Stock Code:2375

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

Address: 13F, No.81, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan
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The independent auditors' report and the accompanying consolidated 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 consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.) as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.) and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)
Chairman: WENG, CHI-SHENG
Date: March 12, 2021

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Independent Auditors' Report

To the Board of Directors of KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.):

Opinion

We have audited the consolidated financial statements of KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.) and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. The loss allowance for trade receivables

   For the accounting policy of allowance for trade receivables, please refer to Note 4(g)(i) 6) "impairment of financial assets"; for the uncertainty of the evaluation of trade receivables, please refer to Note 5; for the related disclosure of the loss allowance of trade receivables, please refer to Note 6(e).

Description of key audit matter:

The management of the Group has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The management of the Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. Such estimation involves the subjective judgment of the management. Thus, the assessment of loss allowance of trade receivables is one of the most important evaluation in performing our audit procedures.

How the matter was addressed in our audit:

Our principal audit procedures included testing the accuracy and completeness of the aging schedule, which are the basis for the calculation of impairment losses, assessing the reasonableness of the policy for measuring impairment losses, confirming if the provision rate of impairment losses is consistent with the accounting policy, testing the recoverability of receivables by vouching collection record in subsequent period, and, for the overdue receivables yet not recovered, understanding and assessing the reasonableness of the impairment losses measured on the basis of the customer's historical receipt status, with collateral or not, and overall economic condition.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2019, was audited by other auditors, who issued an unqualified audit report on March 18, 2020.

KAIMEI ELECTRONIC CORP. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020, on which we have issued an unqualified opinion with other matters paragraph; KAIMEI ELECTRONIC CORP. has also prepared its parent-company-only financial statements as of and for the years ended 2019, on which other auditors have issued an unqualified opinion with emphasis of matters paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including supervisors) are responsible for overseeing the Group’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Szu-Chuan Chien and Jui Lan Lo.

KPMG

Taipei, Taiwan (Republic of China)
March 26, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its 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 consolidated financial statements are those generally accepted and applied in the Republic of China.

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(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,418,105	10	932,565	8
1110	Current financial assets at fair value through profit or loss (note 6(b))	726,959	5	724,178	6
1120	Current financial assets at fair value through other comprehensive income (note 6(c))	-	-	114,865	1
1136	Current financial assets at amortized cost (notes 6(d) and 8)	3,799,810	28	4,180,394	34
1150	Notes receivable, net (notes 6(e) and 6(u))	206,359	2	224,806	2
1170	Trade receivables, net (notes 6(e), 6(u) and 7)	1,520,894	11	1,321,605	11
1200	Other receivables (notes 6(e), 6(f) and 7)	24,531	-	42,997	-
130X	Inventories (note 6(g))	792,799	6	763,070	6
1460	Non-current assets classified as held for sale (note 6(j))	118,640	1	-	-
1470	Other current assets	38,401	-	65,950	-
		8,646,498	63	8,370,430	68
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(c) and 8)	731,254	5	-	-
1535	Non-current financial assets at amortized cost (notes 6(d) and 8)	-	-	1,212	-
1550	Investments accounted for using equity method (note 6(h))	2,311,407	17	1,813,039	15
1600	Property, plant and equipment (notes 6(j) and 7)	1,180,272	9	1,331,806	11
1755	Right-of-use assets (note 6(k))	141,282	1	158,876	1
1805	Goodwill (note 6(l))	486,749	4	486,749	4
1821	Intangible assets	42,223	-	31,345	-
1840	Deferred tax assets (note 6(r))	115,555	1	95,116	1
1900	Other non-current assets (note 8)	42,927	-	46,824	-
		5,051,669	37	3,964,967	32
	Total assets	**$ 13,698,167**	**100**	**12,335,397**	**100**

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(m))	$ 4,091,820	30	2,921,000	24
2110	Short-term notes and bills payable (note 6(m))	199,962	2	79,971	1
2130	Current contract liabilities (note 6(u))	15,566	-	3,555	-
2170	Trade payables (note 7)	866,023	6	670,407	5
2200	Other payables (notes 6(o) and 7)	438,088	3	532,987	4
2230	Current tax liabilities	69,211	1	243,390	2
2280	Current lease liabilities (notes 6(p) and 7)	36,192	-	36,954	-
2399	Other current liabilities	12,515	-	34,025	-
		5,729,377	42	4,522,289	36
	Non-Current liabilities:				
2540	Long-term borrowings (note 6(n))	-	-	100,000	1
2570	Deferred tax liabilities (note 6(r))	269,645	2	298,992	2
2580	Non-current lease liabilities (notes 6(p) and 7)	47,588	-	64,096	1
2640	Net defined benefit liability, non-current (note 6(q))	2,169	-	3,295	-
2645	Guarantee deposits received	7,774	-	5,857	-
		327,176	2	472,240	4
	Total liabilities	6,056,553	44	4,994,529	40
	Equity attributable to owners of parent (note 6(s)):				
3110	Ordinary shares	1,358,442	10	1,940,631	16
3200	Capital surplus	4,218,195	31	3,747,130	31
3300	Retained earnings	2,228,144	16	1,765,852	14
3400	Other equities	(170,343)	(1)	(202,230)	(2)
3500	Treasury shares	(82,994)	(1)	(89,172)	(1)
	Total equity attributable to owners of parent:	7,551,444	55	7,162,211	58
36XX	Non-controlling interests	90,170	1	178,657	2
	Total equity	7,641,614	56	7,340,868	60
	Total liabilities and equity	**$ 13,698,167**	**100**	**12,335,397**	**100**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

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 Share)

		2020		2019	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (notes 6(u) and 7)**	$ 4,466,552	100	4,547,218	100
5000	**Operating costs (notes 6(g), 6(q) and 12)**	3,310,374	74	3,405,810	75
5900	**Gross profit from operations**	1,156,178	26	1,141,408	25
6000	**Operating expenses (notes 6(q), 7 and 12):**				
6100	Selling expenses	179,165	4	211,198	5
6200	Administrative expenses	346,653	8	390,608	8
6300	Research and development expenses	82,101	2	96,230	2
6450	Expected credit impairment loss (gain) (notes 6(e) and 6(f))	(4,138)	-	3,095	-
		603,781	14	701,131	15
6900	**Net operating income**	552,397	12	440,277	10
7000	**Non-operating income and expenses (notes 6(h), 6(w) and 7):**				
7100	Interest income	96,556	2	177,685	4
7190	Other income	36,247	1	48,463	1
7020	Other gains and losses, net	(118,175)	(2)	224,024	5
7050	Finance costs	(32,625)	(1)	(34,450)	(1)
7060	Share of profit of associates and joint ventures accounted for using equity method	123,909	3	45,838	1
7900	**Profit from continuing operations before tax**	658,309	15	901,837	20
7950	Income tax expenses (note 6(r))	76,916	2	327,826	7
	Profit	581,393	13	574,011	13
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified to profit or loss**				
8311	Gains on remeasurements of defined benefit plans (note 6(p))	585	-	1,574	-
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	167,537	4	13,359	-
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that may not be reclassified to profit or loss	(2,123)	-	110	-
8349	Less: Income tax related to items that may not be reclassified to profit or loss (note 6(r))	117	-	315	-
		165,882	4	14,728	-
8360	**Items that may be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(128,927)	(3)	(213,964)	(4)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss	(3,237)	-	-	-
8399	Less: Income tax related to items that may be reclassified to profit or loss (note 6(r))	2,265	-	(13,334)	-
	Components of other comprehensive income that will be reclassified to profit or loss	(134,429)	(3)	(200,630)	(4)
8300	**Other comprehensive income**	31,453	1	(185,902)	(4)
8500	**Total comprehensive income**	**$ 612,846**	**14**	**388,109**	**9**
8600	**Profit attributable to:**				
8610	Profit attributable to owners of parent	$ 562,559	13	330,361	7
8620	Profit attributable to non-controlling interests	18,834	-	243,650	6
		$ 581,393	**13**	**574,011**	**13**
8700	**Comprehensive income attributable to:**				
8710	Comprehensive income attributable to owners of parent	$ 594,865	13	166,662	4
8720	Comprehensive income attributable to non-controlling interests	17,981	1	221,447	5
		$ 612,846	**14**	**388,109**	**9**
	Earnings per share (note 6(t))				
9750	Basic earnings per share	**$**	**3.42**		**2.83**
9850	Diluted earnings per share	**$**	**3.42**		**2.82**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
			Retained earnings				Other equities						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equities	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2019	$ 915,183	245,053	98,782	56,010	2,337,355	2,492,147	(32,521)	(2,470)	(34,991)	-	3,617,392	4,073,477	7,690,869
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	174,912	-	(174,912)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(274,555)	(274,555)	-	-	-	-	(274,555)	-	(274,555)
Reversal of special reserve	-	-	-	(21,019)	21,019	-	-	-	-	-	-	-	-
Profit for the year ended December 31, 2019	-	-	-	-	330,361	330,361	-	-	-	-	330,361	243,650	574,011
Other comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,369	1,369	(172,638)	7,570	(165,068)	-	(163,699)	(22,203)	(185,902)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	331,730	331,730	(172,638)	7,570	(165,068)	-	166,662	221,447	388,109
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	11,011	11,011
Other changes in capital surplus due to donated assets received	-	7	-	-	-	-	-	-	-	-	7	-	7
Shares issued for pursuant to acquisitions and changes in ownership interests in subsidiaries	1,025,448	3,502,070	-	-	(785,641)	(785,641)	-	-	-	(89,172)	3,652,705	(3,698,019)	(45,314)
Cash dividends of subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(429,259)	(429,259)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,171	2,171	-	(2,171)	(2,171)	-	-	-	-
Balance at December 31, 2019	1,940,631	3,747,130	273,694	34,991	1,457,167	1,765,852	(205,159)	2,929	(202,230)	(89,172)	7,162,211	178,657	7,340,868
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	-	-	33,036	-	(33,036)	-	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	167,239	(167,239)	-	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(96,977)	(96,977)	-	-	-	-	(96,977)	-	(96,977)
Profit for the year ended December 31, 2020	-	-	-	-	562,559	562,559	-	-	-	-	562,559	18,834	581,393
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	(1,655)	(1,655)	(133,576)	167,537	33,961	-	32,306	(853)	31,453
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	560,904	560,904	(133,576)	167,537	33,961	-	594,865	17,981	612,846
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	110	-	-	(3,709)	(3,709)	-	-	-	-	(3,599)	(53,972)	(57,571)
Changes in ownership interests in subsidiaries	-	336	-	-	-	-	-	-	-	-	336	(336)	-
Changes in equity of associates and joint ventures accounted for using equity method	-	459,384	-	-	-	-	-	-	-	-	459,384	-	459,384
Capital reduction	(582,189)	-	-	-	-	-	-	-	-	6,178	(576,011)	-	(576,011)
Adjustments of capital surplus for company's cash dividends received by subsidiaries	-	974	-	-	-	-	-	-	-	-	974	-	974
Cash dividends of subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(52,160)	(52,160)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	2,074	2,074	-	(2,074)	(2,074)	-	-	-	-
Disgorgement	-	10,261	-	-	-	-	-	-	-	-	10,261	-	10,261
Balance at December 31, 2020	$ 1,358,442	4,218,195	306,730	202,230	1,719,184	2,228,144	(338,735)	168,392	(170,343)	(82,994)	7,551,444	90,170	7,641,614

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		2020	2019
Cash flows from (used in) operating activities:			
Profit before tax	$	658,309	901,837
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		203,501	209,805
Amortization expense		31,939	22,450
Expected credit (gain) loss		(4,138)	3,095
Net gain on financial assets or liabilities at fair value through profit or loss		(4,539)	(116,572)
Interest expense		32,625	34,450
Interest income		(96,556)	(177,685)
Dividend income		(577)	(12,277)
Share of profit of associates and joint ventures accounted for using equity method		(123,909)	(45,838)
Gain on disposal of property, plant and equipment		(8,319)	(25,682)
Gain on disposal of non-current assets classified as held for sale		-	(79,849)
Gain on disposal of investments accounted for using equity method		-	(3,737)
Others		819	(372)
Total adjustments to reconcile profit (loss)		30,846	(192,212)
Changes in operating assets and liabilities:			
Decrease (increase) in notes receivable		18,661	(102,997)
(Increase) decrease in trade receivables		(195,465)	218,801
Decrease in other receivables		9,288	5,153
(Increase) decrease in inventories		(29,729)	191,582
Decrease in other current assets		7,522	127,916
Increase (decrease) in contract liabilities		12,011	(9,885)
Increase (decrease) in notes and trade payables		195,616	(119,952)
Decrease in other payables		(64,141)	(286,279)
(Decrease) increase in other current liabilities		(21,510)	18,310
Decrease in net defined benefit liability		(541)	(2,701)
Total adjustments		(37,442)	(152,264)
Cash inflow generated from operations		620,867	749,573
Interest received		115,668	174,970
Dividends received		43,386	116,946
Interest paid		(31,590)	(33,847)
Income taxes paid		(258,248)	(134,510)
Net cash flows from operating activities		490,083	873,132
Cash flows from (used in) investing activities:			
Acquisition of financial assets at fair value through other comprehensive income		(471,291)	(531,856)
Proceeds from disposal of financial assets at fair value through other comprehensive income		22,439	25,290
Acquisition of financial assets at amortized cost		(3,799,810)	(4,722,687)
Proceeds from disposal of financial assets at amortized cost		4,143,461	4,449,522
Acquisition of financial assets at fair value through profit or loss		(1,301,548)	(1,603,147)
Proceeds from disposal of financial assets at fair value through profit or loss		1,314,587	2,218,470
Acquisition of investments accounted for using equity method		(6,053)	-
Proceeds from capital reduction of financial assets at fair value through profit or loss		-	9,708
Proceeds from capital reduction of investments accounted for using equity method		42,809	-
Proceeds from disposal of non-current assets classified as held for sale		-	398,216
Acquisition of property, plant and equipment		(192,886)	(147,678)
Proceeds from disposal of property, plant and equipment		19,189	41,648
Acquisition of intangible assets		(23,077)	(27,494)
Others		2,885	(3,244)
Net cash (used in) flows from investing activities		(249,295)	106,748
Cash flows from (used in) financing activities:			
Increase in short-term borrowings		1,170,820	(182,967)
Increase (decrease) in short-term notes and bills payable		119,991	(169,980)
Proceeds from long-term borrowings		-	540,000
Repayments of long-term borrowings		(100,000)	(560,000)
Decrease in guarantee deposits received		1,917	(8,117)
Payment of lease liabilities		(34,374)	(27,493)
Cash dividends paid		(96,003)	(274,555)
Capital reduction payments to shareholders		(576,011)	-
Subsidiaries capital reduction payments to non-controlling interests		-	(188,988)
Acquisition of ownership interests in subsidiaries		(66,171)	(26,021)
Disposal of ownership interests in subsidiaries		8,600	-
Change in non-controlling interests		(52,160)	(392,227)
Net cash flows from (used in) financing activities		376,609	(1,290,348)
Effect of exchange rate changes on cash and cash equivalents		(131,857)	(110,289)
Net increase (decrease) in cash and cash equivalents		485,540	(420,757)
Cash and cash equivalents at beginning of period		932,565	1,353,322
Cash and cash equivalents at end of period	$	**1,418,105**	**932,565**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the 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

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) (the "Company") was established on September 11, 1978, by the approval of Ministry of Economic Affairs under the Company Law, the main business line is manufacture and sale of capacitors. The Company's ordinary shares were publicly listed on the Taiwan Stock Exchange on August 29, 1998.

