 6(d), 6(n), 6(o) and 6(w))	(851,954)	-	(1,733,019)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method, net (Note 6(g))	14,821,890	1	11,333,095	1
7590	Miscellaneous disbursements (Note 7)	(40,490)	-	(8,282)	-
	Total non-operating income and expenses	16,890,111	1	9,788,099	1
	Profit from continuing operations before tax	21,427,813	1	21,503,446	2
7950	Less: Income tax expenses (Note 6(q))	1,220,215	-	2,185,705	-
	Profit	20,207,598	1	19,317,741	2
8300	Other comprehensive income (Note 6(r)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Losses on remeasurements of defined benefit plans	(4,218)	-	(4,156)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(54,673)	-	74,555	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	140,661	-	1,666	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		81,770	-	72,065	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(4,826,496)	-	(3,499,840)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(4,826,496)	-	(3,499,840)	-
8300	Other comprehensive income, net	(4,744,726)	-	(3,427,775)	-
8500	Total comprehensive income for the year	<u>\$ 15,462,872</u>	<u>1</u>	<u>15,889,966</u>	<u>2</u>
	Earnings per share, net of tax (Note 6(t))				
9750	Basic earnings per share	<u>\$ 7.73</u>		<u>7.40</u>	
9850	Diluted earnings per share	<u>\$ 7.64</u>		<u>7.32</u>	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION

Non-Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Total other equity interest					Treasury stock	Total equity
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Deferred compensation cost	Total other equity interest			
Balance at January 1, 2019	\$ 26,123,773	80,676,330	10,662,823	8,815,213	32,149,237	51,627,273	(7,482,556)	(386,322)	(524,686)	(8,393,564)	(4,974)	150,028,838	
Profit for the year	-	-	-	-	19,317,741	19,317,741	-	-	-	-	-	19,317,741	
Other comprehensive income for the year	-	-	-	-	(7,167)	(7,167)	(3,499,840)	79,232	-	(3,420,608)	-	(3,427,775)	
Total comprehensive income for the year	-	-	-	-	19,310,574	19,310,574	(3,499,840)	79,232	-	(3,420,608)	-	15,889,966	
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	1,111,487	-	(1,111,487)	-	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	(946,336)	946,336	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(9,141,580)	(9,141,580)	-	-	-	-	-	(9,141,580)	
Changes in ownership interests in subsidiaries	-	504,846	-	-	-	-	-	-	-	-	-	504,846	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(3,436)	(3,436)	-	3,436	-	3,436	-	-	
Expiration of restricted shares of stock issued to employees	(12,854)	143,453	-	-	6,548	6,548	-	-	-	-	1,974	139,121	
Compensation cost arising from restricted shares of stock	-	(272,528)	-	-	-	-	-	-	516,399	516,399	-	243,871	
Balance at December 31, 2019	26,110,919	81,052,101	11,774,310	7,868,877	42,156,192	61,799,379	(10,982,396)	(303,654)	(8,287)	(11,294,337)	(3,000)	157,665,062	
Profit for the year	-	-	-	-	20,207,598	20,207,598	-	-	-	-	-	20,207,598	
Other comprehensive income for the year	-	-	-	-	(10,895)	(10,895)	(4,826,496)	92,665	-	(4,733,831)	-	(4,744,726)	
Total comprehensive income	-	-	-	-	20,196,703	20,196,703	(4,826,496)	92,665	-	(4,733,831)	-	15,462,872	
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	1,931,773	-	(1,931,773)	-	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	3,417,173	(3,417,173)	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(11,748,563)	(11,748,563)	-	-	-	-	-	(11,748,563)	
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	187	-	-	-	-	-	-	-	-	-	187	
Changes in ownership interests in subsidiaries	-	223,566	-	-	(71,752)	(71,752)	-	-	-	-	-	151,814	
Share-based payments transactions	524,110	-	-	-	-	-	-	-	-	-	-	524,110	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(153,680)	(153,680)	-	153,680	-	153,680	-	-	
Expiration of restricted shares of stock issued to employees	(6,292)	3,076	-	-	(51,730)	(51,730)	-	-	-	-	3,000	(51,946)	
Compensation cost arising from restricted shares of stock	-	1,729,417	-	-	-	-	-	-	(1,138,372)	(1,138,372)	-	591,045	
Balance at December 31, 2020	\$ 26,628,737	83,008,347	13,706,083	11,286,050	44,978,224	69,970,357	(15,808,892)	(57,309)	(1,146,659)	(17,012,860)	-	162,594,581	

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
PEGATRON CORPORATION

Non-Consolidated Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2020	2019
Cash flows used in operating activities:		
Profit before tax	\$ 21,427,813	21,503,446
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	874,289	761,683
Amortization expense	99,483	176,795
Expected credit loss (Reversal gain)	10,771	(35,412)
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(199,105)	27,180
Interest expense	842,869	1,723,283
Interest income	(264,961)	(371,457)
Dividend income	(23,357)	(22,595)
Compensation cost arising from employee stock options	649,807	300,495
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	(14,821,890)	(11,333,095)
Loss (gain) on disposal of property, plan and equipment	6,930	(45)
Realized profit from sales	(7,444)	(11,723)
Amortization of issuance costs on bonds payable	3,843	3,077
Effect of movement in exchange rate	(164,852)	(607,525)
Gain on lease remeasurement	(326)	(38)
Government grants income	(10,104)	-
Increase (decrease) in other current liabilities	11,612	(92,683)
(Decrease) increase in other current assets	(20,093)	24,081
Total adjustments to reconcile profit (loss)	(13,012,528)	(9,457,979)
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in financial assets at fair value through profit or loss	(306,644)	(171,616)
Decrease (increase) in notes and accounts receivable	96,449,559	(17,868,970)
Increase in other receivables	(292,401)	(74,537)
(Increase) decrease in inventories	(4,587,235)	18,521,514
Increase in other current assets	(387,261)	(39,504)
Increase in other financial assets	(32,160,018)	(786,405)
Total changes in operating assets	58,716,000	(419,518)
Changes in operating liabilities:		
Increase in contract liabilities	53,248	62,458
(Decrease) increase in accounts and notes payable	(89,398,798)	25,632,905
Increase in other payables	895,480	330,933
Increase in other current liabilities	4,217,713	3,411,824
Increase in other non-current liabilities	7,918	14,001
Total changes in operating liabilities	(84,224,439)	29,452,121
Total changes in operating assets and liabilities	(25,508,439)	29,032,603
Total adjustments	(38,520,967)	19,574,624
Cash (outflow) inflow generated from operations	(17,093,154)	41,078,070
Interest received	267,990	323,119
Dividends received	1,758,490	1,018,137
Interest paid	(849,717)	(1,772,381)
Income taxes paid	(2,751,742)	(743,147)
Net cash flows (used in) from operating activities	(18,668,133)	39,903,798

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
PEGATRON CORPORATION

Non-Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the year ended December 31	
	2020	2019
Cash flows used in investing activities:		
Acquisition of investments accounted for using equity method	(1,264,565)	(1,357,502)
Proceeds from capital reduction of investments accounted for using equity method	835,722	-
Acquisition of property, plant and equipment	(2,805,164)	(977,181)
Proceeds from disposal of property, plant and equipment	59,497	1,632
Acquisition of intangible assets	(48,121)	(27,087)
Increase in other financial assets	(3,119,638)	(4,986)
Increase in other non-current assets	(5,253)	(29,975)
Net cash flows used in investing activities	<u>(6,347,522)</u>	<u>(2,395,099)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	20,519,925	(20,262,050)
Proceeds from issuing bonds	4,994,000	8,490,500
Repayments of bonds	(3,000,000)	-
Proceeds from long-term loans	3,200,000	-
Increase in other payables to related parties	1,289,017	-
Repayments of lease liabilities	(92,072)	(79,815)
Cash dividends paid	(11,748,563)	(9,141,580)
Issuance of restricted stock	524,110	-
Redemption of restricted stock	(3,292)	(10,880)
Net cash flows from (used in) financing activities	<u>15,683,125</u>	<u>(21,003,825)</u>
Net (decrease) increase in cash and cash equivalents	(9,332,530)	16,504,874
Cash and cash equivalents, beginning of the year	<u>35,040,374</u>	<u>18,535,500</u>
Cash and cash equivalents, end of the year	<u>\$ 25,707,844</u>	<u>35,040,374</u>

See accompanying notes to financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

PEGATRON CORPORATION

Notes to the Non-Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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

(1) Company history

Pegatron Corporation (the “Company”) was established on June 27, 2007. The Company’s registered office address is located at 5F, No.76, Ligong St., Beitou District, Taipei City 112, Taiwan. In order to enhance competitiveness and boost productivity, the Company resolved to absorb the OEM business from ASUSTek Computer Inc. on January 1, 2008 as part of the Company’s business restructuring. On April 1, 2008, ASUSALPHA Computer Inc. was merged with the Company. The main activities of the Company are to produce, design and sell OEM business. In January 2010, pursuant to the resolutions of the respective Board of Directors, the Company merged with Pegatron International Investment Co., Ltd., effective June 10, 2010. As the surviving entity from this merger, the Company applied for initial public offering (IPO) to TSEC. The Company’s shares were listed on TSEC on June 24, 2010.

In accordance with Article 19 of the Business Mergers and Acquisitions Act, the Company merged with its subsidiary, UNIHAN CORPORATION, pursuant to the resolutions of the Board of Directors in November, 2013.

(2) Approval date and procedures of the financial statements:

The accompanying non-consolidated financial statements were authorized for issue by the Board of Directors on March 25, 2021.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2020:

- Amendments to IFRS 3 “Definition of a Business”
- Amendments to IFRS 9, IAS39 and IFRS7 “Interest Rate Benchmark Reform”
- Amendments to IAS 1 and IAS 8 “Definition of Material”
- Amendments to IFRS 16 “COVID-19-Related Rent Concessions”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipment – Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

The following significant accounting policies have been applied consistently to all periods presented in the non-consolidated financial statements unless otherwise specified.

- (a) Statement of compliance

The non-consolidated financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- (b) Basis of preparation

- (i) Basis of measurement

The non-consolidated financial statements have been prepared on the historical cost basis except for the following material items in the balance sheets :

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value ;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value ;
- 3) The net defined benefit liability is recognized as the present value of the defined benefit obligation less the fair value of plan assets.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(ii) Functional and presentation currency

The functional currency of each Company entities is determined based on the primary economic environment in which the entities operate. The non-consolidated financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currency

(i) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Company entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income :

- an investment in equity securities designated as at fair value through other comprehensive income ;
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective ; or
- qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the Company's functional currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the Company's functional currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current when :

- (i) It is expected to be realized the asset, or intended to be sold or consumed, during the normal operating cycle ;
- (ii) It is held primarily for the purpose of trading ;
- (iii) It is expected to be realized within twelve months after the reporting period ; or
- (iv) The asset is cash and cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when :

- (i) It is expected to be settled within the Company's normal operating cycle ;
- (ii) It is held primarily for the purpose of trading ;
- (iii) The liability is due to be settled within twelve months after the reporting period ; or
- (iv) The Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are assets that are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in their fair value.

Time deposits are accounted under cash and cash equivalents if they are accord with the definition aforementioned, and are held for the purpose of meeting short-term cash commitment rather than for investment or other purpose.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(f) Financial assets

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is to hold assets to collect contractual cash flows ; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI. However, they are included in the ‘ trade receivables’ line item.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes :

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets ;
- how the performance of the portfolio is evaluated and reported to the Company's management ;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed ;
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial assets on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers :

- contingent events that would change the amount or timing of cash flows ;
- terms that may adjust the contractual coupon rate, including variable rate features ;
- prepayment and extension features ; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and trade receivables, other receivable and other financial assets).

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL :

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 180 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ;
or
- the disappearance of an active market for a security because of financial difficulties.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charge to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

6) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

7) Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of: (a) the amount of the loss allowance determined in accordance with IFRS 9; and (b) the amount recognized initially less, where appropriate, cumulative amortization recognized in accordance with the revenue recognition policies set out below.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The replacement cost of raw material is its net realizable value.

(h) Subsidiaries

The subsidiaries in which the Company holds controlling interest are accounted for under equity method in the non-consolidated financial statements. Under equity method, the net income, other comprehensive income and equity in the non-consolidated financial statement are the same as those attributable to the owners of parent in the consolidated financial statements.

The changes in ownership of the subsidiaries are recognized as equity transaction.

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses. The cost of certain items of property, plant and equipment on January 1, 2012, the Group's date of transition to the Standards, was determined with reference to its fair value at that date.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straightline basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows :

Buildings	8-50 years
Machine	0-7 years
Instrument equipment	0-5 years
Miscellaneous equipment	0-10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leases

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether :

- 1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified ; and
- 2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use ; and
- 3) the customer has the right to direct the use of the asset throughout the period of use only if either :
 - the customer has the right to direct how and for what purpose the asset is used throughout the period of use ; or
 - the relevant decisions about how and for what purpose the asset is used are predetermined and :
 - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions ; or
 - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- 1) fixed payments ;
- 2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date ;
- 3) amounts expected to be payable under a residual value guarantee ; and
- 4) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when :

- 1) there is a change in future lease payments arising from the change in an index or rate ;
or
- 2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee ; or
- 3) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset ; or
- 4) there is a change of its assessment on whether it will exercise a purchase, extension or termination option ; or
- 5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as a separate line item respectively in the statement of financial position.

As a practical expedient, the Company elects not to assess all rent concessions that meets all the conditions as follows are lease modifications or not:

- 1) the rent concessions occurring as a direct consequence of the COVID-19 pandemic;
- 2) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- 3) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- 4) there is no substantive change to other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(k) Intangible assets

(i) Recognition and measurement

Other intangible assets that are acquired by the Company are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for current and comparative periods are as follows :

Computer software cost 3-5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, contract assets, deferred tax assets and investment properties and biological assets, measured at fair value, less costs) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

(i) Sale of good

The Company recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company grants its main customers the right to return the product within certain period. Therefore, the Company reduces its revenue by the amount of expected returns and discounts, and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns and discounts at the time of sale. Also, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Company reassesses the estimated amount of expected returns and discounts.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(ii) Services

Revenue from providing services is recognized in the accounting period in which performance obligation is satisfied.

(iii) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(n) Government grants

The Company recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

The Company is using market interest rate to calculate the fair value of the loan, and recognizes the difference between the amount received and the fair value as deferred revenues. The deferred revenues will then be amortized as other income on a systematic basis.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognized in profit or loss.

Grant date of a share-based payment award is the date which the board of directors authorized the price and number of a new award.

(q) Income Taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(r) **Business combination**

The Company accounts for business combinations using the acquisition method. The goodwill arising from an acquisition is measured as the excess of (i) the consideration transferred (which is generally measured at fair value) and (ii) the amount of non-controlling interest in the acquiree, both over the identifiable net assets acquired at the acquisition date. If the amount calculated above is a deficit balance, the Company recognized that amount as a gain on a bargain purchase in profit or loss immediately after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed.

Non-controlling equity interest is measured either at fair value at acquisition-date or at the share of the acquirer's identifiable net assets in each acquisition.

In a business combination achieved in stages, the Company remeasures its previously held equity interest in the acquiree at its acquisition-date fair value, and recognizes the resulting gain or loss, if any, in profit or loss. In prior reporting periods, the Company may have recognized changes in the value of its equity interest in the acquiree in other comprehensive income. If so, the amount that was recognized in other comprehensive income will be recognized on the same basis as would be required if the Company had disposed directly of the previously held equity interest. If the disposal of the equity interest required a reclassification to profit or loss, such an amount will be reclassified to profit or loss.

All transaction costs relating to business combination are recognized immediately as expenses when incurred, except for the issuance of debt or equity instruments.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Company's financial statements. During the measurement period, the provisional amounts recognized are retrospectively adjusted at the acquisition date, or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

Business combinations under common control are accounted for in the non-consolidated accounts prospectively from the date the Company acquires the ownership interest. Assets and liabilities of the merged entities are recognized at their carrying amount in the non-consolidated financial statements.

(s) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as remuneration of employees and employee stock options.

(t) Operating segments

Please refer to the consolidated financial report of Pegatron Corporation for the years ended December 31, 2020 and 2019 for operating segments information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the financial statements in conformity with the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the next period.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the non-consolidated financial statements is as follows:

- Please refer to the consolidated financial statement for the years ended December 31, 2020 and 2019 for judgment regarding control of subsidiaries.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

- Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to Note 6(f) for further description of the valuation of inventories.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand	\$ 150	150
Cash in banks	18,567,834	4,924,444
Time deposits	3,900,000	25,717,580
Cash equivalent-repurchase bonds	3,239,860	4,398,200
	\$ 25,707,844	35,040,374

(i) The above cash and cash equivalents were not pledged as collateral. Pledged time deposits were accounted for under other financial assets. Please refer to Notes 6(k) and 8 for details.

(ii) Please refer to Note 6(x) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Company.

(b) Financial assets at fair value through profit or loss

	December 31, 2020	December 31, 2019
Current mandatorily measured at fair value through profit or loss :		
Non-derivative financial assets		
Shares of stock of listed companies	\$ 442,890	-
Non-current mandatorily measured at fair value through profit or loss :		
Non-derivative financial assets		
Shares of stock of listed companies	218,750	225,050
Beneficiary certificates	328,865	259,706
Total	\$ 990,505	484,756

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

- (i) Please refer to Note 6(w) for re-measurement at fair value recognized in profit or loss.
- (ii) Please refer to Note 6(x) for credit risk and market risk.
- (iii) The aforesaid financial assets were not pledged as collateral.
- (c) Financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity instruments at fair value through other comprehensive income :		
Shares of stock of listed companies	\$ 497,030	551,703
Shares of stock of unlisted companies	<u>-</u>	<u>-</u>
Total	<u>\$ 497,030</u>	<u>551,703</u>

- (i) Equity instruments at fair value through other comprehensive income

The Company holds these equity instruments, which are not held for trading, and are for long-term strategic purposes, at designated fair value through other comprehensive income.

For the year ended December 31, 2020 and 2019, the Company has recognized the dividend income of \$9,941 and \$16,568, respectively. Dividends are recognized as other income – non-operating income and expenses. Please refer to Note 6(w).

No strategic investments were disposed for the year ended December 31, 2019, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

The Company realized a cumulative loss of \$150,000 from liquidation of the stock of unlisted companies, which is included in other comprehensive income. The cumulative loss was converted to retained earnings.

- (ii) Please refer to Note 6(x) for credit risk and market risk.
- (iii) The aforesaid financial assets were not pledged as collateral.
- (d) Notes and accounts receivable, net

- (i) The components of notes and accounts receivables were as follows :

	December 31, 2020	December 31, 2019
Accounts receivables-measured at amortized cost	\$ 184,233,225	181,520,899
Accounts receivables-fair value through other comprehensive income	-	7,495,000
Accounts receivables-related parties	228,475,966	321,644,303
Less : Allowance for impairment	<u>33,535</u>	<u>1,524,216</u>
	<u>\$ 412,675,656</u>	<u>509,135,986</u>

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

The Company assesses its portion of accounts receivable held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and therefore, such assets are recognized as accounts receivable at fair value through other comprehensive income.

(ii) Credit loss

The Company applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as forward looking information, including overall economic environment and related industrial information.

The loss allowance provision was determined as follows :

	December 31, 2020		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Current	\$ 410,718,671	0%~0.001%	(1,861)
Overdue 0 to 30 days	1,220,574	0%~1%	(8,564)
Overdue 31 to 120 days	730,458	0%~50%	(15,228)
Overdue 121 to 365 days	39,457	0%~100%	(7,882)
Over 365 days past due	31	0%~100%	-
	<u>\$ 412,709,191</u>		<u>(33,535)</u>
	December 31, 2019		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Current	\$ 451,799,637	0%~0.001%	(1,885)
Overdue 0 to 30 days	55,293,013	0%~1%	(18,427)
Overdue 31 to 120 days	2,062,988	0%~50%	(900)
Overdue 121 to 365 days	3,111	0%~100%	(1,551)
Over 365 days past due	1,501,453	0%~100%	(1,501,453)
	<u>\$ 510,660,202</u>		<u>(1,524,216)</u>

The movement in the allowance for notes and accounts receivable was as follows :

	For the years ended December 31	
	2020	2019
Balance on January 1	\$ 1,524,216	1,559,628
Impairment losses recognized	10,771	-
Amounts written off	(1,501,452)	-
Impairment losses reversed	-	(35,412)
Balance on December 31	<u>\$ 33,535</u>	<u>1,524,216</u>

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

Based on historical default rates, the Company believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables not past due. Also, the payment term of the receivables from related parties depend on the Company's capital movement, and there's no penalty interest due for late payment. The Company's management believes that there's no significant change on the credit quality of the aforesaid receivables which are past due but not impaired, thus they assess the receivables can be recovered. In addition, the Company does not hold any collateral and of other credit enhancement to mitigate the credit risk of the foresaid receivables.

The aforesaid financial assets were not pledged as collateral.

- (iii) Please refer to Note 6(x) for the Company's notes receivable and accounts receivable exposure to credit risk and currency risk.
- (iv) Accounts receivable factoring

The Company entered into separate factoring agreements with different financial institutions to sell its accounts receivables. The Company derecognized the above accounts receivables because it has transferred substantially all of the risks and rewards of their ownership and it does not have any continuing involvement in them.

As of December 31, 2020 and 2019, the relevant information on accounts receivables factored by the Company, but unsettled, were as follows :

December 31, 2020							
Purchaser	Amount Derecognized	Factoring Line (thousands)	Amount Advanced (thousands)		Collateral	Range of Interest Rate	Significant Factoring Terms
			Unpaid	Paid			
ANZ (Note 2)	\$ -	USD 830,000	USD 830,000	USD -	None	0.52%~ 0.58%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

December 31, 2019							
Purchaser	Amount Derecognized	Factoring Line (thousands)	Amount Advanced (thousands)		Collateral	Range of Interest Rate	Significant Factoring Terms
			Unpaid	Paid			
ANZ (Note 1)	\$ 7,495,000	USD 1,200,000	USD 950,000	USD 250,000	None	2.03%~ 2.93%	The accounts receivable factoring is without recourse but the seller still bears the risks except for eligible obligor's insolvency.

Note 1: In October 2017, the Company signed a one year joint accounts receivable factoring agreement with ANZ Bank and six other banks where each bank will factor on pro-rata basis.

Note 2: Mizuho bank had withdrawn from the joint accounts receivable factoring agreement in February 2020, resulting in the factoring line decreased to USD\$830,000.

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Notes to the Non-Consolidated Financial Statements

For the years ended December 31, 2020 and 2019, the Company recognized a fee and interest on bank advance payment of \$2,686 and \$68,962, respectively, from the factoring of accounts receivable, which was accounted under finance costs in the statement of comprehensive income.

(e) Other receivables

	December 31, 2020	December 31, 2019
Other receivables	\$ 530,310	240,938
Less : Allowance for impairment	-	-
	<u>\$ 530,310</u>	<u>240,938</u>

Please refer to Note 6(x) for credit risk.

(f) Inventories

	December 31, 2020	December 31, 2019
Merchandise	\$ 32,957,593	29,596,926
Finished goods	668,258	259,013
Work in process	333,076	319,155
Raw materials	<u>2,521,470</u>	<u>1,687,643</u>
Subtotal	36,480,397	31,862,737
Less: Allowance for inventory market decline and obsolescence	<u>649,064</u>	<u>618,639</u>
Total	<u>\$ 35,831,333</u>	<u>31,244,098</u>

For the years ended December 31, 2020 and 2019, the components of cost of goods sold were as follows :

	For the years ended December 31	
	2020	2019
Cost of goods sold	\$ 1,228,608,278	1,241,225,348
Provision on (reversal of) inventory market price decline	30,425	(553,645)
Loss on disposal of inventory	104,303	42,370
Unallocated manufacturing overhead	-	-
	<u>\$ 1,228,743,006</u>	<u>1,240,714,073</u>

For the year ended December 31, 2020, the Company recognized an inventory valuation loss because of the decreasing value from the carrying amount to the net realized value, and converted the amount to cost of goods sold. For the years ended December 31, 2019, the Company recognized a gain from the reversal of allowance for inventory valuation loss resulting from destocking. Such gain was deducted from cost of goods sold.

As of December 31, 2020 and 2019, the aforesaid inventories were not pledged as collateral.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(g) Investments accounted for using equity method

	December 31, 2020	December 31, 2019
Subsidiary	\$ 147,643,776	138,654,566

(i) Subsidiaries

Please refer to the consolidated financial statement for the years ended December 31, 2020 and 2019.

- (ii) For the years ended December 31, 2020, the Company had participated in the capital increase of PEGATRON TECHNOLOGY HAI PHONG COMPANY LIMITED, PEGATRON VIETNAM COMPANY LIMITED, PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED and PEGASUS ACE LIMITED with the amounts of USD6,000 (approximately NTD178,755), USD30,000 (approximately NTD870,094), INR550,000 (approximately NTD215,713) and USD0.1 (approximately NTD3), respectively. For the years ended December 31, 2019, the Company had participated in the capital increase of PEGATRON SERVICE AUSTRALIA PTY. LTD. and PT. PEGATRON TECHNOLOGY INDONESIA with the amounts of USD3,500 (approximately NTD108,133) and USD39,999 (approximately NTD1,249,369), respectively.
- (iii) For the years ended December 31, 2020 and 2019, the Company received the cash dividends of \$1,735,133 and \$995,542, respectively, as well as the cash capital reductions of \$835,722 and \$0, respectively, from its investee companies accounted for under equity method.
- (iv) As of December 31, 2020 and 2019, the investments in aforesaid equity-accounted investees were not pledged as collateral.