Merging with G-Luxon Electronics Corp. on October 31, 2005 (the record date of the merger), was approved by the resolution of the shareholders' meeting, and the Company was the surviving company. In 2019, the shareholders' meeting resolved to approve the Company merged with the former KAIMEI ELECTRONIC CORP. on September 30, 2019 (the record date of the merger), and the Company was the surviving company. On October 28, 2019, the Company was renamed as KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) subsequently, by the approval of Ministry of Economic Affairs.

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

These consolidated financial statements were authorized for issue by the Board of Directors on March 12, 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 Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated 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 Group 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)

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

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other 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 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"

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis.

1) Financial instruments 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 defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances. Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

			Percentage of ownership		
Name investor	Name of investee	Scope of business	December 31, 2020	December 31, 2019	Description
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	TEAPO HOLDING BERMUDA LIMITED	Foreign business reinvestment	100.00 %	100.00 %	
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Teapo Electronic (HK) Ltd.	Import and export of electronic products	100.00 %	100.00 %	
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	KAIMEI ELECTRONIC (HK) LTD.	Import and sale of aluminum electrolytic capacitors and motor fans	100.00 %	100.00 %	Note 1
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	FORMOSA PROSONIC ELECTRONICS SDN. BHD.	Manufacture and sale of aluminum electrolytic capacitors	100.00 %	100.00 %	Note 1
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	JAMICON INTERNATIONAL LIMITED	Import and sale of aluminum electrolytic capacitors	100.00 %	100.00 %	Note 1
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	BOTHHAND ENTERPRISE INC.	Manufacture and management of computer accessories and other electronic devices	100.00 %	100.00 %	Note 1
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	MYW Investment Limited	Reinvestment business	100.00 %	100.00 %	Note 1
TEAPO HOLDING BERMUDA LIMITED	Teapo Electronics (DongGuan) CO., LTD.	Manufacture and sale of capacitors	100.00 %	100.00 %	
Teapo Electronics (DongGuan) CO., LTD.	Dongguan Teapo Trading CO., Ltd.	Purchase and sale of electrolytic capacitors	100.00 %	100.00 %	
KAIMEI ELECTRONIC (HK) LTD.	JINMICON ELECTRONIC (SHENZHEN) CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors and motor fans	100.00 %	100.00 %	
KAIMEI ELECTRONIC (HK) LTD.	SHIN KAIMEI ELECTRONIC (SHENZHEN) CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors and motor fans	100.00 %	100.00 %	
JAMICON INTERNATIONAL LIMITED	SUZHOU KAIMEI ELECTRONIC CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors	98.81 %	98.81 %	
SUZHOU KAIMEI ELECTRONIC CO., LTD.	DONGGUAN JAMICON ELECTRONIC CO., LTD.	Import and sale of aluminum electrolytic capacitors and motor fans	100.00 %	100.00 %	
BOTHHAND ENTERPRISE INC.	Bothhand International Investment Co., Ltd.	Reinvestment business and international trade	100.00 %	100.00 %	
BOTHHAND ENTERPRISE INC.	Sino Win International Ltd.	Import and export business	100.00 %	100.00 %	
BOTHHAND ENTERPRISE INC.	E-HENG TECHNOLOGY CO.,LTD.	Manufacture and management of computer accessories and other electronic devices	100.00 %	100.00 %	
Bothhand International Investment Co., Ltd.	KAIPING BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	100.00 %	100.00 %	
Bothhand International Investment Co., Ltd.	GUANGZHOU BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	100.00 %	100.00 %	
Bothhand International Investment Co., Ltd.	DEYANG BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	100.00 %	100.00 %	
Bothhand International Investment Co., Ltd.	Round Constant Limited	Reinvestment business	100.00 %	100.00 %	
GUANGZHOU BOTHHAND ELECTRONICS CO., LTD.	GUANGZHOU CHENG HAN ELECTRONICS TEC	Manufacture and management of computer accessories and other electronic devices	100.00 %	86.18 %	Note 3

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name investor	Name of investee	Scope of business	Percentage of ownership		Description
			December 31, 2020	December 31, 2019	
GUANGZHOU BOTHHAND ELECTRONICS CO., LTD.	HUNAN BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	100.00 %	68.00 %	Note 2
DEYANG BOTHHAND ELECTRONICS CO., LTD.	DEYANG SHISHENG ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	100.00 %	70.50 %	Note 4
DEYANG SHISHENG ELECTRONICS CO., LTD.	DEYANG HONGYI ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	51.00 %	51.00 %	
Round Constant Limited	Kunshan Taijun Electronics Co., Ltd.	Vacuum sputtering coating	100.00 %	100.00 %	

Note1: In March 2019, the Board of Directors resolved the consolidation merger with the former KAIMEI ELECTRONIC CORP., the record date of the merger was September 30, 2019. The Company had completed the registration of the consolidation merger on October 28, 2019, and the former KAIMEI ELECTRONIC CORP. was the dissolved company being merged. After the merger, the Company’s direct shareholding ratios of KAIMEI ELECTRONIC (HK) LTD., FORMOSA PROSONIC ELECTRONICS SDN. BHD., JAMICON INTERNATIONAL LIMITED, BOTHHAND ENTERPRISE INC., and MYW Investment Limited are all 100%.

Note2: The Group established HUNAN BOTHHAND ELECTRONICS CO., LTD. in February 2019, with non-related parties, and did not participate in the capital increase of HUNAN BOTHHAND ELECTRONICS CO., LTD. in March 2020, in proportion to the shares held. Therefore, the Company's shareholding ratio of HUNAN BOTHHAND ELECTRONICS CO., LTD. decreased from 68% to 63.75%, however, the Company still has control over it. In July 2020, the Group obtained the non-controlling interest in HUNAN BOTHHAND ELECTRONICS CO., LTD., increasing the Company's shareholding ratio of HUNAN BOTHHAND ELECTRONICS CO., LTD. from 63.75% to 100%.

Note3: In November 2019, the Board of Directors of the Group approved to acquire certain non-controlling interests in GUANGZHOU CHENG HAN ELECTRONICS TEC, increasing the shareholding ratio from 76.96% to 86.18%. In July 2020, the Group obtained the non-controlling interest in GUANGZHOU CHENG HAN ELECTRONICS TEC, increasing the Company's shareholding ratio from 86.18% to 100%.

Note 4: The Group disposed part of its equity interest in DEYANG SHISHENG ELECTRONICS CO., LTD. to a non-controlling interest in January 2020. Therefore, the Company's shareholding ratio decreased from 70.5% to 60.5%. In June 2020, the Group obtained the non-controlling interest in DEYANG SHISHENG ELECTRONICS CO., LTD., increasing the Company's shareholding ratio from 60.5% to 100%.

(iii) Subsidiaries excluded from the consolidated financial statement: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group 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.

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) 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 presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

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 Group disposes of only 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 noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in 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 or a 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.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability 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.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group’ s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(g) Financial instruments

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

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

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (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.

(Continued)

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.

On initial recognition of an equity investment that is not held for trading, the Group 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 Group'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. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the 'trade receivables' line item. On initial recognition, the Group 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.

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

4) Business model assessment

The Group 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 Group' 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;

· how managers of the business are compensated ─ e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

· the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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 Group'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 Group 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 Group 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 Group's claim to cash flows from specified assets (e.g. non-recourse features)

6) Impairment of financial assets

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

The Group measures loss allowances at an amount equal to lifetime expected credit loss (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.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group 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 Group's historical experience and informed credit assessment as well as forward-looking information.

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

The Group 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 Group in full.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

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 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

(Continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group 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 Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group 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 asset 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.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Group 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 Group 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 Group’s procedures for recovery of amounts due.

7) Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group 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.

(Continued)

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt and equity instruments issued by the Group 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).

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 Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group 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 Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using 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.

(i) Non-current assets held for sale & Discontinued operations

Non-current assets or disposal groups comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group’s accounting policies. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group’s accounting policies.

Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of the cumulative impairment loss that has been recognized.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

(Continued)

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(k) 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.

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 expenditure

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

(iii) Depreciation

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

(Continued)

Land is not depreciated.

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

1)	Buildings and construction	3~60 years
2)	Machinery and equipment	2~16 years
3)	Office and other facilities	1~12 years

Buildings and construction constitute mainly building, mechanical and electrical power equipment and its related facilities. Each such part depreciates based on its useful life.

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

(l) Leases

(i) Identifying a lease

At inception of a contract, the Group 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 Group 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.

(ii) As a leasee

The Group 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 Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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

— fixed payments; including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— 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:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

— 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)

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

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of buildings and constructions, office facilities and transportation equipment that have a lease term of 12 months or less. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a leasor

When the Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group 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 Group 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 Group applies IFRS15 to allocate the consideration in the contract.

(m) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

(Continued)

Other intangible assets, including customer relationships, patents and trademarks, that are acquired by the Group and have finite useful lives 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:

1)	Computer software	1~3 years
2)	Patent and other intangible assets	3~10 years

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

(n) Impairment of non-financial assets

At each reporting date, the Group 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)

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.

(o) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group 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 Group's main types of revenue are explained below.

(i) Sale of goods

The Group manufactures and sells capacitor, converter and computer accessories. The Group 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 Group has objective evidence that all criteria for acceptance have been satisfied.

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

(ii) Financing components

The Group 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 Group does not adjust any of the transaction prices for the time value of money.

(p) Government grants

The Group recognizes an unconditional government grant 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 Group 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 Group 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.

(Continued)

(q) Employee benefits

(i) Defined contribution plans

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

(ii) Defined benefit plans

The Group'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 Group, 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 Group 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 Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(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 Group 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.

(r) 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.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS37.

(Continued)

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 the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is 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 Group 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

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date, and reflect uncertainty related to income taxes, if any.

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

(i) the Group 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.

(Continued)

(s) Business combination

Except for business combinations under common control, 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.

All acquisition-related transaction costs are expensed as incurred, except for the issuance of debt or equity instruments.

For each business combination, the Group measures any noncontrolling interests in the acquiree either at fair value or at the noncontrolling interest' s proportionate share of the acquiree' s identifiable net assets, if the noncontrolling interests are present ownership interests and entitle their holders to a proportionate share of the Group' s net assets in the event of liquidation. Other components of noncontrolling interests are measured at their acquisition-date fair values, unless another measurement basis is required by the IFRSs endorsed by the FSC.

The Group did not use the acquisition method to deal with the business combination under common control, but adopted the book value method and regarded it as the initial merger and restating the previous comparison information. And separated the non-jointly controlled interests in the dissolved company before business combination under equity. The dissolved company's profit or loss belongs to the external third party is the deduction from the total profit or loss (i.e. the combined total profit or loss of the Company and the dissolved company being merged). And is listed in the consolidated income statement as profit (loss) attributable to former owner of business combination under common control.

(t) Earnings per share

The Group discloses the Company' s basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible bonds and employee compensation.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(Continued)

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

The preparation of the consolidated 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 consolidated financial statements is as follows:

(a) Judgment regarding significant influence of investees

The Group was the largest shareholder of some of the investee companies during the specific period of 2020. However, the Group did not have any directors of the investee companies and could not affect the activities of the investee companies. As a result, the Group has no control and significant influence on such investee companies.

(b) Judgment regarding significant influence of associates

The Group holds less than 20% of the voting rights of TONG HSING ELECTRONIC INDUSTRIES, LTD., however, the Group has two seats of TONG HSING ELECTRONIC INDUSTRIES, LTD.' s nine seats of directors, therefore, the Group has a significant influence, hence, using the equity method.

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:

(a) The loss allowance of trade receivables

The Group has estimated the loss allowance of trade receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to note 6(e).

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	$ 16,108	12,520
Check and demand deposits	801,592	551,682
Time deposits	600,405	368,363
	$ 1,418,105	932,565

Please refer to note 6(x) for the exchange rate risk, interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

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

	December 31, 2020	December 31, 2019
Financial assets measured at fair value through profit or loss:		
Hybrid contracts		
Other financial instruments	$ 726,959	724,178

(c) Financial assets at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Equity investments at fair value through other comprehensive income		
Current		
Domestic listed common shares		
TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD.	$ -	114,865
Non-current		
Domestic listed common shares		
TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD.	$ 731,254	-

(i) The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes. Since June 2020, the Company has reclassified these equity instruments from current to non-current for its management purpose.

(Continued)

(ii) As of December 31, 2020, the financial assets at fair value through other comprehensive income of the Group had been pledged as collateral for its long-term borrowings. Please refer to note 8.

(d) Financial assets measured at amortized cost

	December 31, 2020	December 31, 2019
Current		
Restricted time deposits	$ 3,520,136	3,585,293
Time deposits with original maturity of more than three months	279,674	595,101
Total	**$ 3,799,810**	**4,180,394**
Non-current		
Restricted time deposits	**$ -**	**1,212**

(i) The Group held time deposits with original maturity of more than three months with the weighted average interest rates of 0.60%~0.65% and 2.27%~2.85% during the years ended December 31, 2020 and 2019, respectively

(ii) As of December 31, 2020 and 2019, the financial assets measured at amortized costs of the Group had been pledged as collateral for its long-term borrowings. Please refer to note 8.

(e) Notes and trade receivables (including related parties)

	December 31, 2020	December 31, 2019
Notes receivable from operating activities	$ 207,067	225,728
Trade receivables–measured as amortized cost	1,527,900	1,332,435
	1,734,967	1,558,163
Less: loss allowance	(7,714)	(11,752)
	$ 1,727,253	**1,546,411**

(i) The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information, including macroeconomic and relevant industry information. The loss allowance provisions were determined as follows:

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	December 31, 2020		
	Gross carrying amount (including related parties)	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,711,392	0.07%	1,126
1 to 30 days past due	15,985	0.03%	5
31 to 180 days past due	1,275	26.04%	332
More than 181 days past due	6,315	98.99%	6,251
	$ 1,734,967		**7,714**

	December 31, 2019		
	Gross carrying amount (including related parties)	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,466,400	0.25%	3,738
1 to 30 days past due	66,223	1.19%	786
31 to 180 days past due	21,243	18.63%	3,958
More than 181 days past due	4,297	76.10%	3,270
	$ 1,558,163		**11,752**

(ii) The movement in the allowance for notes and trade receivables were as follows:

	2020	**2019**
Balance at January 1	$ 11,752	8,861
Impairment losses (reversal) recognized	(4,138)	3,096
Effect of movements in exchange rates	100	(205)
Balance at December 31	**$ 7,714**	**11,752**

(iii) As of December 31, 2020 and 2019, the notes and trade receivables of the Group were not pledged as collateral.

(iv) The Group entered into separate factoring agreements with different financial institutions to sell its trade receivables. Under the agreements, the Group does not have the responsibility to assume the default risk of the transferred trade receivables but is liable for the losses incurred on any business dispute. The Group derecognized the above trade 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. The amounts receivable from the financial institutions were recognized as “other receivables” upon the derecognition of those trade receivables. As of December 31, 2019, the Group sold its trade receivables without recourse as follows:

(Continued)

December 31, 2019					
Purchaser	**Amount Derecognized**	**Unpaid**	**Paid**	**Amount Recognized in Other Receivables**	**Range of Interest Rate**
Taipei Fubon Bank	US$668 thousand	-	US$601 thousand	$ 2,033 (US$67 thousand)	1.37%~3.07%

As of December 31, 2020, the Group were not entered into separate factoring agreements with different financial institutions to sell its trade receivables.

(f) Other receivables

	December 31, 2020	December 31, 2019
Other receivables	$ 31,490	49,842
Less: Loss allowance	(6,959)	(6,845)
	$ 24,531	42,997

The movement in the allowance for other receivables were as follows:

	2020	2019
Balance at January 1	$ 6,845	7,111
Impairment loss reversal recognized	-	(1)
Effect of movements in exchange rates	114	(265)
Balance at December 31	$ 6,959	6,845

(g) Inventories

(i) The details of inventories were as follows:

	December 31, 2020	December 31, 2019
Raw materials	$ 194,010	155,909
Work in progress and semi-finished goods	298,926	310,558
Finished goods and merchandise	296,436	292,229
Goods in transit	3,427	4,374
	$ 792,799	763,070

(ii) For the years ended December 31, 2020 and 2019, the cost of goods sold amounted to $3,310,374 and $3,405,810, respectively.

(iii) The factor leading to the net realizable value of inventories is lower than the cost was vanished, due to the sale or scrap of obsolete inventories for the year ended December 31, 2020. Therefore, the decrease in recognized operating costs due to reversal of write-downs amounted to $28,956; the write-down of inventories to net realizable value amounted to $14,510, for the year ended December 31, 2019.

(iv) As of December 31, 2020 and 2019, the Group did not provide any inventories as collateral for its loans.

(h) Investments accounted for using equity method

A summary of the Group’s financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2020	December 31, 2019
Associates	$ 2,311,407	1,813,039

(i) Associates which are material to the Group consisted of the followings:

Name of Associates	Nature of Relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights December 31, 2020	Proportion of shareholding and voting rights December 31, 2019
TONG HSING ELECTRONIC INDUSTRIES, LTD.	The major business is manufacture and sale of electronic products	Taiwan	7.40 %	10.55 %

The fair value of associates listed on the Stock Exchange (over the counter) which are material to the Group are as follows:

	December 31, 2020	December 31, 2019
TONG HSING ELECTRONIC INDUSTRIES, LTD.	$ 2,341,532	2,730,124

The following consolidated financial information of significant associates has been adjusted according to individually prepared IFRS financial statements of these associates:

TONG HSING ELECTRONIC INDUSTRIES, LTD.	December 31, 2020	December 31, 2019
Current assets	$ 7,962,533	6,455,597
Non-current assets	17,474,640	5,967,194
Current liabilities	(3,801,650)	(1,762,168)
Non-current liabilities	(425,990)	(483,897)
Net assets	$ 21,209,533	10,176,726

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES
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	2020	2019
Operating revenue	$ 10,178,002	7,430,654
Profit (loss) from continuing operations	1,450,675	741,956
Other comprehensive income	(72,410)	(21,770)
Total comprehensive income	$ 1,378,265	720,186

	2020	2019
Share of net assets of associates as of January 1	$ 1,073,624	-
Purchase	4,110	-
Transfer into	-	1,132,344
Comprehensive income attributable to the Group	118,549	45,949
Dividends paid to the Group	(42,809)	(104,669)
Proceeds from capital reduction of investments to the Group	(42,809)	-
Changes in equity of associates and joint ventures accounted for using equity method	459,384	-
Share of net assets of associates as of December 31	1,570,049	1,073,624
Add: goodwill	741,358	739,415
Carrying amounts of associates as of December 31	$ 2,311,407	1,813,039

(ii) In the second quarter of 2019, the Group started to have significant influence on TONG HSING ELECTRONIC INDUSTRIES, LTD., therefore, the balance of financial assets measured at fair value through other comprehensive income is evaluated using the equity method. The accumulated profit and loss on disposal of equity instruments amounted to $4,435. Gain on disposal recognized by the Company amounted to $1,915 and $2,520 was adjusted to undistributed earnings and non-controlling interests, respectively.

(iii) Changes in equity of associates and joint ventures accounted for using equity method were adjusted for the year ended December 31, 2020, increasing capital surplus by $459,384.

(iv) Pledge to secure

As of December 31, 2020 and 2019, the Group's investments under equity method has not been pledged as collaterals.

(Continued)

(i) Changes in a parent's ownership interest in a subsidiary

(i) Changes in subsidiaries' equity did not result in the Company's loss of control

The Company was merged with former KAIMEI ELECTRONIC CORP., a subsidiary of the Company, pursuant to a resolution of the Board of Directors in March 2019. On September 30, 2019 (the record date of the merger), the Company's 1.1541 ordinary shares were exchanged for 1 ordinary share of former KAIMEI ELECTRONIC CORP. The number of ordinary shares issued by the Company in connection with merger was 102,545 thousand shares, and the fair value of the Company's ordinary shares was calculated at the closing price of $43.3 on September 27, 2019. The merger resulted in an increase (decrease) of capital - common stock, capital surplus - additional paid-in capital arising from ordinary share, and unappropriated retained earnings by $1,025,448, $3,414,743, and $(785,120), respectively.

As the above transactions the Group have not loss the control of such subsidiaries, it was treated as an equity transaction.

	2019
Transferred price for the purchase - ordinary shares	$ (4,440,191)
The carrying amount of the net assets of the subsidiary is calculated as the amount of the uncontrolled interest due to changes in the relative interest	3,655,071
Difference	**$ (785,120)**
Unappropriated Retained Earnings	**$ (785,120)**

(ii) Acquisitions of NCI

From June to July, 2020, the Group acquired an additional interest in GUANGZHOU CHENG HAN ELECTRONICS TEC, HUNAN BOTHHAND ELECTRONICS CO., LTD. and DEYANG SHISHENG ELECTRONICS CO., LTD. for $28,480, $10,226, $27,465 in cash, respectively, and increasing its ownership from 86.18 to 100%, 63.75% to 100% and 60.5% to 100%, respectively.

The effects of the changes in shareholdings were as follows:

	2020	2019
Carrying amount of non-controlling interest on acquisition	$ 62,462	20,737
Consideration paid to non-controlling interests	(66,171)	(26,021)
Unappropriated Retained Earnings	**$ (3,709)**	**(5,284)**

(Continued)

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(iii) Disposal of part of equity ownership of subsidiaries without losing control

In January 2009, the Group disposed of the equity interest in DEYANG SHISHENG ELECTRONICS CO., LTD. for $8,600 in cash. The ownership of the Group reduced from 70.5% to 60.5%. The difference between consideration and carrying amount of subsidiaries disposed was $110 and recognized within capital surplus.

(j) Property, plant and equipment

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

	Land	Building and Construction	Machinery and equipment	Transportation equipment	Other facilities	Construction in progress	Total
Cost:							
Balance on January 1, 2020	$ 273,890	1,045,871	1,051,717	39,861	196,709	75,080	2,683,128
Additions	-	2,419	46,607	80	5,863	106,124	161,093
Disposal	-	(6,354)	(51,129)	(5,277)	(64,898)	-	(127,658)
Transferred into (out)	(69,484)	1,191	31,390	-	2,084	(3,008)	(37,827)
Reclassified to non-current assets classified as held for sale	(69,585)	(74,714)	-	-	-	-	(144,299)
Effect of movements in exchange rates	-	17,703	38,024	254	1,391	2,863	60,235
Balance on December 31, 2020	**$ 134,821**	**986,116**	**1,116,609**	**34,918**	**141,149**	**181,059**	**2,594,672**
Balance on January 1, 2019	$ 507,173	1,121,892	1,078,132	37,861	203,058	7,556	2,955,672
Additions	-	13,579	79,287	6,575	12,794	75,940	188,175
Disposal	-	(42,211)	(39,104)	(3,739)	(15,591)	(5,125)	(105,770)
Transferred into (out)	(233,283)	(21,095)	866	-	-	(377)	(253,889)
Effect of movements in exchange rates	-	(26,294)	(67,464)	(836)	(3,552)	(2,914)	(101,060)
Balance on December 31, 2019	**$ 273,890**	**1,045,871**	**1,051,717**	**39,861**	**196,709**	**75,080**	**2,683,128**
Depreciation:							
Balance on January 1, 2020	$ -	420,899	743,282	25,001	162,140	-	1,351,322
Depreciation	-	35,611	111,542	4,106	17,277	-	168,536
Disposal	-	(4,236)	(43,683)	(4,356)	(64,513)	-	(116,788)
Transferred into (out)	-	-	87	-	(87)	-	-
Reclassified to non-current assets classified as held for sale	-	(25,659)	-	-	-	-	(25,659)
Effect of movements in exchange rates	-	(568)	26,743	240	10,574	-	36,989
Balance on December 31, ,2020	**$ -**	**426,047**	**837,971**	**24,991**	**125,391**	**-**	**1,414,400**
Balance on January 1, 2019	$ -	429,086	727,985	25,469	160,883	-	1,343,423
Depreciation	-	41,407	111,442	4,020	17,989	-	174,858
Disposal	-	(34,423)	(37,859)	(3,720)	(13,802)	-	(89,804)
Transferred into (out)	-	(1,957)	473	-	-	-	(1,484)
Effect of movements in exchange rates	-	(13,214)	(58,759)	(768)	(2,930)	-	(75,671)
Balance on December 31, 2019	**$ -**	**420,899**	**743,282**	**25,001**	**162,140**	**-**	**1,351,322**
Balance on December 31, 2020	**$ 134,821**	**560,069**	**278,638**	**9,927**	**15,758**	**181,059**	**1,180,272**
Balance on January 1, 2019	**$ 507,173**	**692,806**	**350,147**	**12,392**	**42,175**	**7,556**	**1,612,249**
Balance on December 31, 2019	**$ 273,890**	**624,972**	**308,435**	**14,860**	**34,569**	**75,080**	**1,331,806**

(Continued)

The Board of Directors of the Group resolved to sell part of the land, buildings and construction of the subsidiary, BOTHHAND ENTERPRISE INC., on September 18, 2020. A contract of sale of real estate with non-related parties was signed on November 10, 2020 at a total contract price of $200,000. The estimated gain on disposal was around $68,598, the real estate was registered to the non-related parties on December 28, 2020, and the handover was completed on January 3, 2021. Such land, buildings and construction were recognized as non-current assets held for sale, as of December 31, 2020, the carrying amount of such sale portfolio was $118,640.

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

(k) Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amount:		
Land	$ 63,651	64,593
Buildings and construction	77,288	94,097
Office equipment	29	115
Transportation equipment	314	71
Balance	**$ 141,282**	**158,876**

	2020	2019
Additions	**$ 16,073**	**1,050**
Depreciation:		
Land	$ 1,304	1,435
Buildings and construction	33,454	33,078
Office equipment	85	96
Transportation equipment	122	338
	$ 34,965	**34,947**

(l) Goodwill

The balances of goodwill as of December 31, 2020, December 31, 2019, and January 1, 2019 were all $486,749. There was not any difference for years ended December 31, 2020 and 2019.