(h) Property, plant and equipment

The movements in the cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2020 and 2019 were as follows :

	Land	Buildings	Machinery equipment	Instrument equipment	Other facilities	Construction in progress and equipment under test	Total
Cost or deemed cost:							
Balance on January 1, 2020	\$ 4,377,733	3,073,557	329,544	390,357	1,010,117	263,672	9,444,980
Additions	773,089	677,268	195,046	155,714	908,208	146,747	2,856,072
Disposals and obsolescence	-	(14,959)	(88,552)	(97,873)	(283,389)	-	(484,773)
Reclassifications	-	192,598	(6,912)	540	153,112	(292,403)	46,935
Balance on December 31, 2020	\$ 5,150,822	3,928,464	429,126	448,738	1,788,048	118,016	11,863,214
Balance on January 1, 2019	\$ 4,377,733	3,025,754	64,684	282,249	827,797	108,723	8,686,940
Additions	-	40,611	276,243	214,928	551,842	239,444	1,323,068
Disposals and obsolescence	-	(37,878)	(11,383)	(106,820)	(507,601)	-	(663,682)
Reclassifications	-	45,070	-	-	138,079	(84,495)	98,654
Balance on December 31, 2019	\$ 4,377,733	3,073,557	329,544	390,357	1,010,117	263,672	9,444,980

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery equipment</u>	<u>Instrument equipment</u>	<u>Other facilities</u>	<u>Construction in progress and equipment under test</u>	<u>Total</u>
Depreciation and impairment loss :							
Balance on January 1, 2020	\$ -	869,144	42,693	144,473	265,163	-	1,321,473
Depreciation for the year	-	165,340	75,109	130,914	410,021	-	781,384
Disposals and obsolescence	-	(7,674)	(40,247)	(97,050)	(273,375)	-	(418,346)
Reclassifications	-	(5,057)	(352)	-	1,572	-	(3,837)
Balance on December 31, 2020	<u>\$ -</u>	<u>1,021,753</u>	<u>77,203</u>	<u>178,337</u>	<u>403,381</u>	<u>-</u>	<u>1,680,674</u>
Balance on January 1, 2019	\$ -	809,020	14,305	150,197	328,776	-	1,302,298
Depreciation for the year	-	98,002	39,772	101,095	442,401	-	681,270
Disposals and obsolescence	-	(37,878)	(11,384)	(106,819)	(506,014)	-	(662,095)
Balance on December 31, 2019	<u>\$ -</u>	<u>869,144</u>	<u>42,693</u>	<u>144,473</u>	<u>265,163</u>	<u>-</u>	<u>1,321,473</u>
Carrying amounts :							
Balance on December 31, 2020	<u>\$ 5,150,822</u>	<u>2,906,711</u>	<u>351,923</u>	<u>270,401</u>	<u>1,384,667</u>	<u>118,016</u>	<u>10,182,540</u>
Balance on January 1, 2019	<u>\$ 4,377,733</u>	<u>2,216,734</u>	<u>50,379</u>	<u>132,052</u>	<u>499,021</u>	<u>108,723</u>	<u>7,384,642</u>
Balance on December 31, 2019	<u>\$ 4,377,733</u>	<u>2,204,413</u>	<u>286,851</u>	<u>245,884</u>	<u>744,954</u>	<u>263,672</u>	<u>8,123,507</u>

(i) Please refer to Note 6(w) for gain or loss on disposal of property, plant and equipment.

(ii) As of December 31, 2020 and 2019, the property, plant and equipment were not pledged as collateral.

(i) Right-of-use assets

The movements in the cost and depreciation of the leased land and buildings were as follows :

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Cost:			
Balance on January 1, 2020	\$ 17,692	196,544	214,236
Additions	45,549	158,860	204,409
Reductions	(1,451)	(199,549)	(201,000)
Balance on December 31, 2020	<u>\$ 61,790</u>	<u>155,855</u>	<u>217,645</u>
Balance on January 1, 2019	\$ -	-	-
Effects of retrospective application	6,553	141,476	148,029
Additions	11,139	74,928	86,067
Reductions	-	(19,860)	(19,860)
Balance on December 31, 2019	<u>\$ 17,692</u>	<u>196,544</u>	<u>214,236</u>
Accumulated depreciation:			
Balance on January 1, 2020	\$ 5,582	70,168	75,750
Depreciation for the period	13,664	79,241	92,905
Reductions	(1,451)	(116,534)	(117,985)
Balance on December 31, 2020	<u>\$ 17,795</u>	<u>32,875</u>	<u>50,670</u>

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Total</u>
Balance on January 1, 2019	\$ -	-	-
Effects of retrospective application	-	-	-
Depreciation for the year	5,582	74,831	80,413
Reductions	<u>-</u>	<u>(4,663)</u>	<u>(4,663)</u>
Balance on December 31, 2019	<u>\$ 5,582</u>	<u>70,168</u>	<u>75,750</u>
Carrying amounts:			
Balance on December 31, 2020	<u>\$ 43,995</u>	<u>122,980</u>	<u>166,975</u>
Balance on December 31, 2019	<u>\$ 12,110</u>	<u>126,376</u>	<u>138,486</u>

(j) Intangible assets

The intangible assets of the Company consisted of computer software and golf certificate. The movements in the costs, amortization, and impairment loss of the Company were as follows :

Costs:

Balance on January 1, 2020	\$ 430,789
Additions	48,121
Disposals	(249,066)
Reclassifications	<u>116</u>
Balance on December 31, 2020	<u>\$ 229,960</u>
Balance on January 1, 2019	\$ 548,404
Additions	27,087
Disposals	(145,020)
Reclassifications	<u>318</u>
Balance on December 31, 2019	<u>\$ 430,789</u>

Amortization and Impairment Loss:

Balance on January 1, 2020	\$ 287,134
Amortization for the year	99,483
Disposals	<u>(249,066)</u>
Balance on December 31, 2020	<u>\$ 137,551</u>
Balance on January 1, 2019	\$ 255,359
Amortization for the year	176,795
Disposals	<u>(145,020)</u>
Balance on December 31, 2019	<u>\$ 287,134</u>

Carrying amounts:

Balance on December 31, 2020	<u>\$ 92,409</u>
Balance on January 1, 2019	<u>\$ 293,045</u>
Balance on December 31, 2019	<u>\$ 143,655</u>

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

- (i) The amortization of intangible assets and impairment losses are respectively included in the statement of comprehensive income. Please refer to Note 12 for details.
- (ii) As of December 31, 2020 and 2019, the intangible assets were not pledged as collateral.

(k) Other financial assets and other assets

Other financial assets and other assets were as follows :

	December 31, 2020	December 31, 2019
Other financial assets-current	\$ 32,988,093	828,075
Other financial assets-noncurrent	3,147,346	27,708
Other current assets	737,658	385,443
Other noncurrent assets	<u>5,253</u>	<u>29,975</u>
	<u>\$ 36,878,350</u>	<u>1,271,201</u>

- (i) Other financial assets are assets that do not qualify as cash equivalents which consisted of time deposits, restricted time deposits, and guarantee deposits. Please refer to Note 8 for details.
- (ii) Other current assets consisted of prepayments, temporary payments, right to returned goods and others.
- (iii) Other noncurrent assets consisted of prepayments for construction.

(l) Short-term loans

	December 31, 2020	December 31, 2019
Unsecured bank loans	\$ <u>59,130,238</u>	<u>38,674,200</u>
Interest rate	<u>0.30%~4.25%</u>	<u>0.6%~4.70%</u>

The Company's assets were not pledged as guarantee for the Company's credit loan facility.

(m) Long-term loans

	December 31, 2020			
	<u>Currency</u>	<u>Interest rate</u>	<u>Expiration</u>	<u>Amount</u>
Unsecured bank loans	NTD	0.35%~0.80%	2025	\$ 3,146,170
Less : Current portion				<u>-</u>
Total				<u>\$ 3,146,170</u>

For the years ended December 31, 2020, the Company obtained a five-year term government low-interest loan of \$3,200,000, at the fair value of \$3,146,170, which was classified as other current liabilities; and the deferred differences between the amounts paid were classified as other non-current liabilities.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(n) Bonds payable

The Company's unsecured ordinary corporate bonds were as follows :

	December 31, 2020	December 31, 2019
Ordinary corporate bonds issued	\$ 25,500,000	23,500,000
Unamortized discount on bonds payable	(21,818)	(19,661)
Bonds payable, end of the year	25,478,182	23,480,339
Less: current portion	(1,000,000)	(3,000,000)
	\$ 24,478,182	20,480,339
	For the years ended December 31	
	2020	2019
Interest expense	\$ 217,205	190,068

On May 9, 2017, the Company's Board of Directors approved to issue unsecured ordinary corporate bonds amounting to no more than \$15,000,000, which were approved and declared effective by the Taipei Exchange (TPEX) on July 4, 2017 and December 29, 2017, respectively. The offering information and main rights and obligations were as follows :

Item	1st unsecured ordinary bonds issued in 2017
1. Issuing amount	The Bonds are issued at \$7,000,000, which comprise Tranche A, Tranche B and Tranche C. The issuing amounts of Tranche A, Tranche B and Tranche C are \$3,000,000, \$2,000,000 and \$2,000,000, respectively.
2. Par value	Each unit is valued at \$1,000.
3. Offering price	The Bonds are issued by par value at the issuance date.
4. Issuance period	Each of Tranche A, Tranche B and Tranche C has 3-year term, 5-year term and 7-year term, respectively. The issuance period of Tranche A commences from July 13, 2017 and matures on July 13, 2020. The issuance period of Tranche B commences from July 13, 2017 and matures on July 13, 2022. The issuance period of Tranche C commences from July 13, 2017 and matures on July 13, 2024.
5. Coupon rate	Tranche A, B and C bear annual coupon rates of 0.91%, 1.06% and 1.20%, respectively.
6. Repayment	Tranche A, Tranche B and Tranche C are repayable on maturity.
7. Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will no calculation of extra interest.
8. Guarantee	The Bonds are unsecured ordinary corporate bonds.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

<u>Item</u>	<u>2nd unsecured ordinary bonds issued in 2017</u>
1. Issuing amount	The Bonds are issued at \$8,000,000, which comprise Tranche A, Tranche B and Tranche C. The issuing amounts of Tranche A, Tranche B and Tranche C are \$1,000,000, \$4,500,000 and \$2,500,000, respectively.
2. Par value	Each unit is valued at \$1,000.
3. Offering price	The Bonds are issued by par value at the issuance date.
4. Issuance period	Each of Tranche A, Tranche B and Tranche C has 3-year term, 5-year term and 7-year term, respectively. The issuance period of Tranche A commences from January 10, 2018 and matures on January 10, 2021. The issuance period of Tranche B commences from January 10, 2018 and matures on January 10, 2023. The issuance period of Tranche C commences from January 10, 2018 and matures on January 10, 2025.
5. Coupon rate	Tranche A, B and C bear annual coupon rates of 0.78%, 0.92% and 1.08%, respectively.
6. Repayment	Tranche A, Tranche B and Tranche C are repayable on maturity.
7. Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will no calculation of extra interest.
8. Guarantee	The Bonds are unsecured ordinary corporate bonds.

On March 14, 2019, the Company's Board of Directors approved to issue unsecured ordinary corporate bonds, which were approved and declared effective by the Taipei Exchange (TPEX) on June 3, 2019, the offering information and main rights and obligations were as follows :

<u>Item</u>	<u>1st unsecured ordinary bonds issued in 2019</u>
1. Issuing amount	The Bonds are issued at \$8,500,000, which comprise Tranche A, and Tranche B. The issuing amounts of Tranche A and Tranche B are \$6,000,000 and \$2,500,000, respectively.
2. Par value	Each unit is valued at \$1,000.
3. Offering price	The Bonds are issued by par value at the issuance date.
4. Issuance period	Each of Tranche A and Tranche B has 5year term and 7year term, respectively. The issuance period of Tranche A commences from June 13, 2019 and matures on June 13, 2024. The issuance period of Tranche B commences from June 13, 2019 and matures on June 13, 2026.
5. Coupon rate	Tranche A, and B bear annual coupon rates of 0.85% and 0.95%, respectively.
6. Repayment	Tranche A, and Tranche B are repayable on maturity.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

Item	1st unsecured ordinary bonds issued in 2019
7. Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will no calculation of extra interest.
8. Guarantee	The Bonds are unsecured ordinary corporate bonds.

On March 26, 2020, the Company's Board of Directors approved to issue unsecured ordinary corporate bonds with the total maximum amount of \$10,000,000, which have been approved and declared effective by the Taipei Exchange (TPEX) on October 12, 2020 and December 29, 2020, respectively. The offering Information and main rights and obligations were as follows :

Item	1st unsecured ordinary bonds issued in 2020
1. Issuing amount	The Bonds are issued at \$5,000,000.
2. Par value	Each unit is valued at \$1,000.
3. Offering price	The Bonds are issued by par value at the issuance date.
4. Issuance period	The Bonds have 5-year term. The issuance period of the Bonds commences from October 21, 2020 and matures on October 21, 2025.
5. Coupon rate	The Bonds bear annual coupon rates of 0.65%.
6. Repayment	The Bonds are repayable on maturity.
7. Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will no calculation of extra interest.
8. Guarantee	The Bonds are unsecured ordinary corporate bonds.

Item	2nd unsecured ordinary bonds issued in 2020
1. Issuing amount	The Bonds are issued at \$3,500,000, which comprise Tranche A, and Tranche B. The issuing amounts of Tranche A, and Tranche B are \$2,200,000 and \$1,300,000, respectively.
2. Par value	Each unit is valued at \$1,000.
3. Offering price	The Bonds are issued by par value at the issuance date.
4. Issuance period	Each of Tranche A and Tranche B has 5-year term and 7-year term, respectively. The issuance period of Tranche A commences from January 8, 2021 and matures on January 8, 2026. The issuance period of Tranche B commences from January 8, 2021 and matures on January 8, 2028.
5. Coupon rate	Tranche A, and B bear annual coupon rates of 0.43% and 0.58%, respectively.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

<u>Item</u>	<u>2nd unsecured ordinary bonds issued in 2020</u>
6.Repayment	Tranche A, and Tranche B are repayable on maturity.
7.Interest payment	Interests are payable annually at coupon rate from the issuance date. The payment of each bond is rounded to the nearest dollar. If the repayment date and interest payment date are bank closing days, principal and interest shall be paid without extra interest on the next business day. If bondholders receive principal and interest past due the repayment date and interest payment date, there will no calculation of extra interest.
8.Guarantee	The Bonds are unsecured ordinary corporate bonds.

(o) Lease liabilities

The Company's lease liabilities were as follows :

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Current	\$ <u>41,509</u>	<u>57,034</u>
Non-current	\$ <u>126,533</u>	<u>82,012</u>

For the maturity analysis, please refer to Note 6(x).

The amounts recognized in profit or loss were as follows :

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Interest on lease liabilities	\$ <u>2,490</u>	<u>1,698</u>
Expenses relating to short-term leases	\$ <u>4,917</u>	<u>7,948</u>

The amounts recognized in the statement of cash flows for the Company was as follows :

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Total cash outflow for leases	\$ <u>99,479</u>	<u>89,461</u>

The Company leases land and buildings. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term. According to the lease contracts, some leases shall not be rent, sub-leased or by any other means totally or partially transferred to third parties, unless obtain the lessor's approval. Some leases do not contain renewal option, and no restrictions were disposed in the contracts. Some leases provide for additional rent payments that are based on changes in the facts or circumstances after the lease commencement date.

The Company leases partial offices and parking lots that are shortterm leases. The Company has chosen to apply the exemption and not to recognize right-of-use assets and lease liabilities for these leases.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(p) Employee benefits

(i) Defined benefit plans

The Company's defined benefit obligations and fair value of plan assets were as follows :

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	\$ 46,071	39,144
Fair value of plan assets	<u>(12,742)</u>	<u>(11,760)</u>
Net defined benefit liabilities	<u>\$ 33,329</u>	<u>27,384</u>

The Company's employee benefit liabilities were as follows :

	December 31, 2020	December 31, 2019
Short-term employee benefits	\$ 198,103	160,121
Cash-settled share-based payment liabilities	<u>201,972</u>	<u>94,337</u>
Total employee benefit liabilities	<u>\$ 400,075</u>	<u>254,458</u>

The Company makes defined benefit plans contributions to the pension fund account with Bank of Taiwan that provide pension benefits for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for six months prior to retirement.

1) Composition of plan assets

The Company sets aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. Under these regulations, the minimum earnings from these pension funds shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

As of December 31, 2020, the Company's contributions to the pension funds which amounted to \$12,742 were deposited with Bank of Taiwan. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

2) Movements in present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2020 and 2019 were as follows :

	For the years ended December 31	
	2020	2019
Defined benefit obligation, January 1	\$ 39,144	32,800
Current service costs and interest	2,337	1,860
Re-measurement of the net defined benefit liability		
— Actuarial loss arising from changes in demographic assumptions	2,385	1,391
— Actuarial gain arising from changes in financial assumptions	4,623	4,057
— Experience adjustment	(2,418)	(964)
Defined benefit obligation, December 31	<u>\$ 46,071</u>	<u>39,144</u>

3) Movements in the fair value of plan assets

The movements in the fair value of the defined benefit plan assets for the years ended December 31, 2020 and 2019 were as follows :

	For the years ended December 31	
	2020	2019
Fair value of plan assets, January 1	\$ 11,760	10,827
Interests revenue	108	154
Re-measurement of the net defined benefit liability		
— Experience adjustment	372	328
Benefits paid by the plan	502	451
Fair value of plan assets, December 31	<u>\$ 12,742</u>	<u>11,760</u>

4) Expenses recognized in profit or loss

The Company's pension expenses recognized in profit or loss for the years ended December 31, 2020 and 2019 were as follows :

	For the years ended December 31	
	2020	2019
Current service cost	\$ 1,977	1,394
Net interest on net defined benefit liability	252	312
	<u>\$ 2,229</u>	<u>1,706</u>
Operating expense	<u>\$ 2,229</u>	<u>1,706</u>

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

- 5) Re-measurement of net defined benefit liability recognized in other comprehensive income

The Company's net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2020 and 2019 were as follows :

	For the years ended December 31	
	2020	2019
Cumulative amount, January 1	\$ 8,678	12,834
Recognized during the year	(4,218)	(4,156)
Cumulative amount, December 31	<u>\$ 4,460</u>	<u>8,678</u>

- 6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows :

	December 31, 2020	December 31, 2019
Discount rate	0.43 %	0.92 %
Future salary increase rate	3.00 %	3.00 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$502.

The weighted average lifetime of the defined benefit plans is 23 years.

- 7) Sensitivity Analysis

As of December 31, 2020 and 2019, the changes in the principal actuarial assumptions will impact on the present value of defined benefit obligation as follows :

	Impact on the present value of defined benefit obligation	
	Increase by 0.50%	Decrease by 0.50%
December 31, 2020		
Discount rate	(4,877)	5,535
Future salary increase rate	5,361	(4,784)
December 31, 2019		
Discount rate	(4,190)	4,750
Future salary increase rate	4,624	(4,129)

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

The sensitivity analysis assumed all other variables remain constant during the measurement. This may not be representative of the actual change in defined benefit obligation as some of the variables may be correlated in the actual situation. The model used in the sensitivity analysis is the same as the defined benefit obligation liability.

The analysis is performed on the same basis for prior year.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The cost of the pension contributions to the Labor Insurance Bureau for the years ended December 31, 2020 and 2019 amounted to \$327,700 and \$320,783, respectively.

(q) Income Tax

(i) The components of income tax expense for the years ended December 31, 2020 and 2019 were as follows :

	For the years ended December 31	
	2020	2019
Current income tax expense		
Current period incurred	\$ 884,217	2,042,940
Prior years income tax adjustment	(78,596)	7,219
10% surtax on undistributed earnings	110,809	142,117
Deferred tax expense		
The origination and reversal of temporary differences	303,785	(6,571)
Income tax expense	\$ 1,220,215	2,185,705

(ii) The amounts of income tax recognized directly in equity for the years ended December 31, 2020 and 2019 were as follows :

	For the years ended December 31	
	2020	2019
Profit before income tax	\$ 21,427,813	21,503,446
Income tax on pre-tax financial income calculated at the domestic rates applicable to profits in the country concerned	4,285,563	4,300,689
Permanent differences	(700,891)	(17,260)
Changes in unrecognized temporary differences	(2,396,670)	(2,247,060)
Prior years income tax adjustment	(78,596)	7,219
10% surtax on undistributed earnings	110,809	142,117
Income tax expense	\$ 1,220,215	2,185,705

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Notes to the Non-Consolidated Financial Statements

(iii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

As of December 31, 2020 and 2019, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax liabilities as the Company has the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
The aggregate temporary differences associated with investments in subsidiaries	\$ <u>67,832,800</u>	<u>55,849,448</u>
Unrecognized deferred tax liabilities	\$ <u>13,566,560</u>	<u>11,169,890</u>

2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2020 and 2019 were as follows :

	<u>Gain on foreign investments</u>	<u>Others</u>	<u>Total</u>
Deferred tax liabilities:			
Balance on January 1, 2020	\$ -	-	-
Recognized in loss	<u>120,378</u>	<u>593</u>	<u>120,971</u>
Balance on December 31, 2020	\$ <u>120,378</u>	<u>593</u>	<u>120,971</u>
Balance on January 1, 2019	\$ -	35,426	35,426
Recognized in (profit)	<u>-</u>	<u>(35,426)</u>	<u>(35,426)</u>
Balance on December 31, 2019	\$ <u>-</u>	<u>-</u>	<u>-</u>
Deferred tax assets:			
Balance on January 1, 2020	\$ 123,728	554,047	677,775
Recognized in profit (loss)	<u>6,085</u>	<u>(188,899)</u>	<u>(182,814)</u>
Balance on December 31, 2020	\$ <u>129,813</u>	<u>365,148</u>	<u>494,961</u>
Balance on January 1, 2019	\$ 234,457	472,173	706,630
Recognized in (loss) profit	<u>(110,729)</u>	<u>81,874</u>	<u>(28,855)</u>
Balance on December 31, 2019	\$ <u>123,728</u>	<u>554,047</u>	<u>677,775</u>

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(iv) Status of approval of income tax

The Company's income tax returns through 2017 have been assessed and approved by the Tax Authority.

(r) Share capital and other interests

(i) Ordinary shares

Reconciliation of shares outstanding for 2020 and 2019 was as follows :

(In thousands of shares)	Ordinary Shares	
	2020	2019
Beginning balance on January 1	2,611,092	2,612,377
Issuance of restricted shares of stock	52,411	-
Retirement of restricted shares of stock	(629)	(1,285)
Ending balance on December 31	<u>2,662,874</u>	<u>2,611,092</u>

For the year ended December 31, 2020, the Company issued 52,411 thousand restricted shares of stock, at par value of \$10, amounting to \$524,110. The registration procedures had been completed, and all share proceeds from outstanding capital have been collected. For the related information, please refer to Note 6(s).

For the years ended December 31, 2020 and 2019, the Company had retired 629 and 1,285 thousand shares, respectively, of restricted stock to employees. The authorized capital of the Company consisted of both 3,000,000 thousand shares, with par value of \$10 per share, and its outstanding capital were consisted of 2,662,874 and 2,611,092 thousand common shares of stock, as of December 31, 2020 and 2019, respectively. All share proceeds from outstanding capital have been collected.

As of December 31, 2020 and 2019, the restricted Company shares of stock issued to employees have expired, of which 0 and 300 thousand shares, respectively, have not been retired.

(ii) Global depositary receipts

ASUSTeK GDRs holders who surrendered their ASUSTeK GDRs on or after the Effective Date of Spin-off and Merger in Taiwan will receive new ASUSTeK GDRs and the Company's entitlement. The Company's entitlement represents the rights to receive 60,819,026 of the Company's common shares in Taiwan.

The Company may issue new GDRs with no more than 60,819,020 of the Company's common shares and deliver them to ASUSTeK GDR holders pursuant to the "Guidelines for Offering and Issuing by Issuer of Overseas Securities". As of December 31, 2020 and 2019, the Company has listed, in total, 709 and 790 thousand units of GDRs, respectively, on the Euro MTF market of the Luxembourg Stock Exchange. As each unit of these GDRs represents 5 common shares of the Company, the Company has listed Company shares totaling 3,544 and 3,949 thousand shares of stock, respectively. Major terms and conditions for GDRs were as follows :

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

1) Voting Rights

Holders of GDRs may exercise voting rights with respect to the common shares in the manner set out in “Terms and Conditions of the Global Depositary Shares – Voting Rights,” as such provisions may be amended from time to time to comply with applicable ROC law.

2) Dividend Distributions, Pre-emptive Rights, and Other Rights

Holders of GDRs have same rights on dividend distribution and share distribution as the Company’s existing common shareholders.