Goodwill is the difference between the consideration and the fair value of the net identifiable assets acquired by the Group on November 29, 2018, on the acquisition of BOTHHAND ENTERPRISE INC. and its subsidiaries, mainly from the control of premium. In order to continue to focus on its core technology to enhance the competitiveness, the Group sold BOTHHAND ENTERPRISE INC. to the substantial related party, CHILISIN ELECTRONICS CORP., on January 25, 2021, please refer to note 11. The above-mentioned goodwill is measured at the book value (the carrying value of BOTHHAND ENTERPRISE INC., which is held by the Company, including goodwill) and the selling price less the cost of disposal, and there is no indication of impairment.

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(m) Short-term borrowings, notes and bills payable

(i) Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ 1,824,000	940,000
Secured bank loans	2,267,820	1,981,000
Total	**$ 4,091,820**	**2,921,000**
Unused short-term credit lines	**$ 6,563,658**	**7,366,950**
Range of interest rates	**0.73%~1.00%**	**0.88%~1.01%**

(ii) Short-term notes and bills payable

	December 31, 2020	December 31, 2019
Short-term notes and bills payable	$ 200,000	80,000
Less: Discount on short-term notes and bills payable	(38)	(29)
	$ 199,962	**79,971**
Range of interest rates	**0.86%~0.87%**	**0.86%**

(iii) For the collateral for secured bank loans, please refer to note 8.

(n) Long-term borrowings

The details were as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ -	100,000
Less: current portion	-	-
	$ -	**100,000**
Range of interest rates	**-**	**1.00%**
Unused long-term credit lines	**$ 160,000**	**-**
Maturity year	-	110.02

Please refer to note 6(x) for the interest rate risk, and sensitivity analysis of the financial assets and liabilities of the Group.

(o) Oher payables

	December 31, 2020	December 31, 2019
Payables for remuneration due to employee, directors and supervisors	$ 61,680	22,392
Payables for wages and bonus	137,894	226,204
Payables for product repair fee	12,257	33,562
Payables for purchase of equipment	34,029	65,822
Payables for union fund	26,805	22,349
Others	165,423	162,658
	$ 438,088	532,987

(p) Lease liabilities

	December 31, 2020	December 31, 2019
Current	$ 36,192	36,954
Non-current	$ 47,588	64,096

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

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest expenses on lease liabilities	$ 969	1,334
Expenses relating to short-term leases	$ 3,479	8,017

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

	2020	2019
Total cash outflow for leases	$ 38,822	36,844

(iv) Real estate leases

The Company leases land and buildings for its office space and factories. The leases typically run for 5 to 10 years.

The plant lease agreement in China adjusts the lease payments by 3% per annum during the five-year term of the lease. At the end of the term of the lease, the Group has no bargain purchase option of the land and buildings leased.

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In addition, right-to-use assets of Land are the subsidiaries DEYANG BOTHHAND ELECTRONICS CO., LTD. and KAIPING BOTHHAND ELECTRONICS CO.,LTD. signed a land-use right transfer agreement with the Luojiang Bureau of Land and Resources and the Industrial Park of Kaiping City, respectively, for the purpose of building the plant. The term of use of the land use rights is 50 years, and the term of the land use rights is due in June 2063 and July 2049, respectively.

The Group leases office and transportation equipment, with lease terms of three to four years. The Group also leases its buildings and construction, office and transportation equipment with contract terms shorter than one year. These leases are short-term and the Group has elected not to recognize its right-of-use assets and lease liabilities for these leases.

(q) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$ 13,121	16,888
Fair value of plan assets	(10,952)	(13,593)
Net defined benefit liabilities	**$ 2,169**	**3,295**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions 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 the six months prior to retirement.

1) Composition of plan assets

The Group allocates 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. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to 10,952 as of December 31, 2020. 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.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

		2020	2019
Defined benefit obligations at January 1	$	16,888	27,851
Current service costs and interest cost		118	312
Remeasurement (gain) loss		142	(447)
Benefits paid		(4,027)	(10,828)
Defined benefit obligation at December 31	**$**	**13,121**	**16,888**

3) Movements of defined benefit plan assets

		2020	2019
Fair value of plan assets at January 1	$	(13,593)	(20,596)
Interest income		(95)	(218)
Remeasurements gain		(727)	(1,127)
Contribution paid by the employer		(564)	(2,480)
Benefits paid		4,027	10,828
Fair value of plan assets at December 31	**$**	**(10,952)**	**(13,593)**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

		2020	2019
Current service costs	$	-	23
Net interest of net liabilities for defined benefit obligations		23	71
	$	**23**	**94**
Operating cost	$	-	-
Operating expenses		23	94
	$	**23**	**94**

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5) Remeasurement values of net defined benefit liabilities recognized in other comprehensive income

The remeasurements in net defined benefit liabilities recognized in other comprehensive income were as follows:

	2020	2019
Cumulative amount at January 1	$ (2,292)	(718)
Recognized in current period	(585)	(1,574)
Cumulative amount at December 31	**$ (2,877)**	**(2,292)**

6) Actuarial assumptions

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

	December 31, 2020	December 31, 2019
Discount rate	0.30 %	0.70 %
Future salary increase rate	2.00 %	2.00 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $449.

The weighted average lifetime of the defined benefits plans is 10 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increase 0.25%	Decrease 0.25%
December 31, 2020:		
Discount rate	(322)	335
Future salary increasing rate	296	(286)
December 31, 2019:		
Discount rate	(399)	414
Future salary increasing rate	365	(354)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

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There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(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 these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to 4,533 and 5,470 for the years ended December 31, 2020 and 2019, respectively.

Subsidiaries in China shall comply with the regulations stipulated by the Mainland China Government to contribute monthly retirement annuity funds, based on a specific percentage of authorized employees' payroll. For the years ended December 31, 2020 and 2019, the retirement annuity funds amounted to $4,5211 and $41,588, respectively.

(r) Income taxes

(i) The components of income tax in the years 2020 and 2019 were as follows:

		2020	2019
Current tax expense			
Current period	$	99,410	118,709
Additional tax on undistributed earnings		1,832	170,272
Land value increment tax		-	30,062
Adjustment for prior periods		(4,676)	731
		96,566	319,774
Deferred tax expense			
Origination and reversal of temporary differences		(19,650)	8,052
Income tax expenses (income)	**$**	**76,916**	**327,826**

(ii) The amount of income tax recognized in other comprehensive income for 2020 and 2019 was as follows:

		2020	2019
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement from defined benefit plans	$	117	315
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation		2,265	(13,334)
	$	**2,382**	**(13,019)**

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(iii) Reconciliation of income tax and profit before tax for 2020 and 2019 is as follows:

	2020	2019
Profit before income tax	$ 658,309	901,837
Income tax using the Company’s and each subsidiaries' domestic tax rate	210,586	180,367
Non-deductible expenses	196	16,695
Tax-exempt income	(59,615)	(185,875)
Change in unrecognized temporary differences	(63,655)	(1,179)
Current-year losses for which no deferred tax asset was recognized	(4,953)	(214,984)
Additional tax on undistributed earnings	1,832	170,272
Land value increment tax	-	30,062
Adjustment for prior periods	(4,676)	731
Adjustment for temporary differences	-	331,737
Others	(2,799)	-
	$ 76,916	**327,826**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The consolidated entity is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2020 and 2019. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2020	December 31, 2019
Aggregate amount of temporary differences related to investments in subsidiaries	**$ 884,060**	**628,413**
Unrecognized deferred tax liabilities	**$ 176,812**	**125,682**

2) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2020	December 31, 2019
Tax effect of deductible Temporary Differences	**$ 122,271**	**130,233**
The carryforward of unused tax losses	**$ 83,703**	**101,454**

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The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2020, the information of the Group's unused tax losses for which no deferred tax assets were recognized are as follows:

Year of loss	Unused tax loss	Expiry date
The Company：		
2013 (amount approved)	$ 178,311	2023
2015 (amount approved)	32,860	2025
2017 (amount approved)	9,467	2027
2018 (amount approved)	34,041	2028
2020 (amount recognized)	20,742	2030
	$ 275,421	

Year of loss	Unused tax loss	Expiry date
E-HENG TECHNOLOGY CO., LTD.		
2011 (amount approved)	$ 23,929	2011
2013 (amount approved)	26,669	2013
2014 (amount approved)	28,024	2014
2015 (amount approved)	22,949	2015
2016 (amount approved)	21,013	2016
2017 (amount approved)	5,979	2017
2018 (amount approved)	14,533	2018
	$ 143,096	

Pursuant to article 43 of the Business Mergers and Acquisitions Act amended on July 8, 2015, The loss for each of the ten years preceding the merger of the Company and former KAIMEI ELECTRONIC CORP. (dissolved company being merged) is calculated on the basis of the proportion that the shareholders of the Company holding the interests in the surviving company. The net profit for the year is deducted within 10 years from the year in which the loss occurred, the final deduction is due in 2028.

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3) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

	Defined benefit plans	Exchange differences on translation	The carryforward of unused tax losses	Others	Total
Deferred Tax Assets:					
Balance at January 1, 2020	$ 8,804	32,997	44,346	8,969	95,116
Recognized in profit or loss	(108)	-	12,178	10,634	22,704
Recognized in other comprehensive income	-	(2,265)	-	-	(2,265)
Balance at December 31, 2020	$ 8,696	30,732	56,524	19,603	115,555
Balance at January 1, 2019	$ 12,492	19,663	13,733	8,175	54,063
Recognized in profit or loss	(3,507)	-	30,613	794	27,900
Recognized in other comprehensive income	(181)	13,334	-	-	13,153
Balance at December 31, 2019	$ 8,804	32,997	44,346	8,969	95,116

	Defined benefit plans	Foreign investment benefits	Land value increment tax	Others	Total
Deferred Tax Liabilities:					
Balance at January 1, 2020	$ 134	264,492	32,518	1,848	298,992
Recognized in profit or loss	-	4,902	-	(1,848)	3,054
Recognized in other comprehensive income	117	-	-	-	117
Reclassified	-	-	(32,518)	-	(32,518)
Balance at December 31, 2020	$ 251	269,394	-	-	269,645
Balance at January 1, 2019	$ -	227,715	32,518	2,673	262,906
Recognized in profit or loss	-	36,777	-	(825)	35,952
Recognized in other comprehensive income	134	-	-	-	134
Balance at December 31, 2019	$ 134	264,492	32,518	1,848	298,992

(v) The income tax returns of the Company, MYW Investment Limited, BOTHHAND ENTERPRISE INC., and Ltd. E-HENG TECHNOLOGY CO., LTD. for the years through 2018 were assessed by the Taipei National Tax Administration.

(s) Capital and other equity

(i) Ordinary shares

As of December 31, 2020 and 2019, the Company's authorized share capital amounted to $5,700,000; divided into 570,000 thousand shares with par value of $10 per share. As of December 31, 2020 and 2019, the Company has issued 135,844 thousand shares and 194,063 thousand shares, respectively, all issued shares were paid up upon issuance.

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

	Ordinary shares	
(in thousands of shares)	**2020**	**2019**
Balance on January 1	194,063	91,518
Issued in business combination	-	102,545
Capital reduction	(58,219)	-
Balance on December 31	**135,844**	**194,063**

On March 13, 2019, the Company's Board of Directors made a resolution, in order to integrate the Group's resources, extend the scope of business, and improve operational performance and competitiveness. The Company merged with former KAIMEI ELECTRONIC CORP. in accordance with the Business Mergers and Acquisitions Act and other relevant laws (hereinafter referred to as "the merger"). After the merger, the Company was the surviving company, and former KAIMEI ELECTRONIC CORP. was the dissolved company. After the merger took effect, the name of the Company was changed to "KAIMEI ELECTRONIC CORP" and was renamed as KAIMEI ELECTRONIC CORP..

Both parties of the merger agreed that the Company's 1.1541 ordinary shares were exchanged for 1 ordinary share of former KAIMEI ELECTRONIC CORP.. The number of ordinary shares issued by the Company in connection with merger was 102,545 thousand shares, and the fair value of the Company's ordinary shares was calculated at the closing price of $43.3 on September 27, 2019. The merger resulted in an increase (decrease) of capital - common stock, capital surplus - additional paid-in capital arising from ordinary share, undistributed earnings and treasury stock by $1,025,448, $3,414,743, $(780,357), and $4,763, respectively. The conversion rate is determined by reference to each company's price per share, the net value of shares, operational performance, business development, other operations and related factors that may affect shareholders' interests. The merger was reviewed by the Special Committee on Mergers and Acquisitions, and was evaluated by the independent experts, then was reported to the Board of Directors for resolution. The merger was discussed and adopted at a shareholders' general meeting held on June 5, 2019, and was approved by the competent authorities on July 22, 2019, the record date of the merger was September 30, 2019.

(Continued)

In accordance with relevant laws and regulations, the Company has applied to the Taipei Exchange for the termination of OTC trading, and the Financial Supervisory Commission has approved the cancellation of public offering. Furthermore, the merger former KAIMEI ELECTRONIC CORP. dissolution registration was approved by the Ministry of Economic Affairs on October 28, 2019.

In order to enhance shareholders' equity and profitability per share, on June 5, 2020, the shareholders' meeting resolved a cash capital reduction, which refunded the share capital of $582,189, and canceled 58,219 thousand shares. This resolution was approved by the competent authorities on July 9, 2020, the record date of the cash capital reduction was July 10, 2020, and the registration of alteration was completed on July 17, 2020.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2020 and 2019, were as follows:

	December 31, 2020	December 31, 2019
Share capital	$ 3,457,607	3,457,607
Donation from shareholders	423	423
Changes in equity of associates and joint ventures accounted for using equity method	459,384	-
Changes in ownership interests in subsidiaries	289,824	288,404
Employee share options	696	696
Others	10,261	-
	$ 4,218,195	3,747,130

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders’ meeting for the distribution of dividends and bonuses to shareholders.