(iii) Capital surplus

The components of the capital surplus were as follows :

	December 31, 2020	December 31, 2019
From issuance of share capital	\$ 66,397,897	65,571,841
From conversion of convertible bonds	11,073,663	11,073,663
From treasury stock transactions	47,865	23,614
Difference between consideration and carrying amount of subsidiaries acquired or disposed	2,432,574	2,432,387
Changes in ownership interest in subsidiaries	1,441,117	1,215,540
Employee stock options	1,304	1,304
Restricted stock to employees	1,204,010	323,835
Other	<u>409,917</u>	<u>409,917</u>
	<u>\$ 83,008,347</u>	<u>81,052,101</u>

According to the R.O.C. Company Act, realized capital reserves can only be capitalized or distributed as cash dividends after offsetting a deficit. The aforementioned realized capital surplus includes share premiums and donation gains. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves that can be capitalized shall not exceed 10% of the total common stock outstanding.

(iv) Retained earnings

The Company’s Articles of Incorporation require that after tax earnings shall first be offset against any deficit, and 10% of the balance shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Aside from the aforesaid legal reserve, the Company may, under its Articles of Incorporation or as required by the government, appropriate for special reserve. The remaining balance of the earnings, if any, may be appropriated according to a resolution of a shareholder's meeting.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

According to the R.O.C. Company Act, the Company should distribute dividends and bonus, or all or part of the legal reserve and capital surplus, stipulated by the Company Act, as cash dividends based on the resolution of the Board of Directors with two-thirds directors present and approved by one-half of the present directors.

In order to bring about stability in the payment of dividends, the Company distributes dividends depending on the level of earnings of each year. The Company is facing a rapidly changing industrial environment. In consideration of the Company's long term operating plan and funding needs, the Company adopts a stable dividends policy. Therefore, dividend distributions should not be less than 10% of distributable earnings. The Company distributes dividends of at least 10% of the aggregate dividends, if the distributions include cash dividends.

1) Legal reserve

When a company incurs profit, the meeting of shareholders shall decide on the distribution of the statutory earnings reserve either by issuing new shares or by paying cash, of up to 25% of the actual share capital.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings Distribution

Earnings distribution for 2019 and 2018 was decided by the resolution adopted, at the general meeting of shareholders held on June 19, 2020 and June 21, 2019, respectively. The relevant dividend distributions to shareholders were as follows :

	For the years ended December 31	
	2019	2018
Common stock dividends per share (dollars)		
— Cash	\$ 4.50	3.50

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(v) Other equity interest (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Deferred compensation arising from issuance of restricted stock	Total
Balance on January 1, 2020	\$ (10,982,396)	(303,654)	(8,287)	(11,294,337)
Exchange differences on subsidiaries accounted for using equity method	(4,826,496)	-	-	(4,826,496)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	(54,673)	-	(54,673)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	153,680	-	153,680
Unrealized losses on subsidiaries accounted for using equity method from financial assets measured at fair value through other comprehensive income	-	147,338	-	147,338
Deferred compensation cost arising from issuance of restricted stock	-	-	(1,138,372)	(1,138,372)
Balance on December 31, 2020	<u>\$ (15,808,892)</u>	<u>(57,309)</u>	<u>(1,146,659)</u>	<u>(17,012,860)</u>
Balance on January 1, 2019	\$ (7,482,556)	(386,322)	(524,686)	(8,393,564)
Exchange differences on subsidiaries accounted for using equity method	(3,499,840)	-	-	(3,499,840)
Unrealized losses from financial assets measured at fair value through other comprehensive income	-	74,555	-	74,555
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	3,436	-	3,436
Unrealized losses on subsidiaries accounted for using equity method from financial assets measured at fair value through other comprehensive income	-	4,677	-	4,677
Deferred compensation cost arising from issuance of restricted stock	-	-	516,399	516,399
Balance on December 31, 2019	<u>\$ (10,982,396)</u>	<u>(303,654)</u>	<u>(8,287)</u>	<u>(11,294,337)</u>

(s) Share-based payment

Information on share-based payment transactions as of December 31, 2020 and 2019 were as follows:

	<u>Equity-settled share-based payment</u>	
	<u>Restricted stock to employee</u>	
	<u>Issued in 2020</u>	<u>Issued in 2016</u>
Thousand units granted	60,000	40,000
Contractual life	4 years	3 years
Vesting period	Note B	Note A
Actual turnover rate of employees	1.32%	8.65% and 3.10%
Estimated future turnover rate for each of the three years of employees	6.84%, 12.64%, 19.13% and 26.11%	-

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

Note A : Employees are entitled to receive 20%, 40%, and 40% of the restricted stock in the first, second and third year, respectively, of their service.

Note B : Employees are entitled to receive 25%, 25%, 25%, and 25% of the restricted stock in the first, second, third and fourth year, respectively, of their service.

On June 21, 2016, the shareholders approved a resolution passed during their meeting to award 40,000 thousand new restricted shares of stock to those full-time employees who meet certain requirement of the Company. The restricted stock has been declared effective by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. On May 9, 2017, the Board of Directors approved to issue 38,191 thousand shares of restricted shares of stock with fair value of NT\$89.7 each at grant date. The record date for the capital increase through issuance of restricted shares of stock was July 11, 2017. The actual issuance number for the capital increase was 37,808 thousand shares. On July 27, 2017, the registration procedures were completed. On September 15, 2017, Board of Directors of the Company approved to issue secondary new restricted shares of stock totaling 2,192 thousand shares with fair value of \$88.5 each at grant date. The record date for the capital increase through issuance of restricted shares of stock was October 19, 2017. The actual issuance number for the capital increase was 2,192 thousand shares, and the registration procedures were completed.

Employees with restricted stock awards are entitled to purchase the Company's shares at the price of NT\$ 10 per share provided that these employees continue to work for the Company for the following three years. 20%, 40% and 40% of the restricted shares of stock is vested in year 1, 2 and 3, respectively. The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares of stock shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period. These shares of stock are entitled to the right as the holders of common shares once issued, except for those shares kept by a trust or shares that do not meet the vesting condition. If the shares remain unvested after the vesting period, the Company will repurchase all the unvested shares at the issue price, and cancel the shares thereafter.

On June 19, 2020, the shareholders approved a resolution passed during their meeting to award 60,000 thousand new restricted shares of stock to those full-time employees who meet certain requirement of the Company. The restricted stock has been declared effective by the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. On September 22, 2020, the Board of Directors approved to issue 53,103 thousand shares of restricted shares of stock with fair value of NT\$63.2 each at grant date. The record date for the capital increase through issuance of restricted shares of stock was December 8, 2020. The actual issuance number for the capital increase was 52,411 thousand shares , and the registration procedures were completed.

Employees with restricted stock awards are entitled to purchase the Company's shares at the price of NT\$10 per share provided that these employees continue to work for the Company for the following three years. 25%, 25%, 25% and 25% of the restricted shares of stock is vested in year 1, 2, 3 and 4, respectively. The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares of stock shall not be sold, pledged, transferred, gifted or by any other means of disposal to third parties during the custody period. These shares of stock are entitled to the right as the holders of common shares once issued, except for those shares kept by a trust or shares that do not meet the vesting condition. If the shares remain unvested after the vesting period, the Company will repurchase all the unvested shares at the issue price and cancel the shares thereafter.

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(i) Determining the fair value of equity instruments granted

The Company adopted the Black-Scholes model to calculate the fair value of the stock option at grant date, and the assumptions adopted in this valuation model were as follows :

	Equity-settled share-based payment		
	Restricted stock to employee		
	Issued in 2020	Issued in 2016	Issued in 2016
Fair value at grant date	09/22/2020	09/15/2017	05/09/2017
Stock price at grant date	\$ 63.20	88.50	89.70
Exercise price	10.00	10.00	10.00
Expected life of the option	4 years	3 years	3 years
Current market price	63.20	88.50	89.70
Expected volatility	27.76%~31.92%	22.46%	33.31%
Expected dividend yield	-%	-%	-%
Risk-free interest rate	(Note A)	(Note B)	(Note C)

Note A : The risk-free interest rate is 0.1202% for the 1st year, 0.1690% for the 2nd year, 0.2123% for the 3rd year and 0.2556% for the 4th year.

Note B : The risk-free interest rate is 0.13% for the period between three and six month.

Note C : The risk-free interest rate is 0.16% for the period between six and nine month.

(ii) Restricted stock to employee

For the years ended December 31, 2020 and 2019, 329 and 1,088 thousand shares of the restricted shares of stock issued to employees have expired, which were converted to capital surplus of \$3,076 and \$10,880, respectively. As of December 31, 2020 and 2019, the Company has deferred compensation cost arising from issuance of restricted stock of \$1,146,659 and \$8,287, respectively.

For the years ended December 31, 2020 and 2019, the Company reversed and recognized salary cost of \$51,730 and \$6,548 from the distribution of cash dividends to estimated non-vesting restricted shares of stock distributed to employees from prior period earnings. Such salary cost was credited/debited to retained earnings.

(iii) Expenses recognized in profit or loss

The Company incurred expenses of share-based arrangements for the years ended December 31, 2020 and 2019 as follows :

	For the years ended December 31	
	2020	2019
Expenses resulting from the issuance of restricted stock to employees	\$ 649,807	300,495

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(t) Earnings per share

The basic earnings per share and diluted earnings per shares were calculated as follows :

	For the years ended December 31	
	2020	2019
Basic earnings per share		
Profit attributable to ordinary shareholders	\$ <u>20,207,598</u>	<u>19,317,741</u>
Weighted-average number of ordinary shares	<u>2,614,021</u>	<u>2,611,330</u>
	<u>\$ 7.73</u>	<u>7.40</u>
Diluted earnings per share		
Profit attributable to ordinary shareholders (diluted)	\$ <u>20,207,598</u>	<u>19,317,741</u>
Weighted-average number of ordinary shares	<u>2,614,021</u>	<u>2,611,330</u>
Effect of potentially dilutive ordinary shares		
Employee stock bonus	<u>31,279</u>	<u>27,226</u>
Weighted-average number of ordinary shares (diluted)	<u>2,645,300</u>	<u>2,638,556</u>
	<u>\$ 7.64</u>	<u>7.32</u>

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the years ended December 31	
	2020	2019
Primary geographical markets		
Europe	\$ 560,649,731	546,492,308
U.S.A.	492,150,035	443,159,372
Taiwan	93,968,296	121,270,205
China	17,868,816	23,045,520
Japan	25,410,773	63,241,132
Other countries	<u>56,733,854</u>	<u>67,624,348</u>
	<u>\$ 1,246,781,505</u>	<u>1,264,832,885</u>

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2018
Notes receivable	\$ -	-	14
Accounts receivable	184,233,225	189,015,899	178,807,888
Less: Allowance for impairment	<u>(33,535)</u>	<u>1,524,216</u>	<u>(1,559,628)</u>
Total	<u>\$ 184,199,690</u>	<u>187,491,683</u>	<u>177,248,274</u>
Contract liabilities	<u>\$ 724,708</u>	<u>671,460</u>	<u>609,002</u>

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

Please refer to Note 6(d) for details on accounts receivable and allowance for impairment.

The amount of revenue recognized for the year ended December 31, 2020 and 2019 that was included in the contract liability balance at the beginning of the period was \$205,752 and \$295,806, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. There were no other significant changes for the year ended December 31, 2020 and 2019.

(v) Remuneration of employees and directors

Based on the amended Company's Articles of Incorporation, remuneration of employees and directors are appropriated at the rate of at least 7% and no more than 0.7% of profit before tax, respectively. Prior years' accumulated deficit is first offset before any appropriation of profit. Employees of subsidiaries may also be entitled to the employee remuneration of the Company, which can be settled in the form of cash or stock.

For the years ended December 31, 2020 and 2019, remuneration of employees of \$1,633,000 and \$1,639,000, respectively, and remuneration of directors of \$162,000 and \$163,000, respectively, were estimated on the basis of the Company's net profit before tax, excluding the remuneration of employees and directors of each period, multiplied by the percentage of remuneration of employees and directors as specified in the Company's Articles of Incorporation. Such amounts were recognized as operating cost or operating expense for the years ended December 31, 2020 and 2019. Management is expecting that the differences, if any, between the actual distributed amounts and estimated amounts will be treated as changes in accounting estimates and charged to profit or loss. The number of shares to be distributed were calculated based on the closing price of the Company's ordinary shares, one day prior to Board of Directors meeting. There was no difference between the amounts approved in Board of Directors meeting and recognized for the years ended December 31, 2020 and 2019. For further information, please refer to Market Observation Post System.

(w) Non-operating income and expenses

(i) Interest income

The components of interest income were as follows:

	For the years ended December 31	
	2020	2019
Savings interest	\$ 264,961	371,457

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(ii) Other income

The components of other income were as follows:

	For the years ended December 31	
	2020	2019
Rental income	\$ 131,461	124,604
Technical service income	501,406	390,185
Government grant income	10,104	-
Dividend income	23,357	22,595
Other income	241,188	138,935
	\$ 907,516	676,319

(iii) Other gains and losses

The components of other gain and losses were as follows:

	For the years ended December 31	
	2020	2019
Expected credit reversal gain	\$ -	35,412
Gains on disposal of property, plant and equipment	355	45
Foreign exchange gains (losses)	1,588,402	(859,786)
Gain on lease modifications	326	38
Net profits (losses) on evaluation of financial assets measured at fair value through profit or loss	199,105	(27,180)
	\$ 1,788,188	(851,471)

(iv) Finance costs

The components of finance costs were as follows:

	For the years ended December 31	
	2020	2019
Interest expenses	\$ 842,869	1,723,283
Finance expense—bank fees and factoring fees, etc	9,085	9,736
	\$ 851,954	1,733,019

(x) Financial instruments

(i) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the Company's maximum credit exposure.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

2) Credit risk concentrations

As of December 31, 2020 and 2019, the accounts receivable from the Company's top three customers were amounted to \$286,388,390 and \$393,102,840, representing 69% and 77% of accounts receivable, respectively, which exposes the Company to credit risk.

3) Accounts receivable of credit risk

For credit risk exposure of notes and accounts receivables, please refer to Note 6(d).

Other financial assets at amortized cost includes other receivables and time deposits, etc.

All of these financial assets are considered to be low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses. (Please refer to Note 4(f) for the Company determines whether credit risk is to be low risk).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, excluding estimated interest payment and the impact of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 years</u>	<u>More than 2 years</u>
December 31, 2020					
Non-derivative financial liabilities					
Unsecured bank loans	\$ 62,330,238	62,330,238	59,130,238	-	3,200,000
Unsecured ordinary corporate bonds	25,500,000	25,500,000	1,000,000	2,000,000	22,500,000
Non-interest bearing liabilities	397,408,477	397,408,477	397,360,350	48,127	-
Lease liabilities	<u>168,042</u>	<u>168,042</u>	<u>41,509</u>	<u>35,929</u>	<u>90,604</u>
	<u>\$ 485,406,757</u>	<u>485,406,757</u>	<u>457,532,097</u>	<u>2,084,056</u>	<u>25,790,604</u>
December 31, 2019					
Non-derivative financial liabilities					
Unsecured bank loans	\$ 38,674,200	38,674,200	38,674,200	-	-
Unsecured ordinary corporate bonds	23,500,000	23,500,000	3,000,000	1,000,000	19,500,000
Non-interest bearing liabilities	484,408,121	484,408,121	484,366,184	41,937	-
Lease liabilities	<u>139,046</u>	<u>139,046</u>	<u>57,034</u>	<u>40,315</u>	<u>41,697</u>
	<u>\$ 546,721,367</u>	<u>546,721,367</u>	<u>526,097,418</u>	<u>1,082,252</u>	<u>19,541,697</u>

The liquidity of the aforesaid bank loans, bonds payable, and lease liabilities, does not include the interest expense on cash outflow. The Company is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(iii) Currency risk

1) Currency risk exposure

The Company's exposures to significant currency risk were those from its foreign currency denominated financial assets and liabilities as follows:

(Unit: Foreign currency / NTD in Thousands)

	December 31, 2020			December 31, 2019		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 15,151,606	28.4965	431,767,740	17,754,578	29.980	532,282,248
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	15,666,576	28.4965	446,442,583	17,153,161	29.980	514,251,767

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, loans, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of each major foreign currency against the Company's functional currency as of December 31, 2020 and 2019 would have increased or decreased the before-tax net income by \$146,748 and \$180,305, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gains or losses on monetary item

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2020 and 2019, the foreign exchange losses, including both realized and unrealized, amounted to \$1,588,402 and \$859,786, respectively.

(iv) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and nonderivative financial instruments at the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year at the reporting date. The Company's internal management reported the increases/decreases in the interest rates and the exposure to changes in interest rates of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate increases / decreases by 1%, the Company's net income will decrease /increase by \$91,189 and \$167,888 for the years ended December 31, 2020 and 2019, respectively, assuming all other variable factors remain constantly. This is mainly due to the Company's variable rate borrowing and cash advances for accounts receivable factoring.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(v) Other market price risk

If the equity price changes, the impact of equity price change to other comprehensive income will be as follows, assuming the analysis is based on the same basis for both years and assuming that all other variables considered in the analysis remain the same :

	For the years ended December 31			
	2020		2019	
	Comprehensive Income (Loss) (net of tax)	Net Income (Loss) (net of tax)	Comprehensive Income (Loss) (net of tax)	Net Income (Loss) (net of tax)
Increase 3%	\$ 14,911	19,849	16,551	6,752
Decrease 3%	\$ (14,911)	(19,849)	(16,551)	(6,752)

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The Company measured its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follows ; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities disclosure of fair value information is not required :

	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ 990,505	661,640	-	328,865	990,505
Financial assets at fair value through other comprehensive income					
Receivables-Financial assets at fair value through other comprehensive income	\$ -	-	-	-	-
Stock of listed companies	497,030	497,030	-	-	497,030
Subtotal	497,030	497,030	-	-	497,030
Financial assets at amortized cost					
Cash and cash equivalents	\$ 25,707,844	-	-	-	-
Notes and accounts receivable	412,675,656	-	-	-	-
Other receivables	530,310	-	-	-	-
Other financial assets	36,135,439	-	-	-	-
Subtotal	475,049,249	-	-	-	-

(Continued)

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Notes to the Non-Consolidated Financial Statements

	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
Bank loans	\$ 62,276,408	-	-	-	-
Non-interest bearing liabilities	397,408,477	-	-	-	-
Lease liabilities	168,042	-	-	-	-
Unsecured ordinary corporate bond	<u>25,478,182</u>	-	-	-	-
Subtotal	<u>485,331,109</u>	-	-	-	-
	December 31, 2019				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>484,756</u>	<u>225,050</u>	-	<u>259,706</u>	<u>484,756</u>
Financial assets at fair value through other comprehensive income					
Accounts receivables-Financial assets at fair value through other comprehensive income	\$ 7,495,000	7,495,000	-	-	7,495,000
Stock of listed companies	<u>551,703</u>	<u>551,703</u>	-	-	<u>551,703</u>
Subtotal	<u>8,046,703</u>	<u>8,046,703</u>	-	-	<u>8,046,703</u>
Financial assets at amortized cost					
Cash and cash equivalents	\$ 35,040,374	-	-	-	-
Notes and accounts receivable	501,640,986	-	-	-	-
Other receivables	240,938	-	-	-	-
Other financial assets	<u>855,783</u>	-	-	-	-
Subtotal	<u>537,778,081</u>	-	-	-	-
Financial liabilities at amortized cost					
Bank loans	\$ 38,674,200	-	-	-	-
Non-interest bearing liabilities	484,408,121	-	-	-	-
Lease liabilities	139,046	-	-	-	-
Unsecured ordinary corporate bond	<u>23,480,339</u>	-	-	-	-
Subtotal	<u>546,701,706</u>	-	-	-	-

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

2) Valuation techniques for financial instruments not measured at fair value :

The assumptions and methods used in valuing financial instruments that are not measured at fair value are as follows :

a) Financial assets and liabilities measured at amortized cost

Fair value measurement for financial assets and liabilities is based on the latest quoted price and agreed-upon price if these prices are available in active market. When market value is unavailable, fair value of financial assets and liabilities are evaluated based on the discounted cash flow of the financial assets and liabilities.

3) Valuation techniques for financial instruments measured at fair value :

a) Non-derivative financial instruments

Financial instruments trade in active markets is based on quoted market prices.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

Measurements of fair value of financial instruments without active market are based on valuation technique or quoted price from competitor. Fair value measured by valuation technique can be extrapolated from similar financial instruments, discounted cash flow method or other valuation technique which include model calculating with observable market data at the balance sheet date.

b) Derivative financial instruments

It is based on the valuation model accepted by the most market users, ex: Discount rate and option pricing model. Forward exchange agreement is usually based on the current forward rate.

Fair value of structured financial instruments is based on appropriated valuation model, ex: Black-Scholes model, or other valuation model, ex: Monte Carlo simulation.

4) Transfers between Level 1 and Level 2

There have been no transfers from each level for the years ended December 31, 2020 and 2019.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

5) Reconciliation of Level 3 fair values

	Non derivative mandatorily measured at fair value through profit or loss
Opening balance, January 1, 2020	\$ <u>259,706</u>
Total gains and losses recognized:	
In profit or loss	(25,345)
Purchased	<u>94,504</u>
Ending Balance, December 31, 2020	\$ <u>328,865</u>
Opening balance, January 1, 2019	\$ 123,320
Total gains and losses recognized:	
In profit or loss	(35,230)
Purchased	<u>171,616</u>
Ending Balance, December 31, 2019	\$ <u>259,706</u>

For the years ended December 31, 2020 and 2019, total gains and losses that were included in “other gains and losses” were as follows:

	For the years ended December 31	
	2020	2019
Total gains and losses recognized:		
In profit or loss, and including “other gains and losses”	\$ <u>(25,345)</u>	<u>(35,230)</u>

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through profit or loss – private fund”.

Most of the Company’s financial assets in Level 3 have only one significant unobservable input, while its financial assets without an active market have more than one significant unobservable inputs. The significant unobservable inputs of financial assets without an active market are individually independent, and there is no correlation between them.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

Quantified information of significant unobservable inputs was as follows :

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through profit or loss-private fund	Net Asset Value Method	Net Asset Value	Not applicable

(vii) Offsetting of financial assets and financial liabilities

The Company has financial assets and liabilities which are subject to the guidance concerning financial instrument transactions under paragraph 42 of IAS 32 as endorsed by the Financial Supervisory Commission. These financial assets and liabilities are presented on a net basis in balance sheet.

The following table presents the recognized financial instruments that are subject to offsetting agreement or contract and have legally enforceable right to set off :

December 31, 2020						
<u>Financial assets subject to offsetting agreement or contract and have legally enforceable right to set off.</u>						
	Gross Assets	Gross Liabilities Offset	Net amounts presented	<u>Amounts not offset(d)</u>		
	(a)	(b)	(c)=(a)-(b)	Financial Instruments (Note)	Cash collected as pledge	Net amounts (e)=(c)-(d)
Accounts Receivable and Payable	\$ <u>85,181,577</u>	<u>66,048,341</u>	<u>19,133,236</u>	-	-	<u>19,133,236</u>

December 31, 2020						
<u>Financial liabilities subject to offsetting agreement or contract and have legally enforceable right to set off.</u>						
	Gross Liabilities	Gross Assets Offset	Net amounts presented	<u>Amounts not offset(d)</u>		
	(a)	(b)	(c)=(a)-(b)	Financial Instruments (Note)	Cash collected as pledge	Net amounts (e)=(c)-(d)
Accounts Receivable and Payable	\$ <u>66,048,341</u>	<u>66,048,341</u>	-	-	-	-

December 31, 2019						
<u>Financial assets subject to offsetting agreement or contract and have legally enforceable right to set off.</u>						
	Gross Assets	Gross Liabilities Offset	Net amounts presented	<u>Amounts not offset(d)</u>		
	(a)	(b)	(c)=(a)-(b)	Financial Instruments (Note)	Cash collected as pledge	Net amounts (e)=(c)-(d)
Accounts Receivable and Payable	\$ <u>58,655,071</u>	<u>52,072,003</u>	<u>6,583,068</u>	-	-	<u>6,583,068</u>

December 31, 2019						
<u>Financial liabilities subject to offsetting agreement or contract and have legally enforceable right to set off.</u>						
	Gross Liabilities	Gross Assets Offset	Net amounts presented	<u>Amounts not offset(d)</u>		
	(a)	(b)	(c)=(a)-(b)	Financial Instruments (Note)	Cash collected as pledge	Net amounts (e)=(c)-(d)
Accounts Receivable and Payable	\$ <u>52,072,003</u>	<u>52,072,003</u>	-	-	-	-

Note : The master netting arrangement and non-cash collateral were included.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(y) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying non-consolidated financial statements.

(ii) Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has deputized managements of core business departments for developing and monitoring the Company's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through their training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Internal Audit Department oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk means the potential loss of the Company if the counterparty involved in that transaction defaults. The primary potential credit risk is from financial instruments like cash, equity securities, and accounts receivable. Also, the Company deposits cash in different financial institutions. The Company manages credit risk exposure related to each financial institution and believes that there is no significant concentration of credit risk on cash and equity securities.

The Company transacted only with the approved third parties with good financial conditions and reputation. For those customers with poor financial situation, the Company would transfer the risk through acquiring guarantees or transacting by L/C. Therefore, the Company believes that there is no significant credit risk.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

1) Accounts receivables and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk, particularly in the current deteriorating economic circumstances.

Under its customer credibility evaluation policies, the Company evaluates the customer's credibility and collectability of notes and account receivables regularly before doing business. Thus, management is not expecting any significant uncollectible accounts.

The major customers of the Company are concentrated in the high-tech computer industry. As the customers of the Company have good credits and profit records, the Company evaluates the financial conditions of these customers continually to reduce credit risk from accounts receivable. Moreover, the Company also periodically evaluates the customers' financial positions and the possibility of collecting trade receivables. Thus, management is not expecting any significant issue on credit risk.

2) Investment

The credit risk exposure in the bank deposits, fixed income investments and other financial instruments are measured and monitored by the Company's finance department. As the Company deals with the banks and other external parties with good credit standing and financial institutions, corporate organization and government agencies which are graded above investment level, management believes that the Company does not have compliance issues and no significant credit risk.

3) Guarantee

The Company's policies were prepared in accordance with Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies. As of December 31, 2020, please refer to Note 13(a) and table 2 for the Company's endorsement and guarantees.

(iv) Liquidity risk

Liquidity risk is a risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has sufficient working capital to meet its funding requirements for its operation and when all its obligations become due and payable. It is not expecting any significant liquidity risk.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(v) Market risk

Market risk is a risk that arises from changes in market prices, such as foreign exchange rates, interest rates and equity prices that affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The functional currency of the Company is the New Taiwan Dollars (NTD). The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency. The currencies used in these transactions are denominated in NTD, EUR, and USD.

The Company's foreign currency denominated purchases and sales are denominated mainly in US dollars. This exposes the Company to the current and future foreign exchange fluctuation risk that arises from cash flows of foreign currency assets and liabilities. However, the risks may be regarded as insignificant, because foreign currency losses from sales are subsequently offset by the foreign currency gain from purchases. In addition, the Company conducts foreign exchange activities on spot market in order to manage its foreign exchange risks.

The interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

2) Interest rate risk

The Company's interest rate risk arises from short-term loans and accounts receivable factoring bearing floating interest rates. Future cash flow will be affected by a change in market interest rate. The Company decreases the interest rate risk through negotiating with banks aperiodically.

3) Price floating risk on equity instruments

The equity securities held by the Company are classified as financial assets measured at fair value through profit or loss and fair value through other comprehensive income. As these assets are measured at fair value, the Company is exposed to the market price fluctuation risk in the equity securities market.

The Company's investment portfolios of equity instruments are reviewed regularly by management, and significant investment decision is approved by the Board of Directors.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(z) Capital management

The Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, paid-in capital, retained earnings and non-controlling interests of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company used the debt-to-equity ratio, interest bearing liability-to-equity ratio and other financial ratio to maintain an optimal capital structure and raise returns on equity.

The Company's debt to equity ratios at the balance sheet date were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total liabilities	\$ 509,378,402	568,041,983
Less: cash and cash equivalents	<u>(25,707,844)</u>	<u>(35,040,374)</u>
Net debt	483,670,558	533,001,609
Total capital	<u>162,594,581</u>	<u>157,665,062</u>
Adjusted capital (Note)	<u>\$ 646,265,139</u>	<u>690,666,671</u>
Debt to equity ratio	<u>74.84%</u>	<u>77.17%</u>

Note : Total capital includes share capital, capital surplus, retained earnings, other equity and net debt.

Management believes that there were no significant changes in the Company's approach to capital management for the years ended December 31, 2020 and 2019.

(aa) Financing activities not affecting current cash flow

The Company's financing activities which did not affect the current cash flow in the year ended December 31, 2020 and 2019, were as follows :

Reconciliation of liabilities arising from financing activities was as follows :

	<u>January 1, 2020</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>December 31, 2020</u>
			<u>Foreign exchange movement</u>	<u>Other</u>	
Long-term loans	\$ -	3,200,000	-	(53,830)	3,146,170
Short-term loans	38,674,200	20,519,925	(63,887)	-	59,130,238
Bonds payable	23,480,339	1,994,000	-	3,843	25,478,182
Lease liabilities	139,046	(92,072)	-	121,068	168,042
Other payables-related parties	4,497,000	1,289,017	(100,965)	-	5,685,052
Other payables-restricted employee stock	<u>94,337</u>	<u>(3,292)</u>	<u>-</u>	<u>110,927</u>	<u>201,972</u>
Total liabilities from financing activities	<u>\$ 66,884,922</u>	<u>26,907,578</u>	<u>(164,852)</u>	<u>182,008</u>	<u>93,809,656</u>

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

	January 1, 2019	Cash flows	Non-cash changes		December 31, 2019
			Foreign exchange movement	Other	
Short-term loans	\$ 59,433,525	(20,262,050)	(497,275)	-	38,674,200
Bonds payable	14,986,762	8,490,500	-	3,077	23,480,339
Lease liabilities	148,029	(79,815)	-	70,832	139,046
Other payables-related parties	4,607,250	-	(110,250)	-	4,497,000
Other payables-restricted employee stock	187,933	(10,880)	-	(82,716)	94,337
Total liabilities from financing activities	<u>\$ 79,363,499</u>	<u>(11,862,245)</u>	<u>(607,525)</u>	<u>(8,807)</u>	<u>66,884,922</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

The following are entities that have had transactions with related parties and the Company's subsidiaries during the periods covered in the non-consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Company</u>	<u>Notes</u>
CASETEK COMPUTER (SUZHOU) CO., LTD.	The Company's subsidiary	
KAEDAR ELECTRONICS (KUNSHAN) CO., LTD.	The Company's subsidiary	
CORE-TEK (SHANGHAI) LIMITED	The Company's subsidiary	
KAI-CHUAN ELECTRONICS (CHONGQING) CO., LTD.	The Company's subsidiary	
AZURE WAVE TECHNOLOGIES, INC.	The Company's subsidiary	
EZWAVE TECHNOLOGIES, INC.	The Company's subsidiary	
AZURE LIGHTING TECHNOLOGIES, INC.	The Company's subsidiary	
AZURE WAVE TECHNOLOGIES (SHANGHAI) INC.	The Company's subsidiary	
AZURE LIGHTING TECHNOLOGIES, INC. (YANGZHOU)	The Company's subsidiary	
AIGALE CORPORATION (SHANGHAI)	The Company's subsidiary	
AMA PRECISION INC.	The Company's subsidiary	
TOPTTEK PRECISION INDUSTRY (SUZHOU) CO., LTD.	The Company's subsidiary	Note 1
POWTEK (SHANGHAI) LTD.	The Company's subsidiary	
PIOTEK COMPUTER (SUZHOU) CO., LTD.	The Company's subsidiary	
PEGAGLOBE (KUNSHAN) CO., LTD.	The Company's subsidiary	
DIGITEK (CHONGQING) LTD.	The Company's subsidiary	
CHONGQING ZUANSHUO TRADING CO., LTD.	The Company's subsidiary	
MAINTEK COMPUTER (SUZHOU) CO., LTD.	The Company's subsidiary	
PROTEK (SHANGHAI) LTD.	The Company's subsidiary	
COTEK ELECTRONICS (SUZHOU) CO., LTD.	The Company's subsidiary	
RUNTOP (SHANGHAI) CO., LTD.	The Company's subsidiary	
ASUSPOWER INVESTMENT CO., LTD.	The Company's subsidiary	
ASUS INVESTMENT CO., LTD.	The Company's subsidiary	
ASUSTEK INVESTMENT CO., LTD.	The Company's subsidiary	
ASROCK INCORPORATION	The Company's subsidiary	

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>	<u>Notes</u>
ASRock Rack Incorporation	The Company's subsidiary	
ASRock Industrial Computer Corporation	The Company's subsidiary	
Soaring Asia Limited	The Company's subsidiary	
KINSUS INTERCONNECT TECHNOLOGY CORP.	The Company's subsidiary	
KINSUS INVESTMENT CO., LTD.	The Company's subsidiary	
PEGAVISION CORPORATION	The Company's subsidiary	
FUYANG TECHNOLOGY CORPORATION	The Company's subsidiary	
FUYANG ELECTRONICS (SUZHOU) CO., LTD.	The Company's subsidiary	
PEGAVISION (SHANGHAI) LIMITED	The Company's subsidiary	
GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	The Company's subsidiary	
KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP.	The Company's subsidiary	
KINSUS TRADING (SUZHOU) CORP.	The Company's subsidiary	
STARLINK ELECTRONICS CORPORATION	The Company's subsidiary	
RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	The Company's subsidiary	
RI-PRO PRECISION MODEL (SHANGHAI) CO., LTD.	The Company's subsidiary	
RI-MING (SHANGHAI) CO., LTD.	The Company's subsidiary	
SHENG-RUI ELECTRONIC TECHNOLOGY (SHANGHAI) LIMITED	The Company's subsidiary	
RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	The Company's subsidiary	
RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD.	The Company's subsidiary	
RI KAI COMPUTER ACCESSORY CO., LTD.	The Company's subsidiary	
RIH KUAN METAL CORPORATION	The Company's subsidiary	
KAI HE COMPUTER ACCESSORY (SUZHOU) CO., LTD.	The Company's subsidiary	
ASFLY TRAVEL SERVICE LIMITED	The Company's subsidiary	
PEGA INTERNATIONAL LIMITED	The Company's subsidiary	
Lumens Digital Optics Inc. (Lumens Optics)	The Company's subsidiary	
Lumens (Suzhou) Digital Image Inc.	The Company's subsidiary	
HUA-YUAN INVESTMENT LIMITED	The Company's subsidiary	
AMA Holdings Limited	The Company's subsidiary	Note 2
APEX SUN LIMITED	The Company's subsidiary	Note 3
APLUS PRECISION LIMITED	The Company's subsidiary	
Aquamax Vision Corporation	The Company's subsidiary	Note 4
ASJAROCK TECHNOLOGY LIMITED	The Company's subsidiary	
ASLINK PRECISION CO., LTD.	The Company's subsidiary	
ASRock America, Inc.	The Company's subsidiary	
ASROCK EUROPE B.V.	The Company's subsidiary	
ASUSPOWER CORPORATION	The Company's subsidiary	
Azurewave Technologies (USA) Inc.	The Company's subsidiary	
Azwave Holding (Samoa) Inc.	The Company's subsidiary	
Calrock Holdings, LLC.	The Company's subsidiary	
CASETEK HOLDINGS LIMITED (CAYMAN)	The Company's subsidiary	

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PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>	<u>Notes</u>
CASETEK HOLDINGS LIMITED	The Company's subsidiary	
COTEK HOLDINGS LIMITED	The Company's subsidiary	
DIGITEK GLOBAL HOLDINGS LIMITED	The Company's subsidiary	
First place International Limited	The Company's subsidiary	
FUYANG FLEX HOLDING LTD.	The Company's subsidiary	
GRAND UPRIGHT TECHNOLOGY LIMITED	The Company's subsidiary	
KAEDAR HOLDINGS LIMITED	The Company's subsidiary	
KAEDAR TRADING LTD.	The Company's subsidiary	
KINSUS CORP. (USA)	The Company's subsidiary	
KINSUS HOLDING (CAYMAN) LIMITED	The Company's subsidiary	
KINSUS HOLDING (SAMOA) LIMITED	The Company's subsidiary	
Leader Insight Holdings Limited	The Company's subsidiary	
Lumens Digit Image Inc.	The Company's subsidiary	
Lumens Integration Inc.	The Company's subsidiary	
MAGNIFICENT BRIGHTNESS LIMITED	The Company's subsidiary	
MEGA MERIT LIMITED	The Company's subsidiary	
PEGATRON Czech s.r.o.	The Company's subsidiary	
PEGATRON HOLDING LTD.	The Company's subsidiary	
PEGATRON HOLLAND HOLDING B.V.	The Company's subsidiary	
PEGATRON JAPAN INC.	The Company's subsidiary	
PEGATRON LOGISTIC SERVICE INC.	The Company's subsidiary	
PEGATRON Mexico, S.A. de C.V.	The Company's subsidiary	
PEGATRON SERVICE AUSTRALIA PTY. LTD.	The Company's subsidiary	
PEGATRON SERVICE KOREA LLC	The Company's subsidiary	
Pegatron Service Singapore Pte. Ltd.	The Company's subsidiary	
PEGASUS ACE LIMITED	The Company's subsidiary	Note 4
PEGATRON SERVICOS DE INFORMATICA LTDA.	The Company's subsidiary	
PEGATRON TECHNOLOGY HAI PHONG COMPANY LIMITED	The Company's subsidiary	Note 5
PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED	The Company's subsidiary	Note 4
PEGATRON TECHNOLOGY SERVICE INC.	The Company's subsidiary	
PEGATRON USA, Inc.	The Company's subsidiary	Note 6
PEGATRON VIETNAM COMPANY LIMITED	The Company's subsidiary	Note 5
PEGAVISION HOLDINGS CORPORATION	The Company's subsidiary	Note 6
PEGAVISION JAPAN Inc.	The Company's subsidiary	
PIOTEK HOLDING LIMITED	The Company's subsidiary	
PIOTEK HOLDINGS LTD. (CAYMAN)	The Company's subsidiary	
PIOTEK(H.K.) TRADING LIMITED	The Company's subsidiary	
POWTEK HOLDINGS LIMITED	The Company's subsidiary	
PROTEK GLOBAL HOLDINGS LTD.	The Company's subsidiary	
PT. PEGATRON TECHNOLOGH INDONESIA	The Company's subsidiary	

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Company</u>	<u>Notes</u>
RIH LI INTERNATIONAL LIMITED	The Company's subsidiary	
RITENG USA INC	The Company's subsidiary	
SLITEK HOLDINGS LIMITED	The Company's subsidiary	
TOP QUARK LIMITED	The Company's subsidiary	
UNIHAN HOLIDNG LTD.	The Company's subsidiary	
UNITED NEW LIMITED	The Company's subsidiary	

Note 1: It was liquidated in December 2019.

Note 2: It was written off in the 2nd quarter of 2020.

Note 3: It was liquidated in December 2019.

Note 4: It was liquidated in the 3rd quarter of 2020.

Note 5: It was liquidated in the 2nd quarter of 2020.

Note 6: It completed its delisting application in September 2020.

(b) Significant Transactions with related parties

(i) Sale of Goods to Related Parties

The amounts of significant sales transactions and outstanding balances between the Company and related parties were as follows:

	<u>Sales</u>	
	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Subsidiaries	<u>\$ 5,838,303</u>	<u>5,288,801</u>
	<u>Receivables from related parties</u>	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Subsidiaries, PROTEK (SHANGHAI) LTD.	\$ 93,386,147	232,022,396
Subsidiaries, PEGAGLOBE (KUNSHAN) CO., LTD.	94,709,929	41,110,704
Subsidiaries, Other	<u>40,379,890</u>	<u>48,511,203</u>
	<u>\$ 228,475,966</u>	<u>321,644,303</u>

Prices charged for sales transactions with associates were not significantly different from those of non-related parties. The average sales term for notes and accounts receivables pertaining to such sales transactions ranged from one to three months. Receivables from related parties were not secured with collaterals, and did not require provisions for credit losses based on the result of management's evaluation.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(ii) Purchase of Goods from Related Parties

The amounts of significant purchase transactions and outstanding balances between the Company and related parties were as follows:

	Purchases	
	For the years ended December 31	
	2020	2019
Subsidiaries	<u>\$ 40,957,337</u>	<u>130,872,357</u>
	Payables to Related Parties	
	December 31,	
	2020	2019
Subsidiaries, PROTEK (SHANGHAI) LTD.	\$ 35,448,023	185,317,389
Subsidiaries, PEGAGLOBE (KUNSHAN) CO., LTD.	108,888,894	49,959,452
Subsidiaries, Other	<u>20,340,518</u>	<u>40,432,917</u>
	<u>\$ 164,677,435</u>	<u>275,709,758</u>

There were no significant differences between the terms and pricing of purchase transactions with related enterprises and those carried out with other normal vendors. The average payment period for notes and accounts payable pertaining to such purchase transactions ranged from one to four months, which is similar to that of other normal vendors.

(iii) Warranty repair expense paid to Related Parties

	For the years ended December 31	
	2020	2019
Subsidiaries	<u>\$ 60,829</u>	<u>47,215</u>

(iv) Other income and losses from Related Parties

	For the years ended December 31	
	2020	2019
Subsidiaries	<u>\$ 20,804</u>	<u>26,424</u>

(v) Rental revenue

For the years ended December 31, 2020 and 2019, the Company incurred subsidiaries transactions of \$113,783 and \$108,971, respectively, which were accounted for as rental revenue. Lease terms with associates were not significantly different from those of non-related parties.

(vi) Other related party transactions recorded as expenses

For the years ended December 31, 2020 and 2019, the Company incurred subsidiaries transactions recorded as expenses such as rental expense, royalty payment, storage expense, and professional service fee, etc, aggregating to \$189,507 and \$748,767, respectively.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(vii) Purchase and sales of real estate property and other assets

For the years ended December 31, 2020 and 2019, molds and equipment purchased from subsidiaries are amounted to \$214,480 and \$411,037, respectively.

(viii) Other related party transactions accounted for as assets and liabilities in the balance sheet

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Other receivables		
Subsidiaries	\$ <u>14,867</u>	<u>12,441</u>
Other payables		
Subsidiaries	\$ <u>595,579</u>	<u>511,503</u>
Other current liabilities		
Subsidiaries	\$ <u>1,019</u>	<u>3,945</u>
Other non-current liabilities		
Subsidiaries	\$ <u>10,438</u>	<u>10,438</u>

(ix) Borrowings from related parties

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>
Subsidiaries	\$ <u>5,685,052</u>	<u>4,497,000</u>
Interest rate	<u>0%</u>	<u>0%~1.9727%</u>
Interest expense	\$ <u>-</u>	<u>47,396</u>

(x) As of December 31, 2020, please refer to Note 13 for endorsements and guarantees for related party.

(c) Key management personnel compensation

	<u>For the years ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	\$ 226,350	181,316
Post-employment benefits	2,513	2,367
Share-based payments	<u>149,711</u>	<u>49,049</u>
	\$ <u>378,574</u>	<u>232,732</u>

Please refer to Note 6(s) for further explanations related to share-based payment transactions.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(8) Pledged assets:

As of December 31, 2020 and 2019, pledged assets were as follows:

<u>Asset</u>	<u>Purpose of pledge</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other financial asset-restricted deposits	Deposits for customs duties	\$ 108,093	108,075
Other financial asset-refundable deposits	Deposits for performance guarantee	<u>27,346</u>	<u>27,708</u>
		<u>\$ 135,439</u>	<u>135,783</u>

(9) Commitments and contingencies:

(a) Significant commitments and contingencies were as follows :

(i) Promissory notes and certificates of deposit obtained for business purpose were as follows :

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
NTD	<u>\$ 16,391</u>	<u>34,263</u>

(b) Significant contingent liability :

- (i) In May 2017, QUALCOMM INCORPORATED filed a lawsuit against the Company for royalty payment under the license agreement in the U.S. District Court for the Southern District of California. In July 2017, the Company counterclaimed and the lawsuit has still been in cognizance. In April 2019, the Company has already compromised and both parties have revoked the lawsuit. It is not expected to have a material effect on the Company's operation.
- (ii) AIG Specialty Insurance Company filed a lawsuit against the Company, demanding for compensation for a batch of defect products that were received from the Company. A lawyer has been appointed to protect the Company's rights and interests. This case is still in progress as of the release date of the consolidated financial statements; therefore, no reasonable estimation can be made concerning this matter.
- (iii) Pursuant to a resolution made in the Casetek Cayman (Casetek)' s Extraordinary General Meeting on September 30, 2020, Casetek will complete a triangular merger with Pegatron Corporation and its 100% owned subsidiary, Pegasus Ace Limited, and Casetek will then go private and be delisting from the Taiwan Stock Exchange (TWSE). The date of merger is set on January 15, 2021. According to the merger agreement, except for any written request made by disagreeing shareholders regarding the consideration and the shares to be bought back, the tender offer the Company to buy non-controlling shareholders out would be \$87.5 (dollars) per share. The amount of \$14,274,713 in total payables was fully paid on January 15, 2021.

(10) Losses Due to Major Disasters: None.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(11) Subsequent Events:

On 29 January, 2021, the Company has approved a board resolution to authorize its indirect wholly-owned subsidiary, Ri Kai Computer Accessory Co., Ltd. (Ri Kai) to raise its capital, and to authorize another indirect wholly-owned subsidiary, Rih Li International Ltd. (Rih Li) to waive its pre-emptive right toward the capital increase of Ri Kai. Rih Li' s shareholding ratio in Ri Kai will decrease from 100% to 48.17% and Rih Li will lose control of Ri Kai.

(12) Other:

The nature of employee benefits, depreciation and amortization expenses categorized by function, were as follows :

By function	For the years ended December 31					
	2020			2019		
	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	\$ 1,776,997	9,118,235	10,895,232	1,376,392	7,854,272	9,230,664
Health and labor insurance	154,898	491,115	646,013	117,348	497,207	614,555
Pension	57,449	272,480	329,929	51,245	271,244	322,489
Remuneration of directors	-	162,000	162,000	-	163,000	163,000
Others	267,764	600,769	868,533	204,196	657,191	861,387
Depreciation	500,399	373,890	874,289	404,510	357,173	761,683
Amortization	56,497	42,986	99,483	113,548	63,247	176,795

For the years ended December 31, 2020 and 2019, the information on the number of employees and employee benefit expense of the Company is as follows :

	<u>2020</u>	<u>2019</u>
Number of employees	<u>7,881</u>	<u>7,365</u>
Number of directors (non-employee)	<u>8</u>	<u>8</u>
Average employee benefit expense	<u>\$ 1,618</u>	<u>1,499</u>
Average employee salary expense	<u>\$ 1,384</u>	<u>1,255</u>
Percentage of average employee salary expense	<u>10.28 %</u>	
Remuneration for supervisors	<u>\$ -</u>	<u>-</u>

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

Compensation policies are as follows:

In accordance with Article 26 of the Company's Articles of Incorporation, the remuneration to directors should not exceed 0.7% of the profit before tax, while taking the operating performance of the Company and the participation of each director into consideration. There will be regular evaluations concerning the reasonability of compensation policies. Furthermore, the remunerations to managers and employees will be appropriated at the rate stated in the Company's Articles of Incorporation, while taking into consideration the operating performance of the Company, economic indicators and industry level.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

No.	Item	Table
1	Loans to other parties	Table 1
2	Guarantees and endorsements for other parties	Table 2
3	Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures)	Table 3
4	Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock	Table 4
5	Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock	Table 5
6	Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock	None
7	Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock	Table 6
8	Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock	Table 7
9	Trading in derivative instruments	None

(b) Information on investees:

Please refer to Table 8 for the information on investees for the year ended December 31, 2020.

(Continued)

PEGATRON CORPORATION
Notes to the Non-Consolidated Financial Statements

(c) Information on investment in mainland China:

- (i) Please refer to Table 9 for names of investee, main businesses and products, total amount of capital surplus, method of investment, investment flows, net income (losses) of the investee, percentage of ownership and the upper limit on investment.
- (ii) Please refer to information on significant transactions for either directly or indirectly through a third area, with investee companies in the Mainland Area. The transactions were eliminated in the consolidated financial statements.

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
ASUSTEK COMPUTER INCORPORATION		448,506,484	17.18 %

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2020.