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1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from special reserve by the Company. As of December 31, 2020 and 2019, the amounts of special reserve were $202,230 and 34,991, respectively.

3) Earnings distribution

Earnings distribution for 2019 and 2018 was decided by the resolution adopted, at the general meeting of shareholders held on June 5, 2020 and June 5, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	2019		2018	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders				
Cash	$ 0.5	**96,977**	3.0	**274,555**

On March 12, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings. These earnings were appropriated as follows:

	2020	
	Amount per share	**Total amount**
Dividends distributed to ordinary shareholders		
Cash	$ 2.0	**271,534**

The distribution of surplus in the year 2020 is pending a resolution of the shareholders' meeting.

(Continued)

(iv) Treasury shares

(in thousands of shares)

Item	Business combinations	Acquisition of Company's share by subsidiaries	Total
January 1, 2020	110	1,949	2,059
Decrease	33	584	617
December 31, 2020	**77**	**1,365**	**1,442**
January 1, 2019	-	-	-
Increase	110	1,949	2,059
December 31, 2019	**110**	**1,949**	**2,059**

The Company's merger with former KAIMEI ELECTRONIC CORP. on September 30, 2019 (the record date of the merger) in accordance with the Business Mergers and Acquisitions Act and other relevant laws, was to acquire the dissenting shareholders' shares held by former KAIMEI ELECTRONIC CORP. under the Business Mergers and Acquisitions Act. The Company's subsidiary, BOTHHAND ENTERPRISE INC., holds the shares of former KAIMEI ELECTRONIC CORP. for investment, therefore, those shares are recognized as the Company's treasury shares.

On the record date of the cash capital reduction of July 10, 2020, the cash capital reduction canceled 58,219 thousand shares , and the treasury shares also decreased by 617 thousand shares.

As of December 31, 2020 and 2019, BOTHHAND ENTERPRISE INC., subsidiaries of the Company, held 1,365 and 1,949 thousand shares of ordinary shares of the Company, recorded as the Company's treasury stock, with a book value of NT$57.57 and NT$43.31 per share, and total amounted to $78,561 and $84,409, respectively. The share price as of December 31, 2020 and 2019 were NT$91.6 and NT$45.20.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

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(t) Earnings per share

The details on the calculation of basic earnings per share and diluted earnings per share were as follows:

	2020	2019
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	$ 562,559	330,361
Weighted average number of ordinary shares at 31 December (in thousands of shares)	164,387	116,846
	$ 3.42	2.83
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company(diluted is the same as basic)	$ 562,559	330,361
Weighted average number of ordinary shares at 31 December (in thousands of shares)	164,387	116,846
Effect of dilutive potential ordinary shares		
Effect of employee remuneration	200	186
Weighted average number of ordinary shares (diluted) at December 31 (in thousands of shares)	164,587	117,032
	$ 3.42	2.82

(u) Revenue from contracts with customers

(i) Details of revenue

	2020	2019
Primary geographical markets:		
Hong Kong and China	$ 3,425,725	3,457,650
Taiwan and other Asia Pacific regions	691,073	730,784
Europe	278,124	264,411
Americas	60,591	68,516
Others	11,039	25,857
	$ 4,466,552	4,547,218
Major products:		
Capacitor	$ 2,126,983	2,128,607
Transformer	1,911,060	2,047,867
Fan	345,598	279,128
Others	82,911	91,616
	$ 4,466,552	4,547,218

(Continued)

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and trade receivables	$ 1,734,967	1,558,163	1,683,656
Less: loss allowance	(7,714)	(11,752)	(8,861)
	$ 1,727,253	**1,546,411**	**1,674,795**
Contract liabilities	**$ 15,566**	**3,555**	**12,277**

For details on trade receivables and allowance for impairment, please refer to note 6(e).

The amount of revenue recognized for the years ended December 31, 2020 and 2019 that was included in the contract liability balance at the beginning of the period were $3,555 and $12,277, respectively.

(v) Employee, directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 0.2% of the profit as employee remuneration and less than 4% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions. The board of directors will determine the method of remuneration and remuneration of the employees.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to 13,296 and 7,405, and directors' and supervisors' remuneration amounting to 24,070 and 16,850, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as the percentage decided by the management of the Company. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2020 and 2019.

(w) Non-operating income and expenses

(i) Other income

	2020	2019
Rent income	$ 1,460	1,805
Dividend income	577	12,277
Directors' remuneration	4,280	-
Others	29,930	34,381
	$ 36,247	**48,463**

(ii) Other gains and losses

	2020	2019
Gain on disposal of non-current asset held for sale	$ -	79,849
Gains on financial assets at fair value through profit or loss	4,539	116,572
Foreign exchange (loss) gains	(130,994)	9,385
Gains on disposals of property, plant and equipment	8,319	25,682
Others	(39)	(7,464)
	$ (118,175)	**224,024**

(x) Financial instruments

(i) Credit risk

1) Credit risk exposure

A credit risk is the risk of having financial losses arising from counterparties failing to meet their required contract obligation. As at reporting date, the Group's exposure to credit risk and the maximum exposure were mainly from:

a) The carrying amount of financial assets and contract assets recognized in the consolidated balance sheet; and

b) The amount of liabilities as a result from the Group providing financial guarantees to its customers.

2) Concentration of credit risk

As sales are made to customers worldwide, the Group's exposure to credit risk concentration is expected to be low. The Group continuously assesses the financial condition of its customers. If it is necessary, the Group will ask for guarantees or warranties. The Group still regularly assesses the likelihood of collectability of accounts receivable and sets aside allowance for bad debts, based on the result of management's evaluation of the overall amounts of bad debts.

3) Credit risk exposure of notes and trade receivables

For credit risk exposure of notes and trade receivables, please refer to note 6(e); for credit risk exposure of other receivables, please refer to note 6(f).

Other financial assets at amortized cost include other receivables and time deposits.

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(g) for the Group determines whether credit risk is to be low risk).

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(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, excluding estimated interest payments:

	Carrying amount	Contractual cash flows	1 year	1-2 years	Over 2 years
December 31, 2020					
Non derivative financial liabilities					
Interest-free liabilities	$ 1,311,885	(1,311,885)	(1,304,111)	(1)	(7,773)
Lease liabilities	83,780	(85,005)	(36,884)	(24,303)	(23,818)
Floating rate instruments	170,000	(170,000)	(170,000)	-	-
Fixed rate instruments	4,121,782	(4,121,820)	(4,121,820)	-	-
	$ 5,687,447	**(5,688,710)**	**(5,632,815)**	**(24,304)**	**(31,591)**
December 31, 2019					
Non derivative financial liabilities					
Interest-free liabilities	$ 1,209,251	(1,209,251)	(1,203,454)	(4,140)	(1,657)
Lease liabilities	101,050	(103,055)	(37,913)	(26,652)	(38,490)
Fixed rate instruments	3,100,971	(3,101,000)	(3,001,000)	(100,000)	-
	$ 4,411,272	**(4,413,306)**	**(4,242,367)**	**(130,792)**	**(40,147)**

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2020			**December 31, 2019**		
(in thousand)	**Foreign currency**	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets						
Monetary items						
USD	$ 76,872	USD/NTD =28.48	2,189,315	43,222	USD/NTD =29.980	1,295,789
USD	38,133	USD/CNY =6.507	1,086,039	36,112	USD/CNY =6.694	1,082,641
USD	152,653	USD/HKD =7.754	4,347,546	128,678	USD/HKD =7.789	3,857,759
Financial liabilities						
Monetary items						
USD	40,221	USD/NTD =28.48	1,145,508	24,441	USD/NTD =29.980	732,728
USD	6,184	USD/CNY =6.507	176,113	19,347	USD/CNY =6.964	580,012
USD	15,222	USD/HKD =7.754	433,534	6	USD/HKD =7.789	172

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and trade receivables(including related parties), other receivables, notes and trade payables, other payables and borrowings that are denominated in foreign currency.

A strengthening (weakening) of 5% of the USD against the NTD, USD against the CNY, and USD against the HKD as of December 31, 2020 and 2019 would have increased (decreased) as follows. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2019.

		December 31, 2020	December 31, 2019
USD(against to NTD)			
Strengthening 5%	$	52,190	28,153
Weakening 5%		(52,190)	(28,153)
USD(against to CNY)			
Strengthening 5%		34,282	25,131
Weakening 5%		(34,282)	(25,131)
USD(against to HKD)			
Strengthening 5%		195,701	192,879
Weakening 5%		(195,701)	(192,879)

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2020 and 2019, foreign exchange gain (loss) (including realized and unrealized portions) amounted to ($130,994) and $9,385, respectively.

(iv) Interest rate analysis

The Group's exposure to interest rate risk arising from financial assets and liabilities was as follows:

		Book value	
		December 31, 2020	December 31, 2019
Variable rate instruments:			
Financial assets	$	801,592	551,682
Financial liabilities		(170,000)	-
	$	**631,592**	**551,682**

(Continued)

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 0.25%, the Group’s net income before tax would have increased / decreased by $1,579 and $1,379 for 2020 and 2019, respectively, with all other variable factors remaining constant. This is mainly due to the Group’s borrowing and demand deposits at variable rates.

(v) Other market price risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2020		2019	
	Other comprehensive income before tax	**Profit or loss before tax**	**Other comprehensive income before tax**	**Profit or loss before tax**
5% increase	$ 36,563	-	5,743	-
5% decrease	$ (36,563)	-	(5,743)	-

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group’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.

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	December 31, 2020				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Other financial instruments	$ 726,959	-	726,959	-	726,959
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	731,254	731,254	-	-	731,254
Financial assets measured at amortized cost					
Cash and cash equivalents	1,418,105	-	-	-	-
Notes and trade receivables	1,727,253	-	-	-	-
Restricted time deposits	3,520,136	-	-	-	-
Time deposits with original maturity of more than three months	279,674	-	-	-	-
Other receivables	24,531	-	-	-	-
Guarantee deposits paid (classified under other non-current assets)	5,205	-	-	-	-
	$ 8,433,117				
Financial liabilities at amortized cost					
Short-term borrowings	$ 4,091,820	-	-	-	-
Short-term notes and bills payable	199,962	-	-	-	-
Trade payables	866,023	-	-	-	-
Other payables	438,088	-	-	-	-
Lease liabilities	83,780	-	-	-	-
Guarantee deposits received	7,774	-	-	-	-
	$ 5,687,447				

(Continued)

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	December 31, 2019				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Other financial instruments	$ 724,178	-	724,178	-	724,178
Financial assets at fair value through other comprehensive income					
Stocks in listed companies	114,865	114,865	-	-	114,865
Financial assets measured at amortized cost					
Cash and cash equivalents	932,565	-	-	-	-
Notes and trade receivables	1,546,411	-	-	-	-
Restricted time deposits	3,586,505	-	-	-	-
Time deposits with original maturity of more than three months	595,101	-	-	-	-
Other receivables	42,997	-	-	-	-
Guarantee deposits paid (classified under other non-current assets)	4,670	-	-	-	-
Total	**$ 7,547,292**				
Financial liabilities at amortized cost					
Short-term borrowings	$ 2,921,000	-	-	-	-
Short-term notes and bills payable	79,971	-	-	-	-
long-term borrowings	100,000	-	-	-	-
Trade payables	670,407	-	-	-	-
Other payables	532,987	-	-	-	-
Lease liabilities	101,050	-	-	-	-
Guarantee deposits received	5,857	-	-	-	-
	$ 4,411,272				

(Continued)

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

The Group's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

The Group's management considered that the disclosed carrying amounts of financial assets and liabilities measured at amortized cost approximated their fair values.

3) Valuation techniques for financial instruments measured at fair value

a) Financial assets and liabilities with standard terms and conditions and traded in an active market, for example, investment in stock of listed companies and corporate bonds: the fair value is based on the market quoted price.

b) When a stock is not listed and there is no open offer in the active market, the fair value is estimated using the net worth per share method, the P/E method and the stock price ratio method.

c) The fair value of derivative instruments is based on quoted prices. When a public offer is not available, an evaluation approach is used to estimate that the estimates and assumptions used are based on the quoted information of financial institutions or on a binomial tree pricing model that is widely accepted by market users.

d) The fair value of other financial assets and financial liabilities other than the above is determined in accordance with the generally accepted pricing model based on discounted cash flows analysis.

4) There was no transfer between the different levels of fair value hierarchy for the years ended December 31, 2020 and 2019.

(y) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group'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 consolidated financial statements.

(ii) Structure of risk management

The Group’ s financial risk management policies are established to identify and analyze the financial risks faced by the Group, to assess the impact of financial risk and implement policies related to mitigating financial risk. Financial risk management policies are reviewed regularly to reflect changes in market conditions and the Group’ s operations. The Group, through internal controls such as training, management standards, and operational procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation. Internal auditors assist in the role of supervisory. Internal auditor undertakes both regular and ad hoc reviews of financial risk management controls and procedures, the results of which are reported to the board of directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’ s receivables from customers and investments in debt securities.

1) Trade and other receivables

The Group established a credit policy to obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Group will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Group continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the Risk Management Committee.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group’s finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group’s policy is to provide financial guarantees only to wholly owned subsidiaries. At December 31, 2020, no other guarantees were outstanding, please refer to note 13(a)(ii).

(iv) Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group’s management supervises the banking facilities and ensures compliance with the terms of loan agreements.

Loans and borrowings from the bank form an important source of liquidity for the Group. As of December 31, 2020 and 2019, the Group's unused credit line please refer to note 6(m).

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group’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 Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group’s entities, primarily the USD.

2) Interest rate risk

The Group borrows funds on fixed and variable interest rates, which has a risk exposure to cash flow.

3) Other market price risk

The Group resulted in an exposure to equity prices due to open funds and stock investments of listed companies whose fair value is measured through open quotations.