Notes to the Non-Consolidated Financial Statements

Table 1: Loans to other parties
December 31, 2020

														Expressed in thousands of NTD			
No. Note 1	Creditor	Borrower	General ledger Account (Note 2)	Is a related party	Maximum outstanding balance during the year ended December 31, 2020	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the (Note 4)	Reason for short-term financing (Note 5)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 6)	Ceiling on total loans granted (Note 6)	
													Item	Value			
1	MAINTEK COMPUTER (SUZHOU) CO., LTD.	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Other Receivables	Y	1,424,825	1,424,825	1,424,825	2.59%	2	-	Fund accommodation	-	-	-	14,159,763	28,319,526	
1	MAINTEK COMPUTER (SUZHOU) CO., LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Other Receivables	Y	2,849,650	2,849,650	2,849,650	0.92%	2	-	Fund accommodation	-	-	-	11,327,810	28,319,526	
2	ASUSPOWER CORPORATION	PEGATRON CORPORATION	Other Receivables	Y	5,414,335	5,414,335	5,414,335	0.00%	2	-	Fund accommodation	-	-	-	7,378,157	14,756,314	
2	ASUSPOWER CORPORATION	PEGATRON SERVICE AUSTRALIA PTY. LTD.	Other Receivables	Y	219,637	-	-	0.00%	2	-	Fund accommodation	-	-	-	7,378,157	14,756,314	
2	ASUSPOWER CORPORATION	ASUS INVESTMENT CO., LTD.	Other Receivables	Y	427,448	-	-	0.00%	2	-	Fund accommodation	-	-	-	7,378,157	14,756,314	
3	STARLINK ELECTRONICS CORPORATION	ASUSPOWER INVESTMENT CO., LTD.	Other Receivables	Y	150,000	-	-	0.67%	2	-	Fund accommodation	-	-	-	190,983	190,983	
4	CASETEK HOLDINGS LIMITED	PEGATRON CORPORATION	Other Receivables	Y	270,717	270,717	270,717	0.00%	2	-	Fund accommodation	-	-	-	6,244,207	6,244,207	
5	KAEDAR TRADING LTD.	PEGATRON CORPORATION	Other Receivables	Y	512,937	-	-	0.00%	2	-	Fund accommodation	-	-	-	585,355	585,355	
5	KAEDAR TRADING LTD.	PEGATRON VIETNAM COMPANY LIMITED	Other Receivables	Y	512,937	512,937	512,937	1.00%	2	-	Fund accommodation	-	-	-	585,355	585,355	
6	Unihan Holding Ltd.	PEGATRON CORPORATION	Other Receivables	Y	826,399	-	-	0.00%	2	-	Fund accommodation	-	-	-	6,254,103	6,254,103	
7	PROTEK (SHANGHAI) LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Other Receivables	Y	4,274,475	4,274,475	4,274,475	0.92%	2	-	Fund accommodation	-	-	-	5,466,839	10,933,677	
8	Azwave Holding (Samoa) Inc.	AIGALE CORPORATION (SHANGHAI)	Other Receivables	Y	28,497	28,497	-	0.00%	2	-	Cash flow adequacy	-	-	-	677,543	677,543	
9	CASETEK HOLDINGS LIMITED(CAYMAN)	CASETEK SINGAPORE PTE. LTD.	Short-Term Accounts Receivable	Y	4,986,888	4,986,888	4,758,916	1.00%	2	-	Business operation	-	-	-	12,468,482	12,468,482	
10	RIH LI International Limited	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Long-Term Accounts Receivable	Y	9,973,775	9,973,775	9,973,775	1.00%	2	-	Business operation	-	-	-	36,792,362	36,792,362	
11	RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Long-Term Accounts Receivable	Y	5,459,188	5,459,188	5,459,188	1.00%	2	-	Business operation	-	-	-	8,502,453	8,502,453	
11	RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	RI-MING (SHANGHAI) CO., LTD.	Short-Term Accounts Receivable	Y	1,091,838	-	-	1.00%	2	-	Business operation	-	-	-	8,502,453	8,502,453	
11	RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	RI-PRO PRECISION MODEL (SHANGHAI) CO., LTD.	Long-Term Accounts Receivable	Y	131,021	131,021	131,021	1.00%	2	-	Business operation	-	-	-	8,502,453	8,502,453	
12	RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	RI-PRO PRECISION MODEL (SHANGHAI) CO., LTD.	Short-Term Accounts Receivable	Y	218,368	-	-	1.00%	2	-	Business operation	-	-	-	5,365,642	5,365,642	
12	RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	SHENG-RUI ELECTRONIC TECHNOLOGY (SHANGHAI) LIMITED	Short-Term Accounts Receivable	Y	262,041	262,041	262,041	1.00%	2	-	Business operation	-	-	-	5,365,642	5,365,642	
12	RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Long-Term Accounts Receivable	Y	3,493,880	2,620,410	2,620,410	1.00%	2	-	Business operation	-	-	-	5,365,642	5,365,642	
13	KAI HE COMPUTER ACCESSORY (SUZHOU) CO., LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Long-Term Accounts Receivable	Y	349,388	349,388	349,388	1.00%	2	-	Business operation	-	-	-	487,742	487,742	
14	RI-MING (SHANGHAI) CO., LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Long-Term Accounts Receivable	Y	655,103	305,715	305,715	1.00%	2	-	Business operation	-	-	-	10,267,030	10,267,030	
15	RI KAI COMPUTER ACCESSORY CO., LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Short-Term Accounts Receivable	Y	1,746,940	1,746,940	1,746,940	1.00%	2	-	Business operation	-	-	-	7,274,652	7,274,652	

Note 1: The number column is organized as follows:

(1) Number 0 represents the issuer.

(2) Consolidated subsidiaries are organized in order from number 1.

Note 2 : If the nature of accounts receivable(including affiliated enterprises and related parties), shareholder transactions, advance payments, temporary payments, etc., are loans, the amount will be disclosed in the table.

Note 3 : Reference for the Nature of loan column

(1)1: the borrower has business contact with the creditor

(2)2: the borrower has short-term financing necessities

Note 4 : Fill in business contact amount if nature of loan conforms to situation 1.

Note 5 : Fill in the reasons and the use of the fund if nature of loan conforms to situation 2.

Note 6 : Calculation for the ceiling on total loans granted.

Notes to the Non-Consolidated Financial Statements

Table 2 Guarantees and endorsements for other parties
December 31, 2020

No.	Relationship	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020	Outstanding endorsement/ guarantee amount at December 31, 2020		Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Expressed in thousands of NTD	
				(Note 4)	(Note 5)							endorsements/ guarantees to the party in Mainland China	endorsements/ guarantees to the party in Mainland China
(Note 1)	Endorser/ Guarantor	Party being endorsed / guaranteed	(Note 2)	(Note 3)	(Note 4)	(Note 5)			(Note 3)				
0	PEGATRON CORPORATION	PIOTEK COMPUTER (SUZHOU) CO., LTD.	(6)	32,518,916	418,899	-	-	0.00%	81,297,290	Y	N	Y	
1	KINSUS INTERCONNECT TECHNOLOGY CORP.	PIOTEK COMPUTER (SUZHOU) CO., LTD.	(6)	5,133,930	435,996	-	-	0.00%	12,834,826	Y	N	Y	
2	AZURE WAVE TECHNOLOGIES, INC.	AZURE LIGHTING TECHNOLOGIES, INC.	(2)	915,991	484,441	341,958	-	18.67%	915,991	Y	N	Y	

Note 1 : The number column is organized as follow:

- (1) Number 0 represents the issuer.
- (2) Subsidiaries are numbered in order from number 1.

Note 2 : Relationship with the endorser / guarantor:

- (1) Having business relationship.
- (2) The endorser / guarantor parent company directly and indirectly holds more than 50% of voting shares of the endorsed / guaranteed subsidiary.
- (3) The endorser / guarantor subsidiary which directly and indirectly be held more than 50% voting shares by the endorsed / guaranteed parent company.
- (4) The endorser / guarantor company and the endorsed / guaranteed party both be held more than 90% by the parent company.
- (5) Company that is mutually protected under contractual requirements based on the needs of the contractor.
- (6) Company that is endorsed by its shareholders in accordance with its shareholding ratio because of the joint investment relationship.
- (7) Performance guarantees for pre-sale contracts under the Consumer Protection Act.

Note 3 : Ceiling on total endorsements / guarantees

According to PEGATRON CORPORATION's policy of endorsements and guarantees, the total endorsements and guarantees of the Company to others should not exceed 50% of the Company's net assets.

According to KINSUS INTERCONNECT TECHNOLOGY CORP.'s policy of endorsements and guarantees, the total endorsements and guarantees of the Company to others should not exceed 50% of the Company's net assets.

According to AZURE WAVE TECHNOLOGIES, INC.'s policy of endorsements and guarantees, the total endorsements and guarantees of the Company to others should not exceed 50% of the Company's net assets.

Ceiling on endorsements/ guarantees provided for a single party

According to PEGATRON CORPORATION's policy of endorsements and guarantees, the total endorsements and guarantees of the Company to others should not exceed 20% of the Company's net assets.

According to KINSUS INTERCONNECT TECHNOLOGY CORP.'s policy of endorsements and guarantees, the total endorsements and guarantees of the Company to others should not exceed 20% of the Company's net assets.

According to AZURE WAVE TECHNOLOGIES, INC.'s policy of endorsements and guarantees, the total endorsements and guarantees of the Company to others should not exceed 50% of the Company's net assets.

Note 4 : If the amounts were based on foreign currencies, please refer to the spot exchange rate on the financial statement date. (exchange rate on December 31, 2020 is USD/NTD: 28.4965)

Note 5 : The amount is approved by the Board of Directors.

Notes to the Non-Consolidated Financial Statements

Table 3 Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures)
December 31, 2020

Marketable securities (Note 1)				Expressed in thousands of NTD						
Securities held by	Category	Item	Relationship (Note 2)	General	As of December 31, 2020				Maximum	Footnote
				ledger account	Number of shares	Book value(Note 3)	Ownership	Fair value(Note 3)	Ownership	
PEGATRON CORPORATION	Stock	ABILITY ENTERPRISE CO.,LTD.	-	financial asset measured at fair value through other comprehensive income-Non current	33,135,300	497,030	11.74%	497,030	11.74%	
"	Stock	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	financial asset measured at fair value through profit or loss-Non current	3,500,000	218,750	0.53%	218,750	0.53%	
"	Fund	China Renewable Energy Fund, LP(CREF)	-	financial asset measured at fair value through profit or loss-Non current	-	328,865	13.46%	328,865	13.46%	
"	Stock	TAIWAN SEMICONDUCTOR MANUFACTURING COMPANY	-	financial asset measured at fair value through profit or loss-Current	430,000	227,900	0.00%	227,900	0.00%	
"	Stock	DELTA ELECTRONICS, INC.	-	financial asset measured at fair value through profit or loss-Current	260,000	68,380	0.01%	68,380	0.01%	
"	Stock	MEDIATEK INC.	-	financial asset measured at fair value through profit or loss-Current	130,000	97,110	0.01%	97,110	0.01%	
"	Stock	Airtac International Group	-	financial asset measured at fair value through profit or loss-Current	55,000	49,500	0.03%	49,500	0.03%	
PROTEK (SHANGHAI) LTD.	Stock	LUXSHARE ICT CO., LTD.	-	financial asset measured at fair value through profit or loss-Current	39,845,105	9,437,126	0.57%	9,437,126	0.57%	
"	Bond	LUXSHARE ICT CO., LTD.(Convertible Bond)	-	financial asset measured at fair value through profit or loss-Current	170,816	93,738	-	93,738	-	%
ASUSPOWER INVESTMENT CO., LTD.	Stock	SPORTON INTERNATIONAL INC.	-	financial asset measured at fair value through profit or loss-Current	259,300	69,492	0.28%	69,492	0.28%	
"	Stock	WIN SEMICONDUCTORS CORP.	-	financial asset measured at fair value through profit or loss-Current	390,000	134,940	0.09%	134,940	0.09%	
"	Stock	Topoint Technology Co., Ltd.	-	financial asset measured at fair value through other comprehensive income-Non current	1,111,891	30,744	0.78%	30,744	0.78%	
"	Stock	ABILITY ENTERPRISE CO., LTD.	-	financial asset measured at fair value through other comprehensive income-Non current	6,495	97	0.00%	97	0.00%	
"	Stock	ZOWIE Technology Corporation	-	financial asset measured at fair value through other comprehensive income-Non current	90,973	-	0.46%	-	0.46%	
"	Stock	Syntronix CO., LTD.	-	financial asset measured at fair value through other comprehensive income-Non current	6,778	-	0.02%	-	0.02%	
"	Stock	Valens Semiconductor Ltd.	-	financial asset measured at fair value through profit or loss-Non current	4,667,570	63,669	3.98%	63,669	4.03%	
"	Stock	MedicusTek International Inc.	-	financial asset measured at fair value through profit or loss-Non current	1,136,363	-	1.61%	-	1.65%	
ASUS INVESTMENT CO., LTD.	Stock	SPEED TECH CORPORATION	-	financial asset measured at fair value through profit or loss-Current	8,000,000	749,600	4.72%	749,600	4.72%	
"	Stock	TAIWAN UNION TECHNOLOGY CORPORATION	-	financial asset measured at fair value through profit or loss-Current	277,000	33,517	0.10%	33,517	0.10%	
"	Stock	Lightel Technologies Inc.	-	financial asset measured at fair value through other comprehensive income-Non current	2,000,000	46,224	7.66%	46,224	7.66%	

Notes to the Non-Consolidated Financial Statements

				Expressed in thousands of NTD						
Marketable securities (Note 1)										
Securities held by	Category	Item	Relationship (Note 2)	General	As of December 31, 2020				Maximum	Footnote
				ledger account	Number of shares	Book value(Note 3)	Ownership	Fair value(Note 3)	Ownership	
ASUS INVESTMENT CO., LTD.	Stock	PT Sat Nusapersada Tbk	-	financial asset measured at fair value through other comprehensive income-Non current	531,434,100	250,065	10.00%	250,065	10.00%	
ASUSTEK INVESTMENT CO., LTD.	Stock	ACCTON TECHNOLOGY CORPORATION	-	financial asset measured at fair value through profit or loss-Current	30,000	9,480	0.01%	9,480	0.01%	
KINSUS INTERCONNECT TECHNOLOGY CORP.	Fund	Taishin Ta-Chong Money Market Fund	-	financial asset measured at fair value through profit or loss-Current	18,812,748	269,406	-	269,406	-	
"	Fund	FSITC Money Market	-	financial asset measured at fair value through profit or loss-Current	1,168,258	210,111	-	210,111	-	
"	Fund	Mega Diamond Money Market Fund	-	financial asset measured at fair value through profit or loss-Current	21,355,432	270,144	-	270,144	-	
"	Fund	Jih Sun Money Market	-	financial asset measured at fair value through profit or loss-Current	17,776,549	265,760	-	265,760	-	
KINSUS INVESTMENT CO., LTD.	Fund	Taishin Ta-Chong Money Market Fund	-	financial asset measured at fair value through profit or loss-Current	829,070	11,873	-	11,873	-	
"	Stock	Ethos Original Co., Ltd.	-	financial asset measured at fair value through other comprehensive income-Non current	5,000,000	50,000	7.49%	50,000	7.49%	
"	Stock	Li Chang Finery Inc.	-	financial asset measured at fair value through other comprehensive income-Non current	20,408	1,000	1.12%	1,000	1.12%	
PEGAVISION CORPORATION	Fund	Yuanta Wan Tai Money Market	-	financial asset measured at fair value through profit or loss-Current	33,387,514	509,333	-	509,333	-	
"	Fund	Yuanta De-Li Money Market Fund	-	financial asset measured at fair value through profit or loss-Current	3,493,908	57,436	-	57,436	-	
Lumens Digital Optics Inc. (Lumens Optics)	Fund	Fuh Hwa Money Market	-	financial asset measured at fair value through profit or loss-Current	73,096,336	1,063,113	-	1,063,113	-	
"	Fund	The RSIT Enhanced Money Market	-	financial asset measured at fair value through profit or loss-Current	9,435,278	113,768	-	113,768	-	
HUA-YUAN INVESTMENT LIMITED	Stock	Nuvoton Technology Corporation	-	financial asset measured at fair value through other comprehensive income-Non current	112,231	5,325	0.03%	5,325	0.06%	
"	Stock	Chicony Power Technology Co. Ltd.	-	financial asset measured at fair value through profit or loss-Current	611,644	43,182	0.16%	43,182	0.16%	
"	Stock	Ethos Original Co., Ltd.	-	financial asset measured at fair value through other comprehensive income-Non current	5,000,000	50,617	7.49%	50,617	7.49%	
"	Stock	Fusheng Precision CO., LTD.	-	financial asset measured at fair value through profit or loss-Current	800,000	138,800	0.61%	138,800	0.61%	
"	Stock	NEW SMART TECHNOLOGY CO., LTD.	-	financial asset measured at fair value through profit or loss-Current	500,000	7,704	4.05%	7,704	4.05%	
"	Stock	KING YUAN ELECTRONICS CO., LTD.	-	financial asset measured at fair value through profit or loss-Current	400,000	13,900	0.03%	13,900	0.03%	
RIH KUAN METAL CORPORATION	Stock	Ethos Original Co., Ltd.	-	financial asset measured at fair value through other comprehensive income-Non current	5,000,000	47,526	7.49%	47,526	7.49%	
RI KAI COMPUTER ACCESSORY CO., LTD.	Stock	JIANG SU KAI JIE CO., LTD.	-	financial asset measured at fair value through other comprehensive income-Non current	-	23,584	10.00%	23,584	10.00%	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments : recognition and measurement'.

Note 2: If the issuer of the security isn't a related party, the cell is blank.

Note 3: The account balance for securities measured at fair value has deducted accumulated impairment.

Notes to the Non-Consolidated Financial Statements

Table 4: Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock
December 31, 2020

Investor	Marketable securities				Relationship with the investor	Balance as at January 1, 2020		Addition		Disposal				Balance as of December 31, 2020	
	Category	Item	General ledger account	Counterparty		Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Book Value	Gain (loss) on disposal	Number of shares	Amount
	Expressed in thousands of NTD														
PEGAVISION CORPORATION	Fund	Yuanta Wan Tai Money Market	Financial asset measured at fair value through profit or loss- Current	-	-	11,778,166	179,017	112,658,656	1,717,000 (Note 4) 63 (Note 5)	91,049,308	1,387,298	1,386,747	551	33,387,514	509,333
CASETEK HOLDINGS LIMITED(CAYMAN)	Stock	RIH LI International Limited	Equity investments under equity method	-	-	735,499,000	33,790,237	80,000,000	2,279,720 (Note 4) 1,696,576 (Note 3)	-	-	1,190,310 (Note 2)	-	815,499,000	36,576,223
RIH LI International Limited	Capital	RI KAI COMPUTER ACCESSORY CO., LTD.	Equity investments under equity method	-	-	-	4,223,468	-	565,110 (Note 4) 2,021,402 (Note 2) 464,667 (Note 3)	-	-	-	-	-	7,274,647
AZURE WAVE TECHNOLOGIES, INC.	Stock	Azwave Holding (Samoa) Inc.	Equity investments under equity method	-	-	50,177,000	1,176,074	10,000,000	302,430 (Note 4)	-	-	80,860 (Note 3)	-	60,177,000	1,693,858
PROTEK (SHANGHAI) LTD.	Stock	LUXSHARE ICT CO., LTD.	Financial asset measured at fair value through profit or loss- Current	-	-	22,135,035	3,300,137	17,970,070	296,214 (Note 2) 2,501,470 (Note 4)	260,000	44,004	15,295	28,709	39,845,105	9,437,126
PEGATRON CORPORATION	Stock	PEGATRON VIETNAM COMPANY LIMITED	Equity investments under equity method	-	-	-	-	-	3,650,814 (Note 5) 870,094 (Note 4)	-	-	5,817 (Note 2) 14,980 (Note 3)	-	-	849,297

Note 1 : If the securities is invested in foreign currency, the amount in the table has been transferred to NTD. (The exchange rate as of December 31, 2020: USD/NTD: 28.4965)

Note 2 : The investment profit or loss related to the investee is measured by equity method.

Note 3 : The amount is exchange gains or losses.

Note 4 : Which is investment added this year.

Note 5 : Which is adjustments related to financial assets based on the fair value method.

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Table 5: Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock
December 31, 2020

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counter-party	If the counter-party is a related party, disclose the previous transfer information					References for determining price	Expressed in thousands of NTD	
						Relationship with the Company	Owner	Relationship with the Company	Date of transfer	Amount		Purpose of acquisition and current condition	Others
PEGATRON CORPORATION	Land and plants	109/3/27	1,300,000	Payment in full	DJIYA ENERGY SAVING TECHNOLOGY INC.	None	None	None	None	None	After bargaining, the price will be approved by the chairman of the board of directors to determine.	For business use	On the basis of the contract
DIGITEK (CHONGQING) LTD.	Plants	109/12/11	644,152	Payment in full	Chongqing Bonded Port Development And Management Group Co.,Ltd.	None	None	None	None	None	After bargaining, the price will be approved by the chairman of the board of directors to determine.	For production and business use	On the basis of the contract
PEGATRON VIETNAM COMPANY LIMITED	Land use rights	109/12/31	652,767	Unpaid	HAI PHONG INDUSTRIAL PARK JOINT STOCK COMPANY (HPIPJSC)	None	None	None	None	None	After bargaining, the price will be approved by the chairman of the board of directors to determine.	For business use	On the basis of the contract

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Table 6: Related-party transactions for purchases and sales with amounts exceeding the lower of NTS100 million or 20% of the capital stock
December 31, 2020

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction		Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote	
			Purchases (sales)	Amount	Percentage of total	Credit term	Unit price	Credit term	Balance		total notes/accounts receivable (payable)
PEGATRON CORPORATION	ASIA ROCK TECHNOLOGY LIMITED	Note 2	Sale	(413,850)	(0.03%)	(Note 4) Open Account 90 days	-	-	103,113	0.02%	
PEGATRON CORPORATION	PEGATRON Czech s.r.o.	Note 2	Sale	(1,394,133)	(0.11%)	(Note 4) 120 days on delivery	-	-	86,279	0.02%	
PEGATRON CORPORATION	AZURE WAVE TECHNOLOGIES, INC.	Note 2	Purchase	184,705	0.02%	Open Account 60 days	-	-	(55,833)	(0.01%)	
PEGATRON CORPORATION	PEGAGLOBE (KUNSHAN) CO., LTD.	Note 2	Purchase	86,145,124	7.02%	(Note 4) Open Account 60 days	-	-	(108,888,894)	(28.66%)	
PEGATRON CORPORATION	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Note 2	Purchase	4,822,764	0.39%	(Note 4) Open Account 60 days	-	-	-	- %	
PEGATRON CORPORATION	DIGITEK (CHONGQING) LTD.	Note 2	Purchase	8,231,450	0.67%	(Note 4) Open Account 60 days	-	-	(12,594,314)	(3.31%)	
PEGATRON CORPORATION	PEGATRON TECHNOLOGY SERVICE INC.	Note 2	Sale	(189,429)	(0.02%)	90 days on delivery	-	-	52,725	0.01%	
PEGATRON CORPORATION	CASETEK COMPUTER (SUZHOU) CO., LTD.	Note 2	Purchase	292,746	0.02%	Open Account 60 days	-	-	(65,345)	(0.02%)	
PEGATRON CORPORATION	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Note 2	Purchase	5,488,874	0.45%	(Note 4) Open Account 60 days	-	-	(2,571,161)	(0.68%)	
PEGATRON CORPORATION	POWTEK (SHANGHAI) LTD.	Note 2	Sale	(3,691,433)	(0.30%)	120 days on delivery	-	-	1,365,137	0.33%	
PEGATRON CORPORATION	PT. PEGATRON TECHNOLOGY INDONESIA	Note 2	Purchase	2,459,408	0.20%	(Note 4) 120 days on delivery	-	-	(4,992,591)	(2.18%)	
PEGATRON CORPORATION	FUYANG TECHNOLOGY CORPORATION	Note 2	Purchase	141,775	0.01%	Open Account 60 days	-	-	(23,578)	(0.01%)	
PEGATRON TECHNOLOGY SERVICE INC.	PEGATRON CORPORATION	Note 1	Purchase	189,429	40.48%	90 days on delivery	-	-	(52,725)	(58.04%)	
PEGATRON Czech s.r.o.	PEGATRON CORPORATION	Note 1	Purchase	1,394,133	84.20%	120 days on delivery	-	-	(86,279)	(51.76%)	
POWTEK (SHANGHAI) LTD.	PEGATRON CORPORATION	Note 1	Purchase	3,691,433	99.59%	120 days on delivery	-	-	(1,365,137)	(100.00%)	
PROTEK (SHANGHAI) LTD.	PEGAGLOBE (KUNSHAN) CO., LTD.	Note 3	Sale	(79,673,475)	(15.35%)	Open Account 90 days	-	-	20,929,812	36.83%	
PROTEK (SHANGHAI) LTD.	PEGAGLOBE (KUNSHAN) CO., LTD.	Note 3	Purchase	737,027	0.14%	Open Account 60 days	-	-	(202,258)	(0.20%)	
PROTEK (SHANGHAI) LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Note 3	Purchase	607,830	0.12%	Open Account 60 days	-	-	(141,371)	(0.14%)	
PROTEK (SHANGHAI) LTD.	KAEDAR ELECTRONICS (KUNSHAN) CO., LTD.	Note 3	Purchase	152,732	0.03%	Open Account 60 days	-	-	(54,954)	(0.06%)	
PROTEK (SHANGHAI) LTD.	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Note 3	Purchase	213,643	0.04%	Open Account 60 days	-	-	(169,368)	(0.17%)	
PEGAGLOBE (KUNSHAN) CO., LTD.	PEGATRON CORPORATION	Note 1	Sale	(86,145,124)	(24.04%)	Open Account 60 days	-	-	108,888,894	98.38%	
PEGAGLOBE (KUNSHAN) CO., LTD.	PROTEK (SHANGHAI) LTD.	Note 3	Sale	(737,027)	(0.21%)	Open Account 60 days	-	-	202,258	0.18%	
PEGAGLOBE (KUNSHAN) CO., LTD.	PROTEK (SHANGHAI) LTD.	Note 3	Purchase	79,673,475	22.81%	Open Account 90 days	-	-	(20,929,812)	(17.33%)	
PEGAGLOBE (KUNSHAN) CO., LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Note 3	Purchase	595,423	0.17%	Open Account 60 days	-	-	(197,823)	(0.16%)	
MAINTEK COMPUTER (SUZHOU) CO., LTD.	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Note 3	Purchase	422,007	0.15%	Open Account 60 days	-	-	(124,635)	(0.18%)	
MAINTEK COMPUTER (SUZHOU) CO., LTD.	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Note 3	Sale	(2,475,873)	(0.88%)	Open Account 60 days	-	-	659,502	1.21%	
MAINTEK COMPUTER (SUZHOU) CO., LTD.	CASETEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Purchase	3,178,470	1.13%	Open Account 60 days	-	-	(588,010)	(0.84%)	
MAINTEK COMPUTER (SUZHOU) CO., LTD.	PEGATRON CORPORATION	Note 1	Sale	(4,822,764)	(1.71%)	Open Account 60 days	-	-	-	- %	
MAINTEK COMPUTER (SUZHOU) CO., LTD.	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Purchase	170,362	0.06%	Open Account 60 days	-	-	(17,810)	(0.03%)	
COTEK ELECTRONICS (SUZHOU) CO., LTD.	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Sale	(422,007)	(3.18%)	Open Account 60 days	-	-	124,635	4.26%	
COTEK ELECTRONICS (SUZHOU) CO., LTD.	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Purchase	2,475,873	24.02%	Open Account 60 days	-	-	(659,502)	(20.34%)	
COTEK ELECTRONICS (SUZHOU) CO., LTD.	CASETEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Purchase	150,124	1.46%	Open Account 60 days	-	-	(6,586)	(0.20%)	
COTEK ELECTRONICS (SUZHOU) CO., LTD.	PEGATRON CORPORATION	Note 1	Sale	(5,488,874)	(41.40%)	Open Account 60 days	-	-	2,571,161	87.81%	
COTEK ELECTRONICS (SUZHOU) CO., LTD.	PROTEK (SHANGHAI) LTD.	Note 3	Sale	(213,643)	(1.61%)	Open Account 60 days	-	-	169,368	5.78%	
DIGITEK (CHONGQING) LTD.	KAI-CHUAN ELECTRONICS (CHONGQING) CO., LTD.	Note 3	Purchase	533,496	81.43%	Open Account 60 days	-	-	(133,324)	(0.85%)	
DIGITEK (CHONGQING) LTD.	PEGATRON CORPORATION	Note 1	Sale	(8,231,450)	(7.93%)	Open Account 60 days	-	-	12,594,314	99.35%	

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Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total	Credit term	Unit price	Credit term	Balance	total notes/accounts receivable (payable)	
DIGITEK (CHONGQING) LTD.	CASETEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Purchase	232,392	0.24%	Open Account 60 days	-	-	(45,775)	(0.29%)	
CASETEK COMPUTER (SUZHOU) CO., LTD.	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Sale	(3,178,470)	(73.69%)	Open Account 60 days	-	-	588,010	73.69%	
CASETEK COMPUTER (SUZHOU) CO., LTD.	PEGATRON CORPORATION	Note 1	Sale	(292,746)	(6.79%)	Open Account 60 days	-	-	65,345	8.19%	
CASETEK COMPUTER (SUZHOU) CO., LTD.	KAEDAR ELECTRONICS (KUNSHAN) CO., LTD.	Note 3	Purchase	270,017	9.93%	Open Account 60 days	-	-	(62,275)	(8.49%)	
CASETEK COMPUTER (SUZHOU) CO., LTD.	DIGITEK (CHONGQING) LTD.	Note 3	Sale	(232,392)	(5.39%)	Open Account 60 days	-	-	45,775	5.74%	
CASETEK COMPUTER (SUZHOU) CO., LTD.	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Note 3	Sale	(150,124)	(3.48%)	Open Account 60 days	-	-	6,586	0.83%	
CORE-TEK (SHANGHAI) LIMITED	PROTEK (SHANGHAI) LTD.	Note 3	Sale	(207,873)	(100.00%)	Open Account 60 days	-	-	23,024	100.00%	
KAEDAR ELECTRONICS (KUNSHAN) CO., LTD.	CASETEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Sale	(270,017)	(36.46%)	Open Account 60 days	-	-	62,275	26.68%	
KAEDAR ELECTRONICS (KUNSHAN) CO., LTD.	PROTEK (SHANGHAI) LTD.	Note 3	Sale	(152,732)	(20.62%)	Open Account 60 days	-	-	54,954	23.54%	
KAI-CHUAN ELECTRONICS (CHONGQING) CO., LTD.	DIGITEK (CHONGQING) LTD.	Note 3	Sale	(533,496)	(75.87%)	Open Account 60 days	-	-	133,324	55.30%	
PT. PEGATRON TECHNOLOGY INDONESIA	PEGATRON CORPORATION	Note 1	Sale	(2,459,408)	(10.17%)	120 days on delivery	-	-	4,992,591	100.00%	
PIOTEK COMPUTER (SUZHOU) CO., LTD.	PIOTEK (HK) TRADING LIMITED	Note 3	Sale	(158,961)	(8.29%)	Open Account 60 days	-	-	15,246	2.60%	
PIOTEK COMPUTER (SUZHOU) CO., LTD.	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Sale	(170,362)	(8.89%)	Open Account 60 days	-	-	17,810	3.04%	
PIOTEK (HK) TRADING LIMITED	PIOTEK COMPUTER (SUZHOU) CO., LTD.	Note 3	Purchase	158,961	100.00%	Open Account 60 days	Incomparable due to different product specification	No comparable non-related party	(15,246)	(100.00%)	
KINSUS INTERCONNECT TECHNOLOGY CORP.	KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP	Note 2	Purchase	2,643,768	25.01%	Open Account 30 days	Incomparable due to different product specification	Open Account 30~90 days	(240,327)	(13.85)%	
KINSUS INTERCONNECT TECHNOLOGY (SUZHOU) CORP	KINSUS INTERCONNECT TECHNOLOGY CORP.	Note 1	Sale	(2,643,768)	(81.82%)	Open Account 30 days	Incomparable due to different product specification	No comparable non-related party	240,327	75.47%	
PEGAVISION CORPORATION	Pegavision Japan Inc.	Note 2	Sale	(1,596,570)	(41.61%)	Open Account 90 days	Same as other clients	Telex transfer-Open Account 90 days	354,934	42.24%	
PEGAVISION CORPORATION	Gemvision Technology (Zhejiang) Limited.	Note 2	Sale	(547,066)	(14.26%)	Open Account 180 days	Same as other clients	Telex transfer-Open Account 90 days	219,266	26.09%	
Pegavision Japan Inc.	PEGAVISION CORPORATION	Note 1	Purchase	1,596,570	100.00%	Open Account 90 days	No other comparable vendors	No other comparable vendors	(354,934)	(100.00%)	
Gemvision Technology (Zhejiang) Limited.	PEGAVISION CORPORATION	Note 1	Purchase	547,066	100.00%	Open Account 180 days	No other comparable vendors	No other comparable vendors	(219,266)	(100.00%)	
MEGA MERIT LIMITED	RI-MING (SHANGHAI) CO., LTD.	Note 3	Purchase	3,270,900	25.56%	Open Account 90~120 days	-	-	-	- %	
MEGA MERIT LIMITED	RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	Note 3	Purchase	4,232,217	33.08%	Open Account 60~90 days	-	-	-	- %	
MEGA MERIT LIMITED	RI KAI COMPUTER ACCESSORY CO., LTD.	Note 3	Purchase	2,643,496	20.66%	Open Account 60~90 days	-	-	-	- %	
MEGA MERIT LIMITED	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Note 3	Purchase	2,395,342	18.72%	Open Account 60~90 days	-	-	(609,483)	(95.78%)	
MEGA MERIT LIMITED	RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	Note 3	Purchase	251,086	1.96%	Open Account 60~90 days	-	-	(26,359)	(4.14%)	
MEGA MERIT LIMITED	CASETEK SINGAPORE PTE. LTD.	Note 3	Sale	(645,616)	(4.90%)	Open Account 60~90 days	-	-	-	- %	
CASETEK SINGAPORE PTE. LTD.	MEGA MERIT LIMITED	Note 3	Purchase	645,616	1.23%	Open Account 60~90 days	-	-	-	- %	
CASETEK SINGAPORE PTE. LTD.	RI-MING (SHANGHAI) CO., LTD.	Note 3	Purchase	4,922,253	9.38%	Open Account 90~120 days	-	-	(1,604,125)	(7.76%)	
CASETEK SINGAPORE PTE. LTD.	RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	Note 3	Purchase	5,193,120	9.89%	Open Account 60~90 days	-	-	(1,654,279)	(8.00%)	

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Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total	Credit term	Unit price	Credit term	Balance	total notes/accounts receivable (payable)	
CASETEK SINGAPORE PTE. LTD.	RI KAI COMPUTER ACCESSORY CO., LTD.	Note 3	Purchase	4,152,885	7.91%	Open Account 60~90 days	-	-	(1,405,989)	(6.80%)	
CASETEK SINGAPORE PTE. LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Note 3	Purchase	3,987,972	7.60%	Open Account 30~90 days	-	-	(3,222,242)	(15.58%)	
RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	MEGA MERIT LIMITED	Note 3	Sale	(253,810)	(12.71%)	Open Account 60~90 days	-	-	26,359	23.07%	
RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Note 3	Sale	(114,423)	(5.73%)	Open Account 30~60 days	-	-	5,101	4.46%	
SHENG-RUI ELECTRONIC TECHNOLOGY (SHANGHAI) LIMITED	RI-MING (SHANGHAI) CO., LTD.	Note 3	Sale	(715,976)	(33.20%)	Open Account 30~60 days	-	-	149,322	19.71%	
SHENG-RUI ELECTRONIC TECHNOLOGY (SHANGHAI) LIMITED	RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	Note 3	Sale	(1,330,884)	(61.71%)	Open Account 30~60 days	-	-	584,805	77.18%	
SHENG-RUI ELECTRONIC TECHNOLOGY (SHANGHAI) LIMITED	RI KAI COMPUTER ACCESSORY CO., LTD.	Note 3	Sale	(109,834)	(5.09%)	Open Account 30~60 days	-	-	23,453	3.09%	
RI-MING (SHANGHAI) CO., LTD.	RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	Note 3	Sale	(218,749)	(1.75%)	Open Account 30~60 days	-	-	34,794	1.06%	
RI-MING (SHANGHAI) CO., LTD.	RI KAI COMPUTER ACCESSORY CO., LTD.	Note 3	Sale	(290,974)	(2.33%)	Open Account 30~60 days	-	-	89,678	2.73%	
RI-MING (SHANGHAI) CO., LTD.	RIH KUAN METAL CORPORATION	Note 3	Sale	(3,261,276)	(26.07%)	Open Account 90~120 days	-	-	1,138,464	34.70%	
RI-MING (SHANGHAI) CO., LTD.	MEGA MERIT LIMITED	Note 3	Sale	(3,337,262)	(26.68%)	Open Account 90~120 days	-	-	-	- %	
RI-MING (SHANGHAI) CO., LTD.	CASETEK SINGAPORE PTE. LTD.	Note 3	Sale	(4,856,572)	(38.82%)	Open Account 90~120 days	-	-	1,604,125	48.89%	
RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	RI-MING (SHANGHAI) CO., LTD.	Note 3	Purchase	214,929	4.89%	Open Account 30~60 days	-	-	(33,825)	(2.43%)	
RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	RI-MING (SHANGHAI) CO., LTD.	Note 3	Sale	(1,221,020)	(11.46%)	Open Account 30~60 days	-	-	134,959	7.51%	
RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	MEGA MERIT LIMITED	Note 3	Sale	(4,313,475)	(40.47%)	Open Account 60~90 days	-	-	-	- %	
RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	CASETEK SINGAPORE PTE. LTD.	Note 3	Sale	(5,115,683)	(47.99%)	Open Account 60~90 days	-	-	1,654,279	92.01%	
RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	Note 3	Purchase	114,364	3.33%	Open Account 30~60 days	-	-	(5,101)	(0.25%)	
RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	PROTEK (SHANGHAI) LTD.	Note 3	Sale	(607,830)	(5.59%)	Open Account 60 days	-	-	141,371	2.46%	
RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	PEGAGLOBE (KUNSHAN) CO., LTD.	Note 3	Sale	(595,423)	(5.47%)	Open Account 60 days	-	-	197,823	3.44%	
RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	Note 3	Sale	(454,466)	(4.18%)	Open Account 30~60 days	-	-	13,251	0.23%	
RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	MEGA MERIT LIMITED	Note 3	Sale	(2,403,071)	(22.09%)	Open Account 60~90 days	-	-	609,483	10.61%	
RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	RIH KUAN METAL CORPORATION	Note 3	Sale	(1,501,334)	(13.80%)	Open Account 60~90 days	-	-	795,024	13.84%	
RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	CASETEK SINGAPORE PTE. LTD.	Note 3	Sale	(3,887,644)	(35.74%)	Open Account 30~90 days	-	-	3,222,242	56.09%	
RIH KUAN METAL CORPORATION	RI-MING (SHANGHAI) CO., LTD.	Note 3	Purchase	3,254,465	34.95%	Open Account 90~120 days	-	-	(1,138,464)	(31.92%)	
RIH KUAN METAL CORPORATION	RI KAI COMPUTER ACCESSORY CO., LTD.	Note 3	Purchase	4,516,736	48.51%	Open Account 60~90 days	-	-	(1,624,471)	(45.55%)	
RIH KUAN METAL CORPORATION	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Note 3	Purchase	1,525,261	16.38%	Open Account 60~90 days	-	-	(795,024)	(22.29%)	
RI KAI COMPUTER ACCESSORY CO., LTD.	MEGA MERIT LIMITED	Note 3	Sale	(2,697,243)	(23.85%)	Open Account 60~90 days	-	-	-	- %	
RI KAI COMPUTER ACCESSORY CO., LTD.	CASETEK SINGAPORE PTE. LTD.	Note 3	Sale	(4,098,605)	(36.25%)	Open Account 60~90 days	-	-	1,405,989	45.91%	
RI KAI COMPUTER ACCESSORY CO., LTD.	RIH KUAN METAL CORPORATION	Note 3	Sale	(4,501,900)	(39.81%)	Open Account 60~90 days	-	-	1,624,471	53.05%	

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Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction			Differences in transaction terms compared to third party transactions			Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total	Credit term	Unit price	Credit term	Balance	total notes/accounts receivable (payable)	
FUYANG TECHNOLOGY CORPORATION	FUYANG ELECTRONICS (SUZHOU) CO., LTD.	Note 2	Purchase	391,339	29.53% (Note 4)	Open Account 60 days	-	-	(68,089)	(89.83%)	
FUYANG TECHNOLOGY CORPORATION	PEGATRON CORPORATION	Note 3	Sale	(141,775)	(7.88%)	Open Account 60 days	-	-	23,578	7.62%	
FUYANG ELECTRONICS (SUZHOU) CO., LTD.	FUYANG TECHNOLOGY CORPORATION	Note 1	Sale	(391,339)	(77.50%)	Open Account 60 days	-	-	68,089	45.20%	
ASIAROCK TECHNOLOGY LIMITED	ASIAROCK TECHNOLOGY LIMITED	Note 2	Purchase	10,937,317	98.60%	Open Account 60 days	No other comparable vendors	No other comparable vendors	(2,365,594)	(100.00%)	
ASIAROCK TECHNOLOGY LIMITED	ASROCK AMERICA, INC.	Note 2	Sale	(4,066,728)	(32.33%)	Open Account 90 days	Same as other clients	Same as other clients	1,442,790	70.77%	
ASIAROCK TECHNOLOGY LIMITED	ASROCK EUROPE B.V.	Note 2	Sale	(3,388,098)	(26.94%)	Open Account 45 days	Same as other clients	Same as other clients	146,728	7.20%	
ASRock Industrial Computer Corporation	ASIAROCK TECHNOLOGY LIMITED	Note 3	Purchase	358,050	58.91%	Open Account 60 days	No other comparable vendors	No other comparable vendors	(73,402)	(29.86%)	
ASRock Industrial Computer Corporation	ASROCK EUROPE B.V.	Note 3	Sale	(108,254)	(10.94%)	Open Account 60 days	Same as other clients	Same as other clients	10,984	16.67%	
ASRock Rack Incorporation	ASIAROCK TECHNOLOGY LIMITED	Note 3	Purchase	3,300,364	93.56%	Open Account 60 days	No other comparable vendors	No other comparable vendors	(530,362)	(94.06%)	
ASRock Rack Incorporation	ASIAROCK TECHNOLOGY LIMITED	Note 3	Sale	(121,530)	(2.83%)	Open Account 60 days	Same as other clients	Same as other clients	-	- %	
ASRock Rack Incorporation	ASROCK AMERICA, INC.	Note 3	Sale	(100,963)	(2.35%)	Open Account 90 days	Same as other clients	Same as other clients	86,077	22.68%	
ASIAROCK TECHNOLOGY LIMITED	PEGATRON CORPORATION	Note 1	Purchase	413,850	2.80%	Open Account 90 days	No other comparable vendors	No other comparable vendors	(103,113)	(3.49%)	
ASIAROCK TECHNOLOGY LIMITED	ASIAROCK TECHNOLOGY LIMITED	Note 1	Sale	(10,937,317)	(69.67%)	Open Account 60 days	Same as other clients	Same as other clients	2,365,594	79.15%	
ASROCK AMERICA, INC.	ASIAROCK TECHNOLOGY LIMITED	Note 1	Purchase	4,066,728	97.58%	Open Account 90 days	No other comparable vendors	No other comparable vendors	(1,442,790)	(94.37%)	
ASROCK EUROPE B.V.	ASIAROCK TECHNOLOGY LIMITED	Note 1	Purchase	3,388,098	96.90%	Open Account 45 days	No other comparable vendors	No other comparable vendors	(146,728)	(93.04%)	
AZURE WAVE TECHNOLOGIES (SHANGHAI) INC.	AZURE WAVE TECHNOLOGIES, INC.	Note 1	Sale	(1,338,613)	(14.00%)	Open Account 30~60 days	-	No comparable non-related party	271,623	24.00%	
AZURE WAVE TECHNOLOGIES, INC.	PEGATRON CORPORATION	Note 1	Sale	(184,705)	(3.00%)	Open Account 60 days	-	-	55,833	2.56%	
AZURE WAVE TECHNOLOGIES, INC.	AZURE WAVE TECHNOLOGIES (SHANGHAI) INC.	Note 2	Purchase	1,338,613	26.00%	Open Account 30~60 days	-	shorter than non-related party	(266,206)	(16.00%)	
Lumens Digital Optics Inc. (Lumens Optics)	Lumens Integration Inc.	Note 2	Sale	(363,014)	(35.00%)	Open Account 75 days	-	-	89,908	42.44%	
Lumens Integration Inc.	Lumens Digital Optics Inc. (Lumens Optics)	Note 1	Purchase	363,014	92.00%	Open Account 75 days	-	-	(89,908)	(95.34%)	

Note1 : Parent company

Note2 : Subsidiary measured by equity method.

Note3 : Affiliate

Note4 : To avoid counting the sales revenue twice, the Company has subtracted the repeated part of purchase and sales.

Notes to the Non-Consolidated Financial Statements

Table 7: Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of capital stock
December 31, 2020

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue Receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
PEGATRON CORPORATION	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Subsidiary measured by equity method	1,719,652	3.22 Times	-	-	-	-
"	PROTEK (SHANGHAI) LTD.	Subsidiary measured by equity method	93,386,147	3.10 Times	-	-	-	-
"	POWTEK (SHANGHAI) LTD.	Subsidiary measured by equity method	1,365,137	4.86 Times	-	-	-	-
"	PEGAGLOBE (KUNSHAN) CO., LTD.	Subsidiary measured by equity method	94,709,929	3.77 Times	-	-	9,978,200	-
"	DIGITEK (CHONGQING) LTD.	Subsidiary measured by equity method	15,441,939	3.70 Times	-	-	2,093,197	-
"	ASIAROCK TECHNOLOGY LIMITED	Subsidiary measured by equity method	103,113	3.28 Times	-	-	-	-
"	PT. PEGATRON TECHNOLOGY INDONESIA	Subsidiary measured by equity method	6,824,592	2.83 Times	-	-	-	-
"	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Subsidiary measured by equity method	14,762,096 (Note 2)	5.26 Times	-	-	-	-
ASUSPOWER CORPORATION	PEGATRON CORPORATION	Parent Company	5,414,335	N/A (Note 1)	-	-	-	-
CASETEK HOLDINGS LIMITED	PEGATRON CORPORATION	Parent Company	270,717	N/A (Note 1)	-	-	-	-
KAEDAR TRADING LTD.	PEGATRON VIETNAM COMPANY LIMITED	Affiliate	512,937	N/A (Note 1)	-	-	-	-
DIGITEK (CHONGQING) LTD.	PEGATRON CORPORATION	Parent Company	12,594,314	4.59 Times	-	-	2,892,396	-
COTEK ELECTRONICS (SUZHOU) CO., LTD.	PEGATRON CORPORATION	Parent Company	2,571,161	5.18 Times	-	-	534,035	-
"	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Affiliate	124,635	4.61 Times	-	-	-	-
"	PROTEK (SHANGHAI) LTD.	Affiliate	169,368	2.51 Times	-	-	-	-
PEGAGLOBE (KUNSHAN) CO., LTD.	PEGATRON CORPORATION	Subsidiary measured by equity method	108,888,894	4.31 Times	-	-	13,462,769	-
"	PROTEK (SHANGHAI) LTD.	Affiliate	202,258	4.58 Times	-	-	-	-
PROTEK (SHANGHAI) LTD.	PEGATRON CORPORATION	Subsidiary measured by equity method	35,448,023	3.96 Times	-	-	17,196,951	-
"	PEGAGLOBE (KUNSHAN) CO., LTD.	Affiliate	20,929,812	3.84 Times	-	-	-	-
"	RI SHAN COMPUTER ACCESSORY (JIA SHAN)	Affiliate	4,274,475	N/A (Note 1)	-	-	-	-
MAINTEK COMPUTER (SUZHOU) CO., LTD.	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Affiliate	659,502	7.42 Times	-	-	-	-
"	COTEK ELECTRONICS (SUZHOU) CO., LTD.	Affiliate	1,424,825	N/A (Note 1)	-	-	-	-
"	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Affiliate	2,849,650	N/A (Note 1)	-	-	-	-
PT. Pegatron Technology Indonesia	PEGATRON CORPORATION	Subsidiary measured by equity method	4,992,591	4.93 Times	-	-	1,752,789	-
CASETEK COMPUTER (SUZHOU) CO., LTD.	MAINTEK COMPUTER (SUZHOU) CO., LTD.	Affiliate	588,010	6.04 Times	-	-	-	-
KAI-CHUAN ELECTRONICS (CHONGQING) CO., LTD.	DIGITEK (CHONGQING) LTD.	Affiliate	133,324	2.35 Times	-	-	-	-
CASETEK HOLDINGS LIMITED(CAYMAN)	MEGA MERIT LIMITED	Parent Company	421,834	N/A (Note 1)	-	-	-	-
"	CASETEK SINGAPORE PTE. LTD.	Parent Company	4,758,916	N/A (Note 1)	-	-	-	-
RI-TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Affiliate	5,459,188	N/A (Note 1)	-	-	-	-
"	RI-PRO PRECISION MODEL (SHANGHAI) CO., LTD.	Affiliate	131,027	N/A (Note 1)	-	-	-	-
SHENG-RUI ELECTRONIC TECHNOLOGY (SHANGHAI) LIMITED	RI-MING (SHANGHAI) CO., LTD.	Affiliate	149,322	5.59 Times	-	-	-	-
"	RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	Affiliate	584,805	4.28 Times	-	-	-	-
RI-MING (SHANGHAI) CO., LTD.	RIH KUAN METAL CORPORATION	Affiliate	1,138,464	2.49 Times	-	-	189,473	-
"	CASETEK SINGAPORE PTE. LTD.	Affiliate	1,604,125	6.17 Times	-	-	441,582	-
"	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Affiliate	305,710	N/A (Note 1)	-	-	-	-
RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	CASETEK SINGAPORE PTE. LTD.	Affiliate	1,654,279	6.31 Times	-	-	287,872	-

Notes to the Non-Consolidated Financial Statements

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue Receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Affiliate	2,620,396	N/A (Note 1)	-	-	-	-
"	SHENG-RUI ELECTRONIC TECHNOLOGY (SHANGHAI) LIMITED	Affiliate	262,054	N/A (Note 1)	-	-	-	-
"	RI-MING (SHANGHAI) CO., LTD.	Affiliate	134,959	10.35 Times	-	-	-	-
RIH LI International Limited	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Parent Company	9,973,775	N/A (Note 1)	-	-	-	-
"	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Parent Company	245,526	N/A (Note 1)	-	-	-	-
RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	PEGAGLOBE (KUNSHAN) CO., LTD.	Affiliate	197,823	3.48 Times	-	-	64,431	-
"	MEGA MERIT LIMITED	Affiliate	609,483	5.85 Times	-	-	-	-
"	PROTEK (SHANGHAI) LTD.	Affiliate	141,371	4.30 Times	-	-	29,095	-
RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	CASETEK SINGAPORE PTE. LTD.	Affiliate	3,222,242	2.46 Times	-	-	134,219	-
"	RIH KUAN METAL CORPORATION	Affiliate	795,024	3.84 Times	-	-	-	-
RI KAI COMPUTER ACCESSORY CO., LTD.	CASETEK SINGAPORE PTE. LTD.	Affiliate	1,405,989	5.94 Times	-	-	287,786	-
"	RIH KUAN METAL CORPORATION	Affiliate	1,624,471	4.87 Times	-	-	415,251	-
"	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Affiliate	1,746,949	N/A (Note 1)	-	-	-	-
KAI HE COMPUTER ACCESSORY (SUZHOU) CO., LTD.	RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD	Affiliate	349,396	N/A (Note 1)	-	-	-	-
ASROCK INCORPORATION	ASROCK AMERICA, INC.	Parent Company	1,442,790	3.25 Times	-	-	54,946	-
"	ASROCK EUROPE B.V.	Parent Company	146,728	19.92 Times	-	-	105,765	-
ASIA ROCK TECHNOLOGY LIMITED	ASROCK INCORPORATION	Subsidiary measured by equity method	2,365,594	5.90 Times	-	-	-	-
"	ASRock Rack Incorporation	Affiliate	530,362	5.32 Times	-	-	210,783	-
KINSUS INTERCONNECT TECHNOLOGY	KINSUS INTERCONNECT TECHNOLOGY CORP.	Subsidiary measured by equity method	240,327	10.04 Times	-	-	-	-
PEGAVISION CORPORATION	Pegavision Japan Inc.	Parent Company	354,934	6.36 Times	-	-	179,695	-
"	GEMVISION TECHNOLOGY (ZHEJIANG) LIMITED	Parent Company	219,266	4.04 Times	-	-	-	-
FUYANG TECHNOLOGY CORPORATION	FUYANG ELECTRONICS (SUZHOU) CO., LTD.	Parent Company	281,641	1.59 Times	-	-	-	-
AZUREWAVE TECHNOLOGIES (SHANGHAI) INC.	AZURE WAVE TECHNOLOGIES, INC.	Subsidiary measured by equity method	271,623	7.79 Times	-	-	189,251	-

Note 1 : Since the receivables are not caused by selling and purchasing transactions, the turnover rate is not applicable.