(z) Capital management

Through clear understanding and managing of significant changes in external environment, related industry characteristics, and corporate growth plan, the Company manages its capital structure to ensure it has sufficient financial resources to sustain proper liquidity, to invest in capital expenditures and research and development expenses, to repay debts and to distribute dividends in accordance to its plan. The management uses the appropriate total liability/equity ratio to determine the optimal capital for the merger. The management pursues the most suitable capital structure by monitoring and maintaining proper financial ratios as below. The Company aims to enhance the returns of its shareholders through achieving an optimized debt-to-equity ratio from time to time. The Group’s liability-to-equity ratio at the end of each reporting period was as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 6,056,553	4,994,529
Total equity	7,641,614	7,340,868
Debt-to-equity ratio at 31 December	79 %	68 %

(Continued)

The increase in the debt-to-equity ratio as of December 31, 2020 was mainly due to the increase in short-term borrowings and trade payables. To maintain the capital structure, the Group may adjust the investment level, issue new shares or sell assets to settle its liabilities.

(aa) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2020 and 2019,, were acquisition of right-of-use assets by leasing. Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	2020.1.1	**Cash flow**	**Acquisition**	**Foreign exchange movement**	**December 31, 2020**
Short-term borrowings	$ 2,921,000	1,170,820	-	-	4,091,820
Short-term notes and bills payable	79,971	119,991	-	-	199,962
Long-term borrowings	100,000	(100,000)	-	-	-
Lease liabilities	101,050	(34,374)	15,888	1,216	83,780
Guarantee deposits received	5,857	1,917	-	-	7,774
Total liabilities from financing activities	$ 3,207,878	1,158,354	15,888	1,216	4,383,336

			Non-cash changes		
	2019.1.1	**Cash flow**	**Decrease**	**Foreign exchange movement**	**December 31, 2019**
Short-term borrowings	$ 3,103,262	(182,967)	-	705	2,921,000
Short-term notes and bills payable	249,951	(169,980)	-	-	79,971
Long-term borrowings	120,000	(20,000)	-	-	100,000
Lease liabilities	143,237	(27,493)	(11,384)	(3,310)	101,050
Guarantee deposits received	14,101	(8,117)	-	(127)	5,857
Total liabilities from financing activities	$ 3,630,551	(408,557)	(11,384)	(2,732)	3,207,878

(7) Related-party transactions:

(a) Names and relationship with related parties

Name of related party	**Relationship with the Group**
YAGEO CORPORATION	The entity with significant influence over the Group
Yageo (Suzhou) Trade Co., Ltd.	The subsidiary of the entity with significant influence over the Group
Yageo Electronics (Dongguan) Co., Ltd.	〃
Kemet Electronics Corporation	〃
Dongguan Pulse Electronics Co., Ltd.	〃

(Continued)

Name of related party	Relationship with the Group
Hsin Bung International Co., Ltd.	Other related parties
Zhuhai KLES Machinery Technology Co., Ltd.	〃
Hana (ZHUHAI) MACHINE TECHNOLOGY CO., LTD.	〃
Yageo Professional Competition Development Association	〃
Yageo Cultural and Educational Foundation	〃
Hsiang Fu Co., Limited	〃
TONG HSING ELECTRONIC INDUSTRIES, LTD.	An associate

(b) Significant transactions with related parties

(i) Operating revenue

The amounts of significant sales by the Group to related parties were as follows:

	2020	2019
The entity with significant influence over the Group	$ 13,437	23,225
The subsidiary of the entity with significant influence over the Group	62,793	8,106
Other related parties	7,848	5,732
	$ 84,078	**37,063**

The price of the Group sold to the related parties was determined by negotiation between both parties and the terms of the receipt were processed on a monthly basis, without any significant difference from the ordinary customers.

(ii) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	2020	2019
Other related parties	**$ 1,165**	**-**

The price of the Group purchase from the related parties was determined by negotiation between both parties and there is no material difference between the terms of the transaction and the general customer.

**KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.)
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(iii) Receivables from Related Parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2020	December 31, 2019
Trade receivables	The entity with significant influence over the Group	$ 5,157	9,935
〃	The subsidiary of the entity with significant influence over the Group	22,852	8,729
〃	Other related parties	3,284	972
		$ 31,293	**19,636**

Amounts receivable from related parties were uncollateralized.

(iv) Payables to Related Parties

Account	Relationship	December 31, 2020	December 31, 2019
Trade payables	Other related parties	$ 1,023	-
Other payables	The subsidiary of the entity with significant influence over the Group	504	383
〃	Other related parties	1,843	4,737
		$ 3,370	**5,120**

Payables to related parties were trade payables, equipment payable and utilities payable by the related party.

(v) Property transactions - purchases of property, plant and equipment

The purchases price of property, plant and equipment purchased from related parties are summarized as follows

	2020	2019
Other related parties	**$ -**	**15,178**

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(vi) Leases

Account	Relationship		December 31, 2020	December 31, 2019
Lease liabilities	The entity with significant influence over the Group	$	194	472
〃	The subsidiary of the entity with significant influence over the Group - Yageo Electronics (Dongguan) Co., Ltd.		72,927	84,603
		$	**73,121**	**85,075**

Relationship		2020	2019
Interest expenses			
The entity with significant influence over the Group	$	3	3
The subsidiary of the entity with significant influence over the Group		845	1,080
	$	**848**	**1,083**
Lease paid			
The subsidiary of the entity with significant influence over the Group	**$**	**519**	**744**

The lease agreement between the Group and the related parties, the resolutions and methods of payment relating to rent are the same as those for general leases.

(vii) Operating expenses

		2020	2019
The subsidiary of the entity with significant influence over the Group	$	2,688	3,088
Other related parties		2,000	3,000
	$	**4,688**	**6,088**

(viii) Other income

		2020	2019
An associate	$	4,280	527
The subsidiary of the entity with significant influence over the Group		-	1
Other related parties		8	2
	$	**4,288**	**530**

(Continued)

(ix) Others

The Group acquired 9.21% equity interests in GUANGZHOU CHENG HAN ELECTRONICS TEC from its substantial related party pursuant to a resolution of the shareholders' meeting on July 13, 2020. The transaction price was $18,126 thousand. As of December 31, 2020, the price had been paid and the share transfer registration had been completed.

(c) Key management personnel compensation

Key management personnel compensation comprised:

		2020	2019
Short-term employee benefits	$	75,579	81,409
Post-employment benefits		569	863
	$	76,148	82,272

Remuneration of Directors and other major management is determined by the Remuneration Committee in accordance with individual performance and market trends.

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Account	Pledged to secure		December 31, 2020	December 31, 2019
Restricted time deposits(classified under Current financial assets at amortized cost)	Bank loan	$	3,520,136	3,586,505
Investments accounted for using equity method	Bank loan		-	1,559
Guarantee deposits paid (classified under other non-current assets)	Bank loan, performance bonds and encumberment deposits, etc.		7,774	4,670
Financial assets at fair value through other comprehensive income	Bank loan		445,437	-
		$	3,973,347	3,592,734

(9) Commitments and contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

(a) The Group sold 100% equity interests in BOTHHAND ENTERPRISE INC.

In order to continue to focus on core technology to enhance the competitiveness of the Group, the Board of Directors decided on December 23, 2020, to sell 62,334 thousand ordinary shares of BOTHHAND ENTERPRISE INC. (hereinafter referred to as "BOTHHAND") (100% of the issued shares of BOTHHAND) at the price of NT$44.92 per share, total of $2,800,000, to the other related party, CHILISIN ELECTRONICS CORP. (hereinafter "CHILISIN"), the transaction price is based on the latest audited financial statements and unaudited financial statements prepared by management, taking into account their net worth per share, profitability and future development potential, which have been submitted by the independent expert on price reasonableness. The transaction was settled on January 25, 2021, and as of March 12, 2021, the price had been received in full. This transaction is a type of organizational reorganization under common control.

(b) The Group acquired 100% equity interests in RALEC ELECTRONIC CORPORATION

In order to continue to focus on core technology to enhance the competitiveness of the Group, the Board of Directors decided on December 23, 2020, to acquire 82,667 thousand ordinary shares of RALEC ELECTRONIC CORPORATION (hereinafter referred to as "RALEC") (100% of the issued shares of RALEC) at the price of NT$60.48 per share, total of $5,000,000, from the other related party, CHILISIN, the transaction price is based on the latest audited financial statements and unaudited financial statements prepared by management, taking into account their net worth per share, profitability and future development potential, which have been submitted by the independent expert on price reasonableness. The transaction was settled on January 28, 2021, and as of March 12, 2021, the price had been received in full. This transaction is a type of organizational reorganization under common control.

(c) Non-current assets or disposal groups classified as held for sale in the accounts of the Group were transferred to non-related persons on December 28, 2020, the proceed of sale was $200,000, and the handover was completed on January 3, 2021. As of March 12, 2021, all receipts have been received. Please refer to note 4(j) for details.

(d) Kunshan Taijun Electronics Co., Ltd., a subsidiary of the Group, was registered as canceled on January 14, 2021. All share capital was fully remitted back to Round Constant Limited, the parent company, on February 5, 2021.

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(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the years ended December 31					
	2020			2019		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	333,743	242,737	576,480	345,400	349,919	695,319
Labor and health insurance	7,102	13,865	20,967	27,134	9,787	36,921
Pension	3,167	5,910	9,077	32,701	14,451	47,152
Others	15,227	15,799	31,026	13,415	16,455	29,870
Depreciation	157,279	46,222	203,501	161,444	48,361	209,805
Amortization	7,321	24,618	31,939	8,542	13,908	22,450

(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 Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing	Notes
0	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Teapo Electronic (HK) Ltd.	Other receivables	Yes	211,575	-	-	1.08%	2	-	Working capital	-	None	-	755,144	3,020,577	Notes 8 and 10
1	TEAPO HOLDING BERMUDA LIMITED	Teapo Electronic (HK) Ltd.	Other receivables	Yes	78,970	61,543	61,543	2.4%	2	-	Working capital	-	None	-	1,549,548	1,549,548	Notes 3 and 10
2	KAIMEI ELECTRONIC (HK) LTD.	SUZHOU KAIMEI ELECTRONIC CO., LTD.	Other receivables	Yes	21,133	-	-	4%	2	-	Working capital	-	None	-	367,267	1,469,068	Notes 4 and 10
2	KAIMEI ELECTRONIC (HK) LTD.	Teapo Electronic (HK) Ltd.	Other receivables	Yes	108,337	106,800	106,800	-%	2	-	Working capital	-	None	-	3,672,671	3,672,671	Notes 5 and 10
2	KAIMEI ELECTRONIC (HK) LTD.	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Other receivables	Yes	2,718,445	327,521	291,921	-%	2	-	Working capital	-	None	-	3,672,671	3,672,671	Notes 5 and 10

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES
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No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing	Notes
3	MYW Investment Limited	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Other receivables	Yes	56,000	56,000	56,000	0.73%	2	-	Working capital	-	None	-	65,983	263,930	(Notes 9 and 10)
4	GUANGZHOU CHENG HAN ELECTRONICS TEC	Yunnan Energy-Saving Technology Co., Ltd.	Other receivables	No	6,486	-	-	12%	2	-	Working capital	-	None	-	44,518	44,518	(Note 7)
5	DEYANG BOTHHAND ELECTRONICS CO., LTD.	DEYANG SHISHENG ELECTRONICS CO., LTD.	Other receivables	Yes	86,480	-	-	12%		-	Working capital	-	None	-	149,540	149,540	(Notes 7 and 10)
5	DEYANG BOTHHAND ELECTRONICS CO., LTD.	DEYANG HONGYI ELECTRONICS CO., LTD.	Other receivables	Yes	25,944	-	-	12%	2	-	Working capital	-	None	-	149,540	149,540	〃
5	DEYANG BOTHHAND ELECTRONICS CO., LTD.	Yunnan Energy-Saving Technology Co., Ltd.	Other receivables	No	8,600	4,377	4,377	12%	2	-	Working capital	-	None	-	149,540	149,540	(Note 7)
6	GUANGZHOU BOTHHAND ELECTRONICS CO., LTD.	GUANGZHOU CHENG HAN ELECTRONICS TEC	Other receivables	Yes	21,620	-	-	5.0025%	2	-	Working capital	-	None	-	105,531	105,531	(Notes 6 and 10)

Note 1: The numbers denote the following:
1. "0" represents the Company
2. Subsidiaries are numbered starting from "1" .

Note 2: Purpose of fund financing for the borrower:
1. For those companies with business transaction with the Company, please fill in 1.
2. For those companies with short-term financing needs, please fill in 2.

Note3: The capital of TEAPO HOLDING BERMUDA LIMITED is lent to a foreign company in which the parent company directly or indirectly holds 100% of the voting shares, the separately lending amount and maximum limit shall not exceed 100% of the net value of the latest financial statements audited or reviewed by accountants of TEAPO HOLDING BERMUDA LIMITED.

Note4: The limit on total loans to others shall not exceed 40% of KAIMEI ELECTRONIC (HK) LTD.'s net value. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing shall not exceed 10% of KAIMEI ELECTRONIC (HK) LTD.'s net value.

Note5: Inter-company loans of funds between KAIMEI ELECTRONIC (HK) LTD. and overseas companies in which the parent company holds, directly or indirectly, 100% of the voting shares, or loans of fund to the parent company, the total loans shall not exceed 100% of KAIMEI ELECTRONIC (HK) LTD.'s net value, limit on loans to a single party shall not exceed 100% of KAIMEI ELECTRONIC (HK) LTD.'s net value.

Note6: The limit on total loans to others shall not exceed 20% of the net value of the latest financial statements audited or reviewed by accountants of GUANGZHOU BOTHHAND ELECTRONICS CO., LTD., limit on loans to a single party shall not exceed 20% of the net value of the latest financial statements audited or reviewed by accountants of GUANGZHOU BOTHHAND ELECTRONICS CO., LTD..