Note 2 : Offsetting of account receivables and payables.

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Table 8: Information on investees
December 31, 2020

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership	Book value			
PEGATRON CORPORATION	ASUSPOWER INVESTMENT CO., LTD.	Taipei	Investment holding	13,033,429	13,033,429	932,844,700	100.00%	15,815,279	987,784		
"	ASUS INVESTMENT CO., LTD.	Taipei	Investment holding	16,184,982	16,184,982	979,254,600	100.00%	16,462,641	944,586	944,586	
"	ASUSTEK INVESTMENT CO., LTD.	Taipei	Investment holding	14,593,543	14,593,543	951,278,300	100.00%	14,444,927	280,975	280,975	
"	Pegatron Holding Ltd.	Cayman Islands	Investment holding	33,462,716	33,462,716	961,906,463	100.00%	87,961,996	11,786,759	11,785,957	
"	PEGATRON USA, INC.	CA, USA	Repairing and marketing center in Northern America	16,085	16,085	50,000	100.00%	17,573	150	150	
"	PEGATRON HOLLAND HOLDING B.V.	Wijchen, NETHERLANDS	Investment holding	1,278,287	1,278,287	-	100.00%	2,871,157	(5,317)	(5,317)	
"	AMA PRECISION INC.	Taipei	Research and design of computer components	408,394	408,394	33,500,000	100.00%	431,765	(3,742)	(3,742)	
"	AZURE WAVE TECHNOLOGIES, INC.	New Taipei City	Manufacture of office machine, electrical components, computer and related products. Sale of precision instrument and photographic equipment.	525,750	525,750	35,750,000	23.76%	431,985	304,098	72,270	
"	Unihan Holding Ltd.	Cayman Islands	Investment holding	5,823,962	6,659,684	170,110,010	100.00%	6,256,129	643,195	644,136	
"	CASETEK HOLDINGS LIMITED(CAYMAN)	Cayman Islands	Investment holding	442,409	442,409	4,808,794	1.16%	396,426	1,265,617	14,596	
"	PEGATRON SERVICE AUSTRALIA PTY. LTD.	Australia	Investment holding	30,955	30,955	6,000,000	100.00%	187,831	43,798	43,798	
"	PT. PEGATRON TECHNOLOGY INDONESIA	Indonesia	Data storage and processing equipment, manufacturing wired and wireless communication equipment, and whole selling of computer equipment and electronic components.	1,249,369	1,249,369	39,999	100.00%	1,199,588	127,266	133,393	
"	PEGATRON VIETNAM COMPANY LIMITED	Vietnam	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	870,095	-	-	100.00%	849,297	(5,817)	(5,817)	
"	PEGATRON TECHNOLOGY HAI PHONG COMPANY LIMITED	Vietnam	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	178,755	-	-	100.00%	105,944	(67,582)	(67,582)	
"	PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED	India	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	215,713	-	54,994,500	99.99%	211,238	(3,294)	(3,294)	
"	PEGASUS ACE LIMITED	Cayman Islands	Investment holding	3	-	100	100.00%	-	(3)	(3)	
ASUSPOWER INVESTMENT CO., LTD.	STARLINK ELECTRONICS CORPORATION	New Taipei City	Manufacture of computer components and industrial plastics. Sale and manufacture of electronic materials.	135,144	135,144	15,000,000	50.00%	238,729	2,163	Not required to disclose	
"	KINSUS INTERCONNECT TECHNOLOGY CORP.	Taoyuan	Manufacture of computer components. Sale and manufacture of electronic materials. Enterprise management consulting.	727,473	727,473	55,556,221	12.32%	3,159,459	541,998	Not required to disclose	
"	ASROCK INCORPORATION	Taipei	Manufacture of data processing equipment, storage equipment and wireless communication equipment. Installation and sale of computer and electronic materials.	82,626	82,626	2,791,000	2.31%	159,655	1,362,573	Not required to disclose	
"	AZURE WAVE TECHNOLOGIES, INC.	New Taipei City	Manufacture of office machine, electrical components, computer and related products. Sale of precision instrument and photographic equipment.	154,000	154,000	7,000,000	4.65%	84,531	304,098	Not required to disclose	
"	Lumens Digital Optics Inc. (Lumens Optics)	Hsinchu	Development, manufacture and sale of projector and related product.	508,932	508,932	10,043,490	50.22%	1,127,244	235,640	Not required to disclose	
"	PEGAVISION CORPORATION	Taoyuan	Manufacture of medical equipment	70,721	70,721	5,480,121	7.83%	359,787	709,511	Not required to disclose	
"	ASUSPOWER CORPORATION	Virgin Islands	Investment holding and commercial affairs	3,752,682	3,752,682	109,000,000	31.23%	7,680,662	770,247	Not required to disclose	
"	PEGATRON TECHNOLOGY SERVICE INC.	Kentucky, USA	Repairing and marketing center in Northern America	94,475	94,475	2,800	100.00%	1,150,383	61,366	Not required to disclose	
"	PEGATRON LOGISTIC SERVICE INC.	CA, USA	Transferring and marketing center in Northern America	30	30	1,000	100.00%	11,338	-	Not required to disclose	
"	Huawei Investment Co., Ltd.	Taipei	Investment holding	48,780	48,780	-	48.78%	349,983	267,708	Not required to disclose	
"	PEGA INTERNATIONAL LIMITED	Taipei	Design service and commercial affairs	31,885	31,885	-	100.00%	32,818	1,129	Not required to disclose	
"	PEGATRON JAPAN Inc.	Japan	Repairing and marketing center in Japan	27,287	27,287	-	100.00%	612,655	258,242	Not required to disclose	
"	PEGATRON Mexico, S.A. DE C.V.	Chihuahua, Mexico	Repairing and marketing center in Mexico	231,424	231,424	-	40.51%	120,521	(3,663)	Not required to disclose	

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				Initial investment amount		Shares held as at December 31, 2020			Expressed in thousands of NTD		
Investor	Investee	Location	Main business activities	Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership	Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
ASUSPOWER INVESTMENT CO., LTD.	PEGATRON SERVICE SINGAPORE PTE. LTD.	Singapore	Repairing and marketing center in Singapore	23,990	23,990	1,000,000	100.00%	410,766	46,867		Not required to disclose
"	PT. PEGATRON TECHNOLOGY INDONESIA	Indonesia	Data storage and processing equipment, manufacturing wired and wireless communication equipment, and whole selling of computer equipment and electronic components	31	31	1	0.00%	30	127,266		Not required to disclose
"	PEGATRON TECHNOLOGY INDIA PRIVATE LIMITED	India	Manufacturing and selling consumer electronics, computers, related peripherals, communication equipment, and electronic parts	22	-	5,500	0.01%	21	(3,294)		Not required to disclose
ASUS INVESTMENT CO., LTD.	STARLINK ELECTRONICS CORPORATION	New Taipei City	Manufacture of computer components and industrial plastics. Sale and manufacture of electronic materials.	90,000	90,000	9,000,000	30.00%	143,237	2,163		Not required to disclose
"	KINSUS INTERCONNECT TECHNOLOGY CORP.	Taoyuan	Manufacture of computer components. Sale and manufacture of electronic materials. Enterprise management consulting.	938,098	938,098	60,128,417	13.34%	3,419,478	541,998		Not required to disclose
"	ASROCK INCORPORATION	Taipei	Manufacture of data storage, data processing equipment and communication equipment. Sale of computer equipment and electronic material.	155,718	155,718	57,217,754	47.43%	3,273,125	1,362,573		Not required to disclose
"	Lumens Digital Optics Inc. (Lumens Optics)	Hsinchu	Development, manufacture and sale of projector and related product.	7,338	7,338	587,079	2.94%	65,892	235,640		Not required to disclose
"	ASUSPOWER CORPORATION	Virgin Islands	Investment holding and commercial affairs	3,488,741	3,488,741	103,000,000	29.51%	7,257,647	770,247		Not required to disclose
"	ASFLY TRAVEL SERVICE LIMITED	Taipei	Travel industry	6,000	6,000	-	100.00%	3,210	(9,204)		Not required to disclose
"	HUA-YUAN INVESTMENT LIMITED	Taipei	Investment holding	500,000	500,000	-	100.00%	536,627	2,217		Not required to disclose
"	PEGATRON Mexico, S.A. DE C.V.	Chihuahua, Mexico	Repairing and marketing center in Mexico	369,938	369,938	-	59.49%	176,989	(3,663)		Not required to disclose
"	FUYANG TECHNOLOGY CORPORATION	Hsinchu	Manufacture of wire, cable and electronic components. Sale of electronic material.	464,711	464,711	32,088,436	17.83%	149,421	(655,137)		Not required to disclose
ASUSTEK INVESTMENT CO., LTD.	STARLINK ELECTRONICS CORPORATION	New Taipei City	Manufacture of computer components and industrial plastics. Sale and manufacture of electronic materials.	60,000	60,000	6,000,000	20.00%	95,492	2,163		Not required to disclose
"	KINSUS INTERCONNECT TECHNOLOGY CORP.	Taoyuan	Manufacture of computer components. Sale and manufacture of electronic materials. Enterprise management consulting.	794,252	794,252	58,233,091	12.92%	3,311,686	541,998		Not required to disclose
"	ASROCK INCORPORATION	Taipei	Manufacture of data processing equipment, storage equipment and wire communication equipment. Installation and sale of computer and electronic materials.	223,939	223,939	7,453,405	6.18%	426,370	1,362,573		Not required to disclose
"	AZURE WAVE TECHNOLOGIES, INC.	New Taipei City	Manufacture of office machine, electrical components, computer and related products. Sale of precision instrument and photographic equipment.	98,487	98,487	6,696,930	4.45%	80,895	304,098		Not required to disclose
"	Lumens Digital Optics Inc. (Lumens Optics)	Hsinchu	Development, manufacture and sale of projector and related product.	5,117	5,117	409,427	2.05%	45,953	235,640		Not required to disclose
"	PEGAVISION CORPORATION	Taoyuan	Manufacture of medical equipment	64,292	64,292	4,934,434	7.05%	323,961	709,511		Not required to disclose
"	ASUSPOWER CORPORATION	Virgin Islands	Investment holding and commercial affairs	4,652,885	4,652,885	137,000,000	39.26%	9,655,548	770,247		Not required to disclose
"	FUYANG TECHNOLOGY CORPORATION	Hsinchu	Manufacture of wire, cable and electronic components. Sale of electronic materials.	929,422	929,422	64,176,872	35.65%	298,757	(655,137)		Not required to disclose
PEGATRON SERVICE SINGAPORE PTE. LTD.	PEGATRON SERVICE KOREA LLC.	Korea	Repairing and marketing center in Korea	42,745	42,745	360,000	100.00%	219,945	17,510		Not required to disclose
Pegatron Holding Ltd.	MAGNIFICENT BRIGHTNESS LIMITED	Virgin Islands	Investment holding and commercial affairs	7,419,943	7,419,943	177,961,090	100.00%	28,132,754	2,686,586		Not required to disclose
"	PROTEK GLOBAL HOLDINGS LTD.	Virgin Islands	Investment holding and commercial affairs	8,531,810	8,531,810	308,100,000	100.00%	36,398,184	5,450,503		Not required to disclose
"	ASLINK PRECISION CO., LTD.	Cayman Islands	Investment holding and commercial affairs	5,562,708	5,562,708	199,711,968	100.00%	13,749,703	2,553,700		Not required to disclose
"	DIGITEK GLOBAL HOLDINGS LIMITED	Virgin Islands	Investment holding and commercial affairs	1,397,711	1,397,711	49,050,000	100.00%	6,207,123	1,029,556		Not required to disclose
"	COTEK HOLDINGS LIMITED	Virgin Islands	Investment holding and commercial affairs	1,966,686	1,966,686	81,275,000	100.00%	1,484,771	(33,576)		Not required to disclose
"	TOP QUARK LIMITED	HongKong	Investment holding	301,906	301,906	9,550,000	100.00%	156,965	(7,985)		Not required to disclose
"	POWTEK HOLDINGS LIMITED	Virgin Islands	Investment holding and commercial affairs	374,601	374,601	8,050,000	100.00%	1,136,162	178,545		Not required to disclose
"	PIOTEK HOLDINGS LTD.(CAYMAN)	Cayman Islands	Investment holding	2,629,471	2,629,471	92,000,000	49.00%	318,251	(226,191)		Not required to disclose

Notes to the Non-Consolidated Financial Statements

				Initial investment amount		Shares held as at December 31, 2020			Expressed in thousands of NTD		
Investor	Investee	Location	Main business activities	Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership	Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognised by the Company for the year ended December 31, 2020	Footnote
Pegatron Holding Ltd.	GRAND UPRIGHT TECHNOLOGY LTD.	Samoa	Investment holding and commercial affairs	37,793	37,793	5,000,000	100.00%	363,284	(1,256)	Not required to disclose	
KINSUS INTERCONNECT TECHNOLOGY CORP.	KINSUS CORP. (USA)	CA, USA	Design substrate, analyze market strategy, development new customer and new technology.	14,248	14,248	500,000	100.00%	60,404	10,113	Not required to disclose	
"	KINSUS HOLDING (SAMOA) LIMITED	Samoa	Investment holding	4,739,216	4,739,216	166,308,720	100.00%	2,082,682	203,085	Not required to disclose	
"	KINSUS INVESTMENT CO., LTD.	Taoyuan	Investment holding	1,600,000	1,600,000	160,000,000	100.00%	2,275,089	(19,969)	Not required to disclose	
KINSUS INVESTMENT CO., LTD.	PEGAVISION CORPORATION	Taoyuan	Manufacture of medical equipment	252,455	252,455	21,233,736	30.33%	1,394,060	715,359	Not required to disclose	
"	FUYANG TECHNOLOGY CORPORATION	Hsinchu	Manufacture of wire, cable and electronic components. Sale of electronic material.	929,422	929,422	64,176,872	35.65%	298,789	(655,137)	Not required to disclose	
KINSUS HOLDING (SAMOA) LIMITED	KINSUS HOLDING (CAYMAN) LIMITED	Cayman Islands	Investment holding	2,051,748	2,051,748	72,000,000	100.00%	1,751,452	318,455	Not required to disclose	
"	PIOTEK HOLDINGS LTD.(CAYMAN)	Cayman Islands	Investment holding	2,687,476	2,687,476	95,755,000	51.00%	331,243	(226,182)	Not required to disclose	
PIOTEK HOLDINGS LTD. (CAYMAN)	PIOTEK HOLDING LIMITED	Virgin Islands	Investment holding	3,984,973	3,984,973	139,840,790	100.00%	649,492	(226,182)	Not required to disclose	
PIOTEK HOLDING LIMITED	PIOTEK (H.K.) TRADING LIMITED	HongKong	Commercial affairs	741	741	200,000	100.00%	71,840	(4,768)	Not required to disclose	
PEGAVISION CORPORATION	PEGAVISION HOLDINGS CORPORATION	Samoa	Investment holding	-	103,442	-	-%	-	10,150	Not required to disclose	Note 2
"	AQUAMAX CORPORATION	Taoyuan	Sale of medical equipment	40,000	-	4,000,000	100.00%	37,675	(2,328)	Not required to disclose	
"	PEGAVISION JAPAN INC.	Japan	Sale of medical equipment	2,736	2,736	198	100.00%	45,842	19,805	Not required to disclose	
AQUAMAX CORPORATION	Aquanmax Vision Corporation	CA, USA	Sale of medical equipment	17,098	-	6,000,000	100.00%	15,076	(2,101)	Not required to disclose	
FUYANG TECHNOLOGY CORPORATION	FUYANG FLEX HOLDING LTD.	Cayman Islands	Investment holding and commercial affairs	1,357,292	1,357,292	44,000,000	100.00%	240,818	(320,793)	Not required to disclose	
ASROCK INCORPORATION	ASRock Rack Incorporation	Taipei	Manufacture and sale of computer related	291,278	291,066	19,479,035	62.05%	387,739	316,192	Not required to disclose	
"	ASIAROCK TECHNOLOGY LIMITED	Virgin Islands	Investment holding	1,320,886	1,320,886	40,000,000	100.00%	3,563,486	106,141	Not required to disclose	
"	Leader Insight Holdings Ltd.	Virgin Islands	Investment holding	71,559	71,559	2,100,000	100.00%	71,543	57,493	Not required to disclose	
"	ASRock Industrial Computer Corporation	Taipei	Manufacture and sale of computer related	239,683	235,822	23,895,700	66.96%	344,649	76,944	Not required to disclose	
"	Yabo Trading Co., Ltd.	HongKong	International trade	551	551	150,000	100.00%	552	-	Not required to disclose	
ASIAROCK TECHNOLOGY LIMITED	ASROCK EUROPE B.V.	Nijmegen, NETHERLANDS	Sale of data storage devices and electronic materials	5,528	5,528	200,000	100.00%	577,095	99,007	Not required to disclose	
"	CalRock Holdings, LLC.	CA, USA	Renting offices	56,993	56,993	2,000,000	100.00%	62,515	(1,035)	Not required to disclose	
"	Orbweb Inc. (BVI)	Virgin Islands	Installation of computer equipment and sale of computer related product.	28,497	28,497	4,000,000	27.59%	-	(22,375)	Not required to disclose	
Leader Insight Holdings Ltd.	First place International Ltd.	Virgin Islands	Investment holding	58,418	58,418	2,050,000	100.00%	35,700	57,493	Not required to disclose	
First place International Ltd.	ASROCK AMERICA, INC.	CA, USA	Sale of data storage devices and electronic	56,993	56,993	2,000,000	100.00%	34,744	57,492	Not required to disclose	
Lumens Digital Optics Inc. (Lumens Optics)	Lumens Integration Inc.	CA, USA	Purchase and sale on computer product and computer related product.	34,509	34,509	1,222,000	100.00%	58,798	36,365	Not required to disclose	
"	Lumens Digit Image Inc.	Samoa	Investment holding	7,124	7,124	250,000	100.00%	8,151	(9,481)	Not required to disclose	
ASUSPOWER CORPORATION	CASETEK HOLDINGS LIMITED(CAYMAN)	Cayman Islands	Investment holding	10,054,907	10,054,907	245,016,988	58.87%	18,515,289	1,265,617	Not required to disclose	
PEGATRON TECHNOLOGY SERVICE INC.	PEGATRON SERVICOS DE INFORMÁTICA LTDA.	Brasil	Repairing service	18,523	18,523	-	100.00%	7,157	(1,279)	Not required to disclose	
Unihan Holding Ltd.	CASETEK HOLDINGS LIMITED	Virgin Islands	Investment holding and commercial affairs	4,670,599	4,670,599	115,375,668	100.00%	6,244,207	637,768	Not required to disclose	
CASETEK HOLDINGS LIMITED	SLITEK HOLDINGS LIMITED	Samoa	Investment holding and commercial affairs	34,481	34,481	1,210,000	100.00%	2,691	(10,854)	Not required to disclose	
"	KAEDAR HOLDINGS LIMITED	HongKong	Investment holding and commercial affairs	712,413	712,413	25,000,000	100.00%	1,235,674	54,980	Not required to disclose	
"	KAEDAR TRADING LTD.	Samoa	Investment holding and commercial affairs	142,483	142,483	5,000,000	100.00%	585,355	47,942	Not required to disclose	
AMA PRECISION INC.	AMA Holdings Limited	Samoa	Investment holding	169,744	169,744	-	-	-	-	Not required to disclose	Note 1
AZURE WAVE TECHNOLOGIES, INC.	Azwave Holding (Samoa) Inc.	Samoa	Investment holding	1,888,113	1,585,683	60,177,000	100.00%	1,693,858	297,289	Not required to disclose	
"	EZWAVE TECHNOLOGIES, INC.	New Taipei City	Information product service industry	5,015	5,015	500,000	100.00%	(22,396)	(714)	Not required to disclose	
"	AZURE LIGHTING TECHNOLOGIES, INC.	New Taipei City	Sale of electronic materials	25,000	25,000	2,000,000	100.00%	32,115	2,259	Not required to disclose	
"	Azurewave Technologies (USA) INC.	CA, USA	Market development	19,820	19,820	650,000	100.00%	1,802	1,096	Not required to disclose	
CASETEK HOLDINGS LIMITED(CAYMAN)	RIH LI International Limited	Samoa	Investment holding	28,516,563	26,236,843	815,499,000	100.00%	36,576,223	300,261	Not required to disclose	
"	RIH KUAN METAL CORPORATION	Taipei	Sales of iron and aluminum products	287,291	287,291	30,000,000	100.00%	704,584	178,156	Not required to disclose	
"	APLUS PRECISION LIMITED	Cayman Islands	Investing and trading	916,295	916,295	38,300,000	100.00%	483,555	20,098	Not required to disclose	
"	MEGA MERIT LIMITED	Samoa	Trading activities	28,497	28,497	1,000,000	100.00%	33,949	163,721	Not required to disclose	
"	CASETEK SINGAPORE PTE. LTD.	Singapore	Trading activities	20,802	20,802	730,000	100.00%	899,671	958,047	Not required to disclose	
APLUS PRECISION LIMITED	UNITED NEW LIMITED	Samoa	Investing and trading	1,091,416	1,091,416	38,300,000	100.00%	483,855	20,098	Not required to disclose	
RIH KUAN METAL CORPORATION	Riteng USA, Inc.	CA, USA	Market Research	6,554	6,554	230,000	100.00%	7,901	307	Not required to disclose	

Note 1 : It was written off in the second quarter of 2020.

Note 2 : Based on the consideration of the Group's reorganization, delisting application of PEGAVISION HOLDINGS CORPORATION had been completed on September 2, 2020.

Note 3 : Income and expenses for each statement of comprehensive income are translated at average exchange rates of 2020, the others are translated at the spot exchange rate on the financial statement date.

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Table 9: Information on investments in Mainland China
December 31, 2020

1. The names of investees in Mainland China, the main businesses and products, and other information

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan as of January 1, 2020	Amount remitted from Taiwan to Mainland China / Amount remitted		Accumulated amount of remittance from Taiwan as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2020 [Note2, (2)]	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020
					Remitted to Mainland China	Remitted back to Taiwan						
MAINTEK COMPUTER (SUZHOU) CO., LTD. (Note 5)	Manufacture, develop and research and sale of power supplier, new electronic component, computer case, and computer system. Repair of laptop, motherboard and related product.	6,514,015 USD 228,590,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	5,038,181 USD 176,800,000	-	-	5,038,181 USD 176,800,000	2,686,628 USD 90,725,545	100%	2,686,628 USD 90,725,545	28,319,526 USD 993,789,609	-
PROTEK (SHANGHAI) LTD.	Develop and research, manufacture, assemble, repair, sale and design of satellite communication equipment, satellite navigation receive equipment and essential component. Sale of cellphone, medium and large sized computer, protable computer, printing machine and electrical component.	8,776,922 USD 308,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	8,776,922 USD 308,000,000	-	-	8,776,922 USD 308,000,000	5,450,561 USD 184,061,587	100%	5,450,561 USD 184,061,587	36,445,591 USD 1,278,949,715	-
PIOTEK COMPUTER (SUZHOU) (Note 7)	Develop and research, manufacture and sale of new type of precision electrical component, circuit board and related product. The company also provides after sale service.	4,750,367 USD 166,700,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	1,295,060 USD 45,446,280	-	-	1,295,060 USD 45,446,280	(221,341) (USD 7,474,540)	68.67%	(151,985) (USD 5,132,438)	396,646 USD 13,919,117	-
COTEK ELECTRONICS	Develop, manufacture and sale of new electrical component, plugs and corresponding precision mold. The company also provides after sale service.	2,308,217 USD 81,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	1,966,259 USD 69,000,001	-	-	1,966,259 USD 69,000,001	(34,399) (USD 1,161,632)	100%	(34,399) (USD 1,161,632)	1,498,817 USD 52,596,535	-
RUNTOP (SHANGHAI) CO., LTD.	Manufacture and sale of computer components, digital automatic data processing machine, accessories of multimedia computer, power supplier, network switch and data machine.	199,476 USD 7,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	300,481 USD 10,544,482	-	-	300,481 USD 10,544,482	(7,879) (USD 266,067)	100%	(7,879) (USD 266,067)	156,915 USD 5,506,478	-
POWTEK (SHANGHAI) LTD.	Sale of computer motherboard, computer, laptop, service machine and computer related items. The company also provides after sale service.	227,972 USD 8,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	374,601 USD 13,145,510	-	-	374,601 USD 13,145,510	178,614 USD 6,031,683	100%	178,614 USD 6,031,683	1,135,794 USD 39,857,323	-
DIGITEK (CHONGQING) LTD.	Research and development, manufacture, sale of satellite communication equipment, satellite navigation receive equipment, cellphone, internet related equipment, computer, video decoding equipment, car-used electrical equipment and component. The company also provides export, proxy, repair services.	1,396,329 USD 49,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	1,396,329 USD 49,000,000	-	-	1,396,329 USD 49,000,000	1,029,582 USD 34,768,275	100%	1,029,582 USD 34,768,275	6,227,849 USD 218,547,874	-
PEGAGLOBE (KUNSHAN) CO., LTD.	Manufacture of satellite navigation receiving equipment, cellphone, core equipment, internet detection equipment, large and medium sized computer, easy to carry computers, high end service equipment, large volume light driver and their component.	5,528,321 USD 194,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	5,528,321 USD 194,000,000	-	-	5,528,321 USD 194,000,000	2,553,460 USD 86,228,547	100%	2,553,460 USD 86,228,547	13,752,917 USD 482,617,743	-
CASETEK COMPUTER (SUZHOU)	Manufacture, development and research and sale of computer, computer system and its component. The company also provides after sale service.	1,595,804 USD 56,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	1,595,804 USD 56,000,000	-	-	1,595,804 USD 56,000,000	516,741 USD 17,449,963	100%	516,741 USD 17,449,963	2,784,900 USD 97,727,798	-
KAEDAR ELECTRONICS (KUNSHAN) CO., LTD.	Manufacture of plastic injection products.	498,689 USD 17,500,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	698,366 USD 24,507,092	-	-	698,366 USD 24,507,092	54,938 USD 1,855,202	100%	54,938 USD 1,855,202	1,181,396 USD 41,457,597	-

Expressed in thousands of NTD / other currency (dollars)

Notes to the Non-Consolidated Financial Statements

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan as of January 1, 2020	Amount remitted from Taiwan to Mainland China / Amount remitted		Accumulated amount of remittance from Taiwan as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2020 [Note2, (2)]	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020
					Remitted to Mainland China	Remitted back to Taiwan						
CORE-TEK (SHANGHAI) LIMITED	Research, manufacture and sale of laptop components and precision equipment. Design non-metal molds and electronic devices. The company also provides after sale service and consulting service.	341,958 USD 12,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	341,958 USD 12,000,000	-	-	341,958 USD 12,000,000	2,727 USD 92,101	100%	2,727 USD 92,101	204,521 USD 7,177,069	-
KAI-CHUAN ELECTRONICS (CHONGQING) CO., LTD.	Research and develop, manufacture and inspect computer and implication system. Manufacture molds, precision molds, plastic components. Sale of automatic products.	284,965 USD 10,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	284,965 USD 10,000,000	-	-	284,965 USD 10,000,000	25,198 USD 850,907	100%	25,198 USD 850,907	302,197 USD 10,604,691	-
Zhangjiagang East High-tech LTD.	Process, sale and transportation of steel.	170,979 USD 6,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	34,196 USD 1,200,000	-	-	34,196 USD 1,200,000	(54,151) (USD 1,828,631)	20%	(10,830) (USD 365,726)	1,468 USD 51,504	-
FUYANG ELECTRONICS (SUZHOU) CO., LTD. (Note 13)	Research and develop, manufacture, test, repair and sale of Multilayer flexible board and computer number signal processor.	1,253,846 USD 44,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	1,253,846 USD 44,000,000	-	-	1,253,846 USD 44,000,000	(320,624) (USD 10,827,253)	67.22%	(215,524) (USD 7,278,080)	238,535 USD 8,370,684	-
HONGJIE (SHANGHAI) PACKING LIMITED (Note 14)	Manufacture of all kinds of paper boxes, paper materials, paper plastics, cushioning material, tray, etc.	142,483 USD 5,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	26,581 USD 932,769	-	-	26,581 USD 932,769	-	-	-	-	-
HONGJIE (SUZHOU) PACKING LIMITED (Note 14)	Manufacture of all kinds of paper boxes, paper materials, paper plastics, cushioning material, tray, etc.	379,288 USD 13,309,984	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	171,713 USD 6,025,762	-	-	171,713 USD 6,025,762	-	-	-	-	-
Suzhou Eslite Packaging LTD. (Note 14)	Manufacture of all kinds of paper boxes, paper materials, paper plastics, cushioning material, tray, etc.	145,332 USD 5,100,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	32,969 USD 1,156,954	-	-	32,969 USD 1,156,954	-	-	-	-	-
HONGJIE (CHONGQING) PACKING LIMITED (Note 14)	Manufacture of all kinds of paper boxes, paper materials, paper plastics, cushioning material, tray, etc.	14,248 USD 500,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	2,180 USD 76,500	-	-	2,180 USD 76,500	-	-	-	-	-
Hongruisheng (Chengdu) packaging LTD. (Note 12)	Manufacture of all kinds of paper boxes, paper materials, paper plastics, cushioning material, tray, etc.	74,376 USD 2,610,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	18,038 USD 633,000	-	-	18,038 USD 633,000	-	-	-	-	-
Heilongjiang Hongjie Packaging LTD. (Note 11)	Manufacture of all kinds of paper boxes, paper materials, paper plastics, cushioning material, tray, etc.	70,101 USD 2,460,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	12,618 USD 442,800	-	-	12,618 USD 442,800	-	-	-	-	-
Suzhou Lianshuo Electronics LTD. (Note 6)	Manufacture of plugs	199,032 USD 6,984,441	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	218,176 USD 7,656,224	-	-	218,176 USD 7,656,224	-	-	-	-	-
Shanghai Yiding Electronics LTD. (Note 8)	Research and develop, manufacture and sale of portable micro computer, laptop and related products.	883,392 USD 31,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	558,531 USD 19,600,000	-	-	558,531 USD 19,600,000	-	-	-	-	-
Jinhong Precision Mold (Suzhou) Co., Ltd. (Note 10)	Design, process, sale and manufacture of non-metal molds. Manufacture and sale of precision molds, standard molds, plastic and hardware.	25,647 USD 900,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	48,871 USD 1,715,000	-	-	48,871 USD 1,715,000	-	-	-	-	-
Honghua Technology (Suzhou) LTD. (Note 9)	Manufacture, research and develop, process non-metal molds, precision molds, standard molds, hardware components, new version of photoelectric trigger, disk driver and their components. Manufacture of number camera, essential components and providing after sale service.	182,378 USD 6,400,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	89,365 USD 3,136,000	-	-	89,365 USD 3,136,000	-	-	-	-	-

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Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan as of January 1, 2020	Amount remitted from Taiwan to Mainland China / Amount remitted		Accumulated amount of remittance from Taiwan as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2020 [Note2, (2)]	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020
					Remitted to Mainland China	Remitted back to Taiwan						
KAI HE COMPUTER ACCESSORY (SUZHOU) CO., LTD (Note 19)	Designing, manufacturing and selling electronic components and providing after-sales services, idle equipments leasing, commission agency, trading services, relevant corresponding services, and surface processing for the aforementioned products.	1,538,811 USD 54,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	1,538,811 USD 54,000,000	-	-	1,538,811 USD 54,000,000	14,053 USD 474,548	100%	14,053 USD 474,548	487,742 USD 17,115,854	-
RI TENG COMPUTER ACCESSORY (SHANGHAI) CO., LTD. (Note 19)	Designing, manufacturing and selling electronic components and providing after-sales services, idle equipments leasing, commission agency, trading services and their relevant corresponding services.	4,416,929 USD 154,999,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	4,416,929 USD 154,999,000	-	-	4,416,929 USD 154,999,000	173,244 USD 5,850,333	100%	173,244 USD 5,850,333	8,502,447 USD 298,368,105	-
RI PRO PRECISION MODEL (SHANGHAI) CO., LTD. (Note 19)	Designing, manufacturing and selling electronic components and providing after-sales services, idle equipments leasing, commission agency, trading services and their relevant corresponding services.	85,490 USD 3,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	85,490 USD 3,000,000	-	-	85,490 USD 3,000,000	6,004 USD 202,744	100%	6,004 USD 202,744	16,685 USD 585,510	-
RI MING (SHANGHAI) CO., LTD. (Note 19)	Designing, manufacturing and selling electronic components and providing after-sales services, idle equipments leasing, commission agency, trading services and their relevant corresponding services.	2,878,147 USD 101,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	2,878,147 USD 101,000,000	-	-	2,878,147 USD 101,000,000	356,881 USD 12,051,627	100%	356,881 USD 12,051,627	10,267,023 USD 360,290,651	-
SHENG RUI ELECTRONIC TECHNOLOGY (SHANGHAI) LIMITED (Note 19)	Designing, manufacturing and selling electronic components and providing after-sales services, idle equipments leasing, commission agency, trading services, relevant corresponding services, and surface processing for the aforementioned products.	284,965 USD 10,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	284,965 USD 10,000,000	-	-	284,965 USD 10,000,000	377,901 USD 12,761,436	100%	377,901 USD 12,761,436	750,208 USD 26,326,331	-
RI PEI COMPUTER ACCESSORY (SHANGHAI) CO., LTD. (Note 19)	Designing, manufacturing and selling electronic components and providing after-sales services, idle equipments leasing, commission agency, trading services and their relevant corresponding services.	142,483 USD 5,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	142,483 USD 5,000,000	-	-	142,483 USD 5,000,000	194,038 USD 6,552,540	100%	194,038 USD 6,552,540	5,365,638 USD 188,291,126	-
RI SHAN COMPUTER ACCESSORY (JIA SHAN) CO., LTD (Note 19)	Designing, manufacturing and selling electronic components and providing after-sales services, idle equipments leasing, commission agency, trading services, relevant corresponding services, and surface processing for the aforementioned products.	6,269,230 USD 220,000,000	Through setting up company in the third area, the Company then reinvest in the investee in Mainland China.	6,269,230 USD 220,000,000	-	-	6,269,230 USD 220,000,000	(2,804,119) (USD 94,693,136)	100%	(2,804,119) (USD 94,693,136)	(4,313,836) (USD 151,381,273)	-
RI KAI COMPUTER ACCESSORY CO., LTD. (Note 19)	Designing, manufacturing and selling electronic components and providing after-sales services, idle equipments leasing, commission agency, trading services and their relevant corresponding services.	3,087,588 USD 108,349,735	The investment is the surplus from investing in Mainland China.	- USD 0	-	-	- USD 0	2,100,580 USD 70,935,092	100%	2,100,580 USD 70,935,092	7,274,647 USD 255,282,097	-

2. Limitation on investment in Mainland China

Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020 (Note 16 and 19)	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 15 and 19)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 4)
30,279,960 USD 1,062,585,218	34,821,371 USD 1,221,952,546	119,364,312

Notes to the Non-Consolidated Financial Statements

US dollar exchange rate : year end exchange rate 28.4965 ; average exchange rate 29.6127

Note 1: Investment methods are classified into the following three categories:

- (1) Through company in the third area, the Company transferred money to invest in the investee in Mainland China.
- (2) Through setting up company in the third area, the Company then invest in the investee in Mainland China.
- (3) Through investing in the third area, the Company then reinvest in the investee in Mainland China.

Note 2 : The basis for investment income (loss) recognition:

- (1) If the company is under preparation status, there is no income or loss.
- (2) The basis for investment income (loss) recognition can be classified to three categories:
 1. Financial statements are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.
 2. Financial statements which were based on the audited and attested by R.O.C. parent company's CPA.
 3. Others: The financial statements of significant subsidiaries were audited by CPA; and the self-assessed financial statements of non-significant subsidiaries were not audited by CPA.

Note 3 : The chart is expressed in NTD. Investment profit or loss is converted based on average exchange rate. Book value of the investment is converted based on year-end exchange rate.

Note 4 : Ceiling on investments is the higher of its net asset or 60% of the consolidated net assets.

Note 5 : MAINTEK COMPUTER (SUZHOU) CO., LTD. 's paid-in capital includes capital increase by retained earning of USD51,790,000.

Note 6 : Suzhou Lianshuo Electronics LTD. has completed liquidation process. As of December 31, 2020, the funds have not been remitted.

Note 7 : PIOTEK COMPUTER (SUZHOU) CO., LTD.'s paid-in capital includes capital increase by retained earning of USD27,000,000. The ownership percentage includes shares hold by other subsidiaries.

Note 8 : The Group has disposed of shares of Indeed Holdings Limited(indirectly invested in Shanghai Yiding Electronics LTD.). As of December 31, 2020, the funds have not been remitted.

Note 9 : Honghua Technology (Suzhou) LTD. has completed liquidation process. As of December 31, 2020, the funds have not been remitted.

Note10 : The Group has disposed shares of Jinhong Precision Mold Industrial (Suzhou) Co., Ltd. . As of December 31, 2020, the funds have not been remitted.

Note 11 : The Group has disposed shares of Heilongjiang Hongjie Packaging LTD. . As of December 31, 2020, the funds have not been remitted.

Note 12 : Hongruisheng (Chengdu) packaging LTD. has completed liquidation process. As of December 31, 2020, the funds have not been remitted.

Note 13 : Accumulated investment amount includes FUYANG TECHNOLOGY CORPORATION transferred out USD26,000,000.

Note 14 : The Group has disposed all shares of E-Packng. As of December 31, 2020, the funds have not been remitted.

Note 15 : Due to the reinvestment of the Group's investee, China renewable Energy Fund, LP (CREF), in Mainland China, the Group increased its line of credit to USD14,144,172, with the approval from the Investment Commission of MOEA.

Note 16 : The difference of USD7,566,844 between the accumulated amounts of remittance from Taiwan to Mainland China as of December 31, 2020 was the actual amount of investment in Mainland China made by China Renewable Energy Fund, LP(CREF).

Note 17 : The company, which hasn't contributed yet, applied for the approval of the capital contribution of Pegaglobe Investment(Jiangsu)Co.,Ltd, resulting in the contribution amount, approved by the Investment Commission of MOEA, increased by USD 100,000,000.

Note 18 : CASETEK COMPUTER (SUZHOU) CO., LTD. remitted USD20,000,000 to CASETEK HOLDINGS LIMITED. the remittance have not been remitted back to Taiwan as of December 31, 2020

Note 19 : Due to the merger of CASETEK HOLDINGS LIMITED (CAYMAN), the Group made a disclosure on the information on investment in mainland China of the merged company. However, the information will not be included in the amount of outward investment from Taiwan to Mainland China and the investment amount approved by the Investment Commission of MOEA since the related quota submitted to the Investment Commission of MOEA has not been approved.

PEGATRON CORPORATION
Statement of Accounts Receivable
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Client name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related party			
PEGAGLOBE (KUNSHAN) CO., Ltd.	Loan	\$ 94,709,929	
PROTEK (SHANGHAI) Ltd.	"	93,386,147	
DIGITEK (CHONGQING) Ltd.	"	15,441,939	
MAINTEK COMPUTER (SUZHOU) CO., LTD.	"	14,762,095	
Other (Note)	"	<u>10,175,856</u>	
Subtotal		<u>228,475,966</u>	
Non-related party			
A	"	98,292,314	
B	"	37,585,714	
C	"	12,435,384	
Other (Note)	"	<u>35,919,813</u>	
Subtotal		184,233,225	
Less: Allowance for impairment		<u>(33,535)</u>	
Subtotal		<u>184,199,690</u>	
Total		<u><u>\$ 412,675,656</u></u>	

Note: The year-end balance of each client doesn't exceed 5 % of the account balance.

PEGATRON CORPORATION

Statement of Inventory

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>		<u>Note</u>
	<u>Cost</u>	<u>Net realized value</u>	
Merchandise	\$ 32,957,593	32,607,599	
Finished goods	668,258	716,578	
Work in process	333,076	332,909	
Raw material	2,521,470	2,436,964	Replacement cost has been used as the market price of usual inventory, and net realizable value has been used as the market price of obsolete inventory.
Total	<u>36,480,397</u>	<u>36,094,050</u>	
Less: Allowance for inventory market decline and obsolescence	<u>(649,064)</u>		
Net total	<u>\$ 35,831,333</u>		

PEGATRON CORPORATION
Statement of Other Financial Assets
December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Bank savings	Deposits for custom duties and Deposits with maturity over three months	\$ <u><u>32,988,093</u></u>	

PEGATRON CORPORATION

Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Name of investee	Beginning Balance		Addition		Decrease		Investment income or loss	Translation adjustment	Capital surplus	Cash Dividend	Unrealized gain or loss of financial instruments	Retained earnings	Re-measurement of defined benefit plans	Realized gross margin	Ending Balance			Market Value or Net Assets Value		
	Shares (in thousand)	Amount	Shares (in thousand)	Amount	Shares (in thousand)	Amount									Shares (in thousand)	Percentage of ownership	Amount	Unit price	Total amount	Collateral
ASUSPOWER INVESTMENT CO., LTD.	932,845	\$ 15,348,149	-	-	-	-	987,784	(161,381)	54,000	(527,073)	141,212	(26,222)	(1,190)	-	932,845	100.00%	15,815,279	16.95	15,815,279	None
ASUS INVESTMENT, LTD.	979,255	\$ 15,996,091	-	-	-	-	944,586	(179,371)	97,675	(381,132)	9,806	(21,044)	(3,970)	-	979,255	100.00%	16,462,641	16.81	16,462,641	"
ASUSTEK INVESTMENT CO., LTD.	951,278	14,510,988	-	-	-	-	280,975	(108,014)	70,650	(280,000)	-	(28,166)	(1,506)	-	951,278	100.00%	14,444,927	15.18	14,444,927	"
UNIHAN HOLDING LTD.	199,110	6,982,282	-	-	29,000	835,722	644,136	7,503	-	(542,070)	-	-	-	-	170,110	100.00%	6,256,129	36.78	6,256,129	"
AMA PRECISION INC.	33,500	435,048	-	-	-	-	(3,742)	459	-	-	-	-	-	-	33,500	100.00%	431,765	12.89	431,765	"
AZURE WAVE TECHNOLOGIES, INC.	35,750	378,959	-	-	-	-	72,270	(19,235)	2	-	-	-	(11)	-	35,750	23.76%	431,985	28.20	1,008,150	"
PEGATRON HOLDING LTD.	961,906	80,513,032	-	-	-	-	11,785,957	(4,336,993)	-	-	-	-	-	-	961,906	100.00%	87,961,996	91.45	87,961,996	"
PEGATRON USA, INC.	50	18,336	-	-	-	-	150	(913)	-	-	-	-	-	-	50	100.00%	17,573	351.46	17,573	"
Pegatron Holland Holding B.V.	-	2,826,764	-	-	-	-	(5,317)	42,266	-	-	-	-	-	7,444	-	100.00%	2,871,157	-	2,871,157	"
CASETEK HOLDINGS LIMITED (CAYMAN)	4,809	383,016	-	-	-	-	14,596	2,246	1,426	(4,858)	-	-	-	-	4,809	1.16%	396,426	87.30	419,826	"
PEGATRON SERVICE AUSTRALIA PTY LTD.	6,000	134,640	-	-	-	-	43,798	9,393	-	-	-	-	-	-	6,000	100.00%	187,831	31.31	187,831	"
PT. PEGATRON TECHNOLOGY INDONESIA	40	1,127,261	-	-	-	-	133,393	(61,066)	-	-	-	-	-	-	40	99.99%	1,199,588	300.83	1,203,333	"
PEGATRON TECHNOLOGY HAI PHONG COMPANY LIMITED	-	-	-	178,755	-	-	(67,582)	(5,229)	-	-	-	-	-	-	-	-	105,944	-	105,944	"
PEGATRON VIETNAM COMPANY LIMITED	-	-	-	870,094	-	-	(5,817)	(14,980)	-	-	-	-	-	-	-	-	849,297	-	849,297	"
Pegatron Technology India Private Limited	-	-	54,995	215,713	-	-	(3,294)	(1,181)	-	-	-	-	-	-	54,995	100.00%	211,238	3.84	211,238	"
PEGASUS ACE LIMITED	-	-	100	3	-	-	(3)	-	-	-	-	-	-	-	100	100.00%	-	-	-	"
Total		<u>\$ 138,654,566</u>		<u>1,264,565</u>		<u>835,722</u>	<u>14,821,890</u>	<u>(4,826,496)</u>	<u>223,753</u>	<u>(1,735,133)</u>	<u>151,018</u>	<u>(75,432)</u>	<u>(6,677)</u>	<u>7,444</u>			<u>147,643,776</u>			

PEGATRON CORPORATION**Statement of Short-term Loan****December 31, 2020****(Expressed in thousands of New Taiwan Dollars)**

<u>Type</u>	<u>Ending Balance</u>	<u>Contract Period</u>	<u>Interest Rate</u>	<u>Collateral</u>	<u>Note</u>
Unsecured bank loans	\$ <u><u>59,130,238</u></u>	2020.11.12~2021.03.17	0.30%~4.25%	None	

PEGATRON CORPORATION

Statement of Account Payable

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

<u>Vendor name</u>	<u>Description</u>	<u>Amount</u>	<u>Note</u>
Related party			
PEGAGLOBE (KUNSHAN) CO., LTD	Loan	\$ 108,888,894	
PROTEK (SHANGHAI) LTD	"	35,448,023	
DIGITEK (CHONGQING) LTD	"	12,594,314	
Other (Note)	"	<u>7,746,204</u>	
Subtotal		<u>164,677,435</u>	
Non-related party			
A	"	96,169,776	
Other (Note)	"	<u>119,073,523</u>	
Subtotal		<u>215,243,299</u>	
Total		<u><u>\$ 379,920,734</u></u>	

Note: The year-end balance of each vendor doesn't exceed 5% of the account balance.

PEGATRON CORPORATION
Statement of Operating Revenue
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Quantity</u>	<u>Amount</u>	<u>Note</u>
Sales revenue :			
3C electronic products	180,168 thousand units	\$ 1,204,891,593	Note 1
Others		<u>41,889,912</u>	Note 2
		<u>\$ 1,246,781,505</u>	

Note 1: 3C electronic products contain information technology products, consumer electronic products, and communication products.

Note 2: Others contain repair revenue, service revenue, and others.

PEGATRON CORPORATION

Statement of Operating Costs

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Subtotal	Total
Cost of sales from manufacturing		
Raw material, January 1		\$ 1,687,643
Add: Purchase (Note1)		19,683,933
Transferred-in		12,211,641
Less: Transferred (includes amount transferred to each expense and loss) (Note1)		(644,225)
Raw material, December 31		(2,521,470)
Direct labor		760,630
Manufacturing expenses		<u>2,882,625</u>
Cost of manufacturing		34,060,777
Add: Work in process, January 1		319,155
Less: Transferred (includes amount transferred to each expense and loss) (Note1)		(103,212)
Work in process, December 31		<u>(333,076)</u>
Cost of finished goods		33,943,644
Add: Finished goods, January 1		259,013
Less: Transferred(includes amount transferred to each expense and loss) (Note1)		(344,443)
Finished goods, December 31		<u>(668,258)</u>
Cost of self-manufactured products		33,189,956
Merchandise, January 1	29,596,926	
Add: Purchase (Note1)	2,364,977,583	
Less: Transferred(includes amount transferred to each expense and loss)(Note1)	(1,165,167,218)	
Merchandise, December 31	<u>(32,957,593)</u>	<u>1,196,449,698</u>
Cost of goods sold		1,229,639,654
Other business costs		(1,031,376)
Allowance for inventory obsolescence		30,425
Loss on disposal of inventory		<u>104,303</u>
Operating costs		<u><u>\$ 1,228,743,006</u></u>

Note1: The product is processed by subsidiary and sold back to the Company. The number includes the sold back price of the product.

PEGATRON CORPORATION
Statement of Operating Expenses
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Sales</u>	<u>Administration</u>	<u>Research and Development</u>	<u>Total</u>
Salary and wages expenses	\$ 1,193,102	1,680,321	6,562,262	9,435,685
Rent expense	69	2,542	1,856	4,467
Premium	41,333	136,900	20,892	199,125
Traveling expense	8,144	7,324	42,150	57,618
Transportation expense	141,238	1,576	10,581	153,395
Utilities expense	6,044	8,717	43,401	58,162
Insurance expense	123,335	79,276	372,332	574,943
Expected credit loss	10,763	-	8	10,771
Depreciation expense	22,214	100,421	251,255	373,890
Amortization	2,414	14,153	26,419	42,986
Employee benefit	56,040	52,697	323,017	431,754
Pension	34,551	37,695	200,234	272,480
Examination expense	5,449	1,415	305,452	312,316
Professional service fees	61,028	125,064	33,028	219,120
Miscellaneous purchase	32,562	16,146	75,706	124,414
Office supplies	49,275	3,105	48,026	100,406
Research and development expense	-	-	326,075	326,075
Rework expense	17,106	76	2,105	19,287
Storage expense	221,930	-	-	221,930
Importation expense	73,565	64	2,006	75,635
Maintenance expense	20,015	18,952	26,309	65,276
Donation	-	129,432	-	129,432
Exportation expense	38,974	191	4,051	43,216
Other	27,270	64,884	163,704	255,858
	<u>\$ 2,186,421</u>	<u>2,480,951</u>	<u>8,840,869</u>	<u>13,508,241</u>

PEGATRON CORPORATION
Statement of Manufacturing Expenses
For the year ended December 31, 2020
(Expressed in thousands of New Taiwan Dollars)

<u>Item</u>	<u>Amount</u>	<u>Note</u>
Salary and wages expenses	\$ 1,154,163	
Rent expense	450	
Utilities expense	74,211	
Insurance expense	152,926	
Depreciation expense	498,921	
Amortization	56,431	
Employee benefit	185,315	
Pension	47,457	
Professional service fees	42,082	
Miscellaneous purchase	160,849	
Office supplies	49,439	
Import expense	89,576	
Outsource processing expense	38,463	
Processing expense	49,357	
Rework expense	5,467	
Transportation expense	7,434	
Storage expense	114,541	
Other	155,543	
	<u>\$ 2,882,625</u>	