Note7: The limit on total loans to others shall not exceed 20% of the net value of the latest financial statements audited or reviewed by accountants of GUANGZHOU CHENG HAN ELECTRONICS TEC and DEYANG BOTHHAND ELECTRONICS CO., LTD, limit on loans to a single party shall not exceed 20% of the net value of the latest financial statements audited or reviewed by accountants of GUANGZHOU CHENG HAN ELECTRONICS TEC and DEYANG BOTHHAND ELECTRONICS CO., LTD.

Note8: The limit on total loans to others is 40% of the net worth on the most current financial statements of KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.), limit on loans to a single party is 10% of the net worth on the most current financial statements of KAIMEI ELECTRONIC CORP..

Note9: The limit on total loans to others shall not exceed 40% of the net value of the latest financial statements audited or reviewed by accountants of MYW Investment Limited. Limit on loans to a single party with business transactions is the higher value of purchases or sales during current year. Limit on loans to a single party with short-term financing shall not exceed 10% of the net value of the latest financial statements audited or reviewed by accountants of MYW Investment Limited.

Note 10: The above financings were eliminated when compiling the consolidated financial statements.

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES
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(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	TEAPO HOLDING BERMUDA LIMITED	2	11,327,160	453,750	-	-	-	- %	15,102,888	Y	N	N
1	KAIMEI ELECTRONIC (HK) LTD.	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	3	5,509,006	5,500,000	5,100,000	2,067,820	3,060,184	138.86 %	5,509,006	N	Y	N
2	MYW Investment Limited	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	3	2,639,301	1,800,000	1,500,000	-	-	227.33 %	2,639,301	N	Y	N
3	BOTHHAND ENTERPRISE INC.	Bothhand International Investment Co., Ltd.	2	751,682	29,980	-	-	-	- %	1,503,364	N	N	N
3	BOTHHAND ENTERPRISE INC.	Sino Win International Limited	2	751,682	29,980	-	-	-	- %	1,503,364	N	N	N
3	BOTHHAND ENTERPRISE INC.	E-HENG TECHNOLOGY CO., LTD.	2	751,682	30,000	-	-	-	- %	1,503,364	N	N	N

Note 1: The numbers denote the following:
1. 0 is issuer.
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2: The relationship between the endorser/guarantor and the guaranteed party:
1. The companies with which it has business relations.
2. Subsidiaries in which the company holds more than 50% of its total outstanding common shares.
3. The companies in which the parent company and the subsidiary together hold more than 50% of its outstanding common shares.
4. The parent company which holds, directly or indirectly through a subsidiary, more than 50% of its outstanding common shares.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by each capital contributing shareholder in proportion to their shareholding percentages.
7. The companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for preconstruction homes pursuant to the Consumer Protection Act for each other.

Note3: The calculation of the limitation on endorsements and the amount thereof:
(1) The maximum amount of the Company's endorsement/guarantee for single enterprise is 150% of the net value of the latest financial statements audited or reviewed by accountants.
(2) The maximum amount of the endorsement/guarantee of the Company is 200% of the net value of the latest financial statements audited or reviewed by accountants.
(3) The limit of the endorsement guarantee for the parent company shall not exceed 400% of the net value of MYW Investment Limited.
(4) The limit of the endorsement/guarantee for the parent company shall not exceed 150% of the net value of KAIMEI ELECTRONIC (HK) LTD.
(5) The total amount of external endorsement/guarantee shall not exceed the net value of the latest financial statements audited or reviewed by accountants of BOTHHAND ENTERPRISE INC, and the external endorsement/guarantee for single enterprise shall not exceed 50% of the net value of the latest financial statements audited or reviewed by accountants.

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

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Highest Percentage of ownership (%)	Note
	Stock								
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	AGV PRODUCTS CORP	None	Current financial assets at fair value through profit or loss	13	-	-	-	- %	
	EVER FORTUNE INDUSTRIAL CO., LTD.	None	Current financial assets at fair value through profit or loss	643	-	-	-	- %	
SUZHOU KAIMEI ELECTRONIC CO., LTD.	Other financial instruments								
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	44,003	-	44,003	- %	
JINMICON ELECTRONIC (SHENZHEN) CO., LTD.	Other financial instruments								
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	48,328	-	48,328	- %	
SHIN KAIMEI ELECTRONIC (SHENZHEN) CO., LTD.	Other financial instruments								
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	79,083	-	79,083	- %	
Dongguan Teapo Trading CO., Ltd.	Other financial instruments								
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	13,175	-	13,175	- %	
GUANGZHOU BOTHHAND ELECTRONICS CO., LTD.	Other financial instruments								
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	242,252	-	242,252	- %	
DEYANG BOTHHAND ELECTRONICS CO., LTD.	Other financial instruments								
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	81,194	-	81,194	- %	
	RMB-Structured Deposit	None	Current financial assets at fair value through profit or loss	-	218,924	-	218,924	- %	
Subtotal					**726,959**		**726,959**		

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Highest Percentage of ownership (%)	Note
BOTHHAND ENTERPRISE INC.	Stock								
	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Parent	Current financial assets at fair value through other comprehensive income	1,364,575	124,995	1.00 %	124,995	1.00 %	Notes 1 and 2
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD	None	Non-current financial assets at fair value through other comprehensive income	16,506,870	731,254	13.13 %	731,254	13.13 %	Note 1

Note1: Listed securities are based on the closing price as of December 31, 2020.
Note2: All shareholdings have been treated as treasury shares.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares (Note)	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD	Non-current financial assets at fair value through other comprehensive income	Trading with non-specific people in the open market	NA	3,213,000	114,865	13,902,870	471,291	609,000	22,439	20,365	2,074	16,506,870	761,254

Note: 13,902,870 shares were added during the period, representing the purchase of 13,539 thousand shares during the current period and 363,870 thousand shares from TAIWAN CHINSAN ELECTRONIC INDUSTRIAL CO., LTD.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details: Purchase/ Sale	Transaction details: Amount	Transaction details: Percentage of total purchases/ sales	Transaction details: Payment terms	Transactions with terms different from others: Unit price	Transactions with terms different from others: Payment terms	Notes/trade receivables (payables): Ending balance	Notes/trade receivables (payables): Percentage of total notes/trade receivables (payable)	Note
JAMICON INTERNATIONAL LIMITED	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Parent	Sale	(777,915)	(97.18)%	Net 90 days from the end of months of when invoice issued	-	Depending on the demand on funding	Trade receivables 439,226	99.82%	Note
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	JAMICON INTERNATIONAL LIMITED	Subsidiaries	Purchase	777,915	99.74 %	Net 90 days from the end of months of when invoice received	-	-	Trade payables (439,226)	(73.31)%	〃
Teapo Electronics (DongGuan) CO., LTD.	JAMICON INTERNATIONAL LIMITED	The same ultimate parent	Sale	(690,479)	(32.97)%	Net 90 days from the end of months of when invoice issued	-	-	Trade receivables 399,604	36.31%	〃
JAMICON INTERNATIONAL LIMITED	Teapo Electronics (DongGuan) CO., LTD.	The same ultimate parent	Purchase	690,479	89.48 %	Net 90 days from the end of months of when invoice received	-	-	Trade payables (399,604)	(92.27)%	〃
DEYANG BOTHHAND ELECTRONICS CO., LTD.	BOTHHAND ENTERPRISE INC.	The same ultimate parent	Sale	(783,743)	(88.25)%	After the balance is set off against the trade payables, then the difference is settled by approximately 3 months	Negotiated price	For ordinary customer, payment is made approximately 30 to 120 days after the sales	Trade receivables 196,828	88.07%	〃
BOTHHAND ENTERPRISE INC.	DEYANG BOTHHAND ELECTRONICS CO., LTD.	The same ultimate parent	Purchase	783,743	62.67 %	After the balance is set off against the trade payables, then the difference is settled by approximately 3 months	Negotiated price	For ordinary customer, payment is made approximately 30 to 120 days after the sales	Trade payables (196,828)	(79.28)%	〃
GUANGZHOU CHENG HAN ELECTRONICS TEC	BOTHHAND ENTERPRISE INC.	The same ultimate parent	Sale	(345,449)	(44.63)%	After the balance is set off against the trade payables, then the difference is settled by approximately 3 months	Negotiated price	For ordinary customer, payment is made approximately 30 to 120 days after the sales	Trade receivables 27,457	10.73%	〃
BOTHHAND ENTERPRISE INC.	GUANGZHOU CHENG HAN ELECTRONICS TEC	The same ultimate parent	Purchase	345,449	27.62 %	After the balance is set off against the trade payables, then the difference is settled by approximately 3 months	Negotiated price	For ordinary customer, payment is made approximately 30 to 120 days after the sales	Trade payables (27,457)	(11.06)%	〃

Note: The transaction has already been written off in the consolidated financial statements.

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KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (Note 4)	Allowance for bad debts	Note
					Amount	Action taken			
Teapo Electronic (HK) Ltd.	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Parent	Other receivables 143,008	Note 1	-		-	-	Note 3
Teapo Electronic (HK) Ltd.	Teapo Electronics (DongGuan) CO., LTD.	The same ultimate parent	Other receivables 278,021	Note 1	-		-	-	Note 3
Teapo Electronics (DongGuan) CO., LTD.	Teapo Electronic (HK) Ltd.	The same ultimate parent	Other receivables 297,634	Note 1	-		-	-	Note 3
Teapo Electronics (DongGuan) CO., LTD.	JAMICON INTERNATIONAL LIMITED	The same ultimate parent	Trade receivables 399,604	2.50	-		-	-	Note 3
JAMICON INTERNATIONAL LIMITED	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Parent	Trade receivables 439,226	2.63	-		-	-	Note 3
KAIMEI ELECTRONIC (HK) LTD.	Teapo Electronic (HK) Ltd.	The same ultimate parent	Other receivables 106,800	Note 2	-		-	-	Note 3
KAIMEI ELECTRONIC (HK) LTD.	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	Parent	Other receivables 291,920	Note 2	-		163,760	-	Note 3
DEYANG BOTHHAND ELECTRONICS CO., LTD.	BOTHHAND ENTERPRISE INC.	The same ultimate parent	Trade receivables 196,828	9.48	-		-	-	Note 3

Note 1: Other receivables arising on behalf of payment are not applicable.
Note 2: Other receivables arising on loans are not applicable.
Note 3: The transaction has already been written off in the consolidated financial statement
Note 4: The amount represents collections subsequent to March 12, 2021.

(ix) Trading in derivative instruments: None 6(b).

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	Teapo Electronics (DongGuan) CO., LTD.	JAMICON INTERNATIONAL LIMITED	3	Operating revenue	690,479	Same as regular customers	15 %
		JAMICON INTERNATIONAL LIMITED	3	Trade receivables	399,604	Net 90 days from the end of months of when invoice issued	3 %
		Teapo Electronic (HK) Ltd.	3	Other receivables	297,634	Depending on the demand on funding	2 %
		SUZHOU KAIMEI ELECTRONIC CO., LTD.	3	Operating revenue	53,687	Same as regular customers	1 %
		SUZHOU KAIMEI ELECTRONIC CO., LTD.	3	Trade receivables	25,948	Same as regular customers	- %
		DONGGUAN JAMICON ELECTRONIC CO., LTD.	3	Operating revenue	44,775	Same as regular customers	1 %
		DONGGUAN JAMICON ELECTRONIC CO., LTD.	3	Trade receivables	10,410	Same as regular customers	- %
2	Teapo Electronic (HK) Ltd.	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	2	Other receivables	143,008	Depending on the demand on funding	1 %
		Teapo Electronics (DongGuan) CO., LTD.	3	Other receivables	278,021	Depending on the demand on funding	2 %
3	JAMICON INTERNATIONAL LIMITED	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	2	Operating revenue	777,915	Same as regular customers	17 %
		KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	2	Trade receivables	439,226	Net 90 days from the end of months of when invoice issued	3 %
4	KAIMEI ELECTRONIC (HK) LTD.	KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	2	Other receivables	292,296	Depending on the demand on funding	2 %
		Teapo Electronic (HK) Ltd.	2	Other receivables	106,800	Depending on the demand on funding	1 %
5	SUZHOU KAIMEI ELECTRONIC CO., LTD.	JAMICON INTERNATIONAL LIMITED	3	Operating revenue	80,781	Same as regular customers	2 %
		JAMICON INTERNATIONAL LIMITED	3	Trade receivables	33,282	Net 90 days from the end of months of when invoice issued	- %

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions: Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
		Teapo Electronics (DongGuan) CO., LTD.	3	Operating revenue	96,658	Same as regular customers	2 %
		Teapo Electronics (DongGuan) CO., LTD.	3	Trade receivables	58,014	Same as regular customers	- %
6	DEYANG BOTHHAND ELECTRONICS CO., LTD.	BOTHHAND ENTERPRISE INC.	3	Operating revenue	783,743	Based on price agreed between the parties	18 %
		BOTHHAND ENTERPRISE INC.	3	Trade receivables	196,828	Mutual offset of receivable and payable	1 %
7	GUANGZHOU CHENG HAN ELECTRONICS TEC	BOTHHAND ENTERPRISE INC.	3	Operating revenue	345,449	Based on price agreed between the parties	8 %
		BOTHHAND ENTERPRISE INC.	3	Trade receivables	27,457	Mutual offset of receivable and payable	- %
8	HUNAN BOTHHAND ELECTRONICS CO., LTD.	BOTHHAND ENTERPRISE INC.	3	Operating revenue	62,989	Based on price agreed between the parties	1 %
		BOTHHAND ENTERPRISE INC.	3	Trade receivables	17,030	Mutual offset of receivable and payable	- %
9	DEYANG SHISHENG ELECTRONICS CO., LTD.	GUANGZHOU CHENG HAN ELECTRONICS TEC	3	Operating revenue	56,008	Based on price agreed between the parties	1 %
		GUANGZHOU CHENG HAN ELECTRONICS TEC	3	Trade receivables	165	Mutual offset of receivable and payable	- %
		DEYANG BOTHHAND ELECTRONICS CO., LTD.	3	Operating revenue	79,187	Based on price agreed between the parties	2 %
		DEYANG BOTHHAND ELECTRONICS CO., LTD.	3	Trade receivables	399	Mutual offset of receivable and payable	- %
10	DEYANG HONGYI ELECTRONICS CO., LTD.	DEYANG BOTHHAND ELECTRONICS CO., LTD.	3	Operating revenue	47,962	Based on price agreed between the parties	1 %
		DEYANG BOTHHAND ELECTRONICS CO., LTD.	3	Trade receivables	15,831	Mutual offset of receivable and payable	- %
		DEYANG SHISHENG ELECTRONICS CO., LTD.	3	Operating revenue	63,020	Based on price agreed between the parties	1 %

Note 1: The numbers denote the following:
1. 0 represents the Company.
2. The subsidiaries start with number 1.

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Note 2: Relationship with the listed companies:
1. Transactions from parent company to subsidiary
2. Transactions from subsidiary to parent company
3. Transactions between subsidiaries

Note3: If the same transaction is made between mother and child companies or between subsidiaries, the disclosure will not be repeated. If: The parent company's transactions with the subsidiary are not repeated if the parent company has disclosed them; the subsidiary's transactions with the subsidiary, if one subsidiary has disclosed it, are not repeated by the other subsidiary.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value				
KAIMEI ELECTRONIC CORP. (formerly known as Teapo Electronic Ltd.)	TEAPO HOLDING BERMUDA LIMITED	Bermuda	Foreign business reinvestment	843,498	843,498	24,542,484	100.00 %	1,547,548	100.00 %	190,399	190,399	Subsidiary (note)
〃	Teapo Electronic (HK) Ltd.	Hong Kong	Import and export of electronic products	40	40	10,000	100.00 %	(49,315)	100.00 %	1,351	1,351	〃
〃	KAIMEI ELECTRONIC (HK) LTD.	Hong Kong	Import and sale of aluminum electrolytic capacitors and motor fans	3,916,585	3,916,585	25,000,000	100.00 %	3,672,671	100.00 %	60,515	60,515	〃
〃	FORMOSAPROSONICELECTRONICS SD N.BHD.	Malaysia	Manufacture and sale of aluminum electrolytic capacitors	114,229	114,229	13,245,440	100.00 %	109,144	100.00 %	-	-	〃
〃	JAMICON INTERNATIONAL LIMITED	Hong Kong	Import and sale of aluminum electrolytic capacitors	218,851	218,851	90,000,000	100.00 %	258,816	100.00 %	32,380	32,380	〃
〃	BOTHHAND ENTERPRISE INC.	Taiwan	Manufacture and management of computer accessories and other electronic devices	2,147,428	2,147,428	62,333,875	100.00 %	2,114,830	100.00 %	181,360	181,751	〃
〃	MYW Investment Limited	Taiwan	Reinvestment business	487,919	546,949	-	100.00 %	659,825	100.00 %	36,214	36,214	〃
〃	TONG HSING ELECTRONIC INDUSTRIES, LTD.	Taiwan	Manufacture and sale of electronic products	1,252,555	1,277,087	9,451,414	5.29 %	1,651,747	7.55 %	1,450,675	88,483	Associate under equity method
MYW Investment Limited	TONG HSING ELECTRONIC INDUSTRIES, LTD.	Taiwan	Manufacture and sale of electronic products	525,276	537,500	3,777,579	2.11 %	659,660	3.02 %	1,450,675	35,426	Associate under equity method

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount December 31, 2020	Original investment amount December 31, 2019	Balance as of December 31, 2020 Shares (thousands)	Balance as of December 31, 2020 Percentage of ownership	Balance as of December 31, 2020 Carrying value	Highest Percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
BOTHHAND ENTERPRISE INC.	Bothhand International Investment Co., Ltd	British Virgin Islands	Reinvestment business and international trade	60,829	302,033	1,000,000	100.00 %	1,379,826	100.00 %	181,457	186,853	Subsidiary (note)
〃	Sino Win International Limited	Samoa	Import and export business	-	338	-	100.00 %	-	100.00 %	(2,797)	(2,797)	〃
〃	E-HENG TECHNOLOGY CO., LTD.	Taiwan	Manufacture and management of computer accessories and other electronic devices	4,400	55,001	440,000	100.00 %	11,574	100.00 %	13,552	10,057	〃
Bothhand International Investment Co., Ltd	Round Constant Limited	Samoa	Reinvestment business	57,779 (USD1,950)	57,779 (USD1,950)	1,950,000	100.00 %	7,135	100.00 %	(71)	(71)	〃

Note: The transaction has already been written off in the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (note 10)	Book value	Accumulated remittance of earnings in current period (Note 7)	Note
Teapo Electronics (DongGuan) CO., LTD.	Manufacture and sale of capacitors	594,706	(1)	594,706 (USD18,500)	-	-	594,706	188,478	100.00%	-%	188,478	1,473,936	-	
Dongguan Teapo Trading CO., Ltd.	Purchase and sale of electrolytic capacitors	7,076	(2)	-	-	-	-	101	100.00%	-%	101	14,655	-	
SUZHOU KAIMEI ELECTRONIC CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors	462,990	(1)	446,416 (USD15,000)	-	-	446,416	19,776	98.81%	-%	19,541	277,654	-	
JAMICON ELECTRONIC (SHENZHEN) LTD.	Manufacture and sale of electrolytic capacitors and motor fans	-	(1)	-	-	-	-	-	-%	-%	-	-	-	Note 6
JINMICON ELECTRONIC (SHENZHEN) CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors	33,012	(1)	-	-	-	-	(31,958)	100.00%	-%	(31,958)	39,862	-	
SHIN KAIMEI ELECTRONIC (SHENZHEN) CO., LTD.	Manufacture and sale of aluminum electrolytic capacitors	148,440	(1)	-	-	-	-	39,017	100.00%	-%	39,017	69,791	-	

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows: Outflow	Investment flows: Inflow	Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (note 10)	Book value	Accumu-lated remittance of earnings in current period (Note 7)	Note
DONGGUAN JAMICON ELECTRONIC CO., LTD.	Import and sale of aluminum electrolytic capacitors and motor fans	2,331	(2)	-	-	-	-	(8,251)	100.00%	-%	(8,251)	3,576	-	
Bothhand Enterprise (Guangzhou) Inc.	Manufacture and management of computer accessories and other electronic devices	-	(1)	21,638 (HDK5,764)	-	-	21,638 (HDK5,764)	-	-%	-%	-	-	-	Note 5
KAIPING BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	22,784 (USD800)	(1)	152,153 (USD879 and HKD34,609)	-	-	152,153 (USD879 and HKD34,609)	2,767	100.00%	-%	2,767	98,585	390,795	
GUANGZHOU BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	56,960 (USD2,000)	(1)	27,853 (USD978)	-	-	27,853 (USD978)	65,248	100.00%	-%	65,248	527,655	77,317	
DEYANG BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	142,400 (USD5,000)	(1)	-	-	-	-	102,184	100.00%	-%	102,184	747,700	373,911	
Kunshan Taijun Electronics Co., Ltd.	Vacuum sputtering coating	340,336 (USD11,950)	(1)	-	-	-	-	(71)	100.00%	-%	(71)	7,135	-	
GUANGZHOU CHENG HAN ELECTRONICS TEC	Manufacture and management of computer accessories and other electronic devices	113,759 (CNY25,988)	(2)	-	-	-	-	65,992	100.00%	-%	61,803	222,588	-	
DEYANG SHISHENG ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	21,887 (CNY5,000)	(2)	-	-	-	-	28,960	100.00%	-%	24,892	93,358	-	

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (note 10)	Book value	Accumu-lated remittance of earnings in current period (Note 7)	Note
					Outflow	Inflow								
DEYANG HONGYI ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	131,321 (CNY10,000)	(2)	-	-	-	-	25,268	51.00%	-%	15,724	90,383	-	
HUNAN BOTHHAND ELECTRONICS CO., LTD.	Manufacture and management of computer accessories and other electronic devices	43,774 (CNY10,000)	(2)	-	-	-	-	(1,874)	100.00%	-%	(231)	35,675	-	

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020 (Note 4)	Investment Amounts Authorized by Investment Commission, MOEA (Notes 4 and 8)	Upper Limit on Investment (Note 3)
1,155,257 (USD35,357 and HKD40,373)	2,144,316 (USD75,292)	4,530,866

Note 1: Investment in companies in Mainland China through the existing companies in the third regions.

Note 2: Invest company in mainland China through the investment on company located at the third.

Note3: Investment limit of the Company to the mainland (60% of net equity)$7,551,444 X 60% = 4,530,866.

Note4: US$1 = 28.48 at the balance sheet date.HKD$1=3.673andCNY$1=4.377translations.

Note5: The liquidation of GUANGZHOU BOTHHAND ELECTRONICS CO.,LTD. had been completed in January 2011, but the remaining shares capital had not yet been remitted to Taiwan.

Note6: The Group completed the sale of the subsidiary, JAMICON ELECTRONIC (SHENZHEN) LTD. in June 2018, but the shares capital had not yet been remitted to Taiwan.

Note7: The amount accumulated from the initial investment to the current period.

Note8: The authorized investment amount included the investment amount of BujiBantian Kaimei Motor Factory, JAMICON ELECTRONIC TECHNOLOGY (SHANGHAI) CO., LTD.、JAMICON ELECTRONIC (SHANGHAI) CO., LTD. and JAMICON (SHENZHEN) LTD. amounting to US$3,731 thousand, since cash flow arising from disinvestment or donation had not been remitted.

Note 9: The Company merged with its domestic subsidiary, KAIMEI ELECTRONIC CORP., and the Company was the surviving company, while KAIMEI ELECTRONIC CORP. was the dissolved company being merged. The Company got approval of investment in mainland China from INVESTMENT COMMISSION in October 2019 to continue the investment of KAIMEI ELECTRONIC CORP.

Note10: The base of recognition of investment income (loss) is the financial statement audited by CPA of the investee company.

(Continued)

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(d) Major shareholders:

(Unit: share)

Shareholding / Shareholder's Name	Shares	Percentage
YAGEO CORPORATION	8,124,882	5.98 %
Nomura International plc	7,497,800	5.51 %

Note: (1) The table shows principal shareholders information, including shareholders holding more than 5% of the Group's delivered uncertificated/scripless shares (including treasury shares), with ordinary shares and preference shares combined at the last operating date of each quarter. As a result of different basis of calculation, there may be inconsistency between share capital reported in the financial statements and the actual awarded number of uncertificated/scripless shares.

(2) For a situation where a shareholder entrusted the shareholdings, the individual account of the settlor opened by the trustee was disclosed. The shareholders' reported insider's shares that exceeded 10% of the Group's total capital in accordance with Securities and Exchange Act, including personal holdings, plus trusted shares with voting rights. Please refer to the Public Information Observatory for information on the reporting of insider's shares.

(14) Segment information:

(a) General information

There are two reporting departments: capacitor and fan department and transformer department, which provides the product design, manufacture and sales in their respective areas. Each reporting department is a strategic business unit, to provide different products. They offer different products and services, and are managed separately because they require different technological and marketing strategies.

(b) Reportable segment profit or loss, segment assets, segment liabilities, and their measurement and reconciliations

Segment results are excluding non-operating income and expenses and income tax expense. The reportable amount is similar to that in the report used by the chief operating decision maker.

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The segments' accounting policy are same as note 4. Reportable segment profit or loss is based on operating profit or loss before taxation (excluding non-operating income and expenses), and as the base of resource allocation. The Group regards sales and transfers between segments as third-party transactions. They are measured at market price.

	2020			
	Capacitor and Fan Department	Transformer department	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	$ 2,478,106	1,988,446	-	4,466,552
Intersegment revenues	-	86	(86)	-
Total revenue	$ 2,478,106	1,988,532	(86)	4,466,552
Reportable segment profit or loss	$ 401,442	256,867	-	658,309
Reportable segment assets	$ 10,623,991	3,074,176	-	13,698,167
Reportable segment liabilities	$ 4,572,579	1,483,974	-	6,056,553

	2019			
	Capacitor and Fan Department	Transformer department	Adjustment and Elimination	Total
Revenue				
Revenue from external customers	$ 2,417,849	2,129,369	-	4,547,218
Intersegment revenues	-	-	-	-
Total revenue	$ 2,417,849	2,129,369	-	4,547,218
Reportable segment profit or loss	$ 540,063	361,774	-	901,837
Reportable segment assets	$ 9,395,560	2,939,837	-	$ 12,335,397
Reportable segment liabilities	$ 3,753,806	1,240,723	-	$ 4,994,529

(c) Product and service information

Product	2020	2019
Capacitor	$ 2,126,983	2,128,607
Transformer	1,911,060	2,047,867
Fan	345,598	279,128
Others	82,911	91,616
Total	$ 4,466,552	4,547,218

(Continued)

KAIMEI ELECTRONIC CORP. (FORMERLY KNOWN AS TEAPO ELECTRONIC LTD.) AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

(i) Revenue from external customers

Geographical information	2020	2019
Hong Kong and China	$ 3,425,725	3,457,650
Taiwan and other Asia Pacific regions	691,073	730,784
Europe	278,124	264,411
Americas Region	60,591	68,516
Others	11,039	25,857
	$ 4,466,552	**4,547,218**

(ii) Non-current assets

Geographical information	December 31, 2020	December 31, 2019
Taiwan and other Asia Pacific regions	$ 684,975	346,253
Hong Kong and China	1,208,478	1,709,347
	$ 1,893,453	**2,055,600**

Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets, and prepayments for business facilities, not including financial instruments, deferred tax assets (non-current).

(e) Major customers

There were no individual customers representing greater than 10% of sales revenues in the consolidated statements of comprehensive income for the years ended December 31, 2020 and 2019.