Stock Code:4545

MIN AIK PRECISION INDUSTRIAL CO., LTD.

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

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Independent Auditors' Report

To the Board of Directors of Min Aik Precision Industrial Co., Ltd. :

Opinion

We have audited the financial statements of Min Aik Precision Industrial Co., Ltd. ("the Company"), which comprise the parent company only balance sheets statement of financial position as of December 31, 2020 and 2019, the parent company only statement of comprehensive income, changes in equity and cash flows for the year ended December 31, 2020 and 2019, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2020 and 2019, and its parent company only financial performance and its parent company only cash flows for the year ended December 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters that, in our professional judgement, should be communicated are as follow:

1. Inventory valuation

   Please refer to Note 4(g) "Inventory" of the notes to financial statement for the accounting policies on inventory measurement.

Description of key audit matter:

The Company's inventory are measured at lower of cost and net realized value. The Company’s products may be obsolescent or do not meet the market requirement due to new product release or market change. Thus, the cost of inventory may exceed its net realizable value. Moreover, the sales ability of products may affect the inventory valuation, which also need to be taken into serious consideration. Therefore, the inventory valuation is one of the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding the Company’ s policies of inventory valuation to assess the appropriateness of its inventory valuation; on a sampling basis, testing the Company’ s inventory aging report to verify its correctness; understanding and testing, on a sampling basis, the selling price that the management used, or reviewing the subsequent sales of the inventories to assess the appropriateness of the net realizable value.

2. Investments accounted for using equity method

Please refer to Notes 4(h) “Investment in subsidiaries” of the notes to financial statement for the accounting policies on investment in associates.

Description of key audit matter:

The subsidiaries that accounted for using equity method, revenue recognition and inventory valuation are material to the parent company only financial statements. The abovementioned valuation may have significant impact to the Company’ s operating results. Therefore, the revenue recognition and inventory valuation are considered to be the key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures on revenue recognition included the testing of internal control system over automatic equipment revenue; inspecting the contracts entered into with the customers; sending confirmation requests to debtors selected from the sales customers. We also assessed the adequacy of the Group's disclosures of its revenue recognition policy and other related disclosures.

Our principal audit procedures of inventory valuation included understanding the subsidiaries’s policies of inventory valuation to assess the appropriateness of its inventory valuation; testing, on a sampling basis, the subsidiary’s inventory aging report to verify its correctness; understanding and testing, on a sampling basis, the selling price that the management used, or reviewing the subsequent sales of the inventories to assess the appropriateness of the net realizable value.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the 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 investment in other entities accounted for using the equity method to express an opinion on this parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only 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 Cheng-Chien Chen and Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 17, 2021

Notes to Readers

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

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

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

MIN AIK PRECISION INDUSTRIAL CO., LTD.

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))	$ 328,244	12	317,854	12
1170	Notes and accounts receivable, net (note 6(c))	135,665	5	83,536	3
1181	Accounts receivable from related parties (notes 6(c) and 7)	130,784	5	153,766	6
1310	Inventories (note 6(d))	110,430	4	99,603	4
1479	Other current assets (note 7)	15,108	1	44,303	2
		720,231	27	699,062	27
	Non-current assets:				
1536	Non-current financial assets at amortized cost (notes 6(b) and note 8)	4,852	-	91,019	4
1551	Investments accounted for using equity method (note 6(e))	956,989	35	850,850	33
1600	Property, plant and equipment (notes 6(f), 7 and 8)	943,795	35	890,111	34
1755	Right-of-use assets (note 6(g))	475	-	1,100	-
1995	Other non-current assets (notes 6(k) and (l))	82,445	3	48,218	2
		1,988,556	73	1,881,298	73
	Total assets	$ 2,708,787	100	2,580,360	100

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings (note 6(h))	$ 190,000	7	100,000	4
2170	Accounts payable	131,816	5	113,105	4
2201	Salaries and wages payable	59,829	2	52,030	2
2280	Current lease liabilities (note 6(j))	283	-	626	-
2300	Other current liabilities (note 7)	100,921	4	87,426	4
2322	Long-term borrowings, current portion (note 6(i))	64,000	2	64,000	2
		546,849	20	417,187	16
	Non-Current liabilities:				
2541	Long-term borrowings (notes 6(i) and 8)	418,000	15	432,000	17
2570	Deferred tax liabilities (note 6(l))	42,554	2	18,285	1
2580	Non-current lease liabilities (note 6(j))	197	-	480	-
		460,751	17	450,765	18
	Total liabilities	1,007,600	37	867,952	34
	Equity attributable to owners of parent (note 6(m)):				
3110	Ordinary share	770,000	28	770,000	30
3200	Capital surplus	685,135	25	704,385	27
3310	Legal reserve	232,320	9	230,904	9
3320	Special reserve	67,046	3	61,868	2
3350	Unappropriated retained earnings	32,018	1	15,377	1
3412	Exchange differences on translation of foreign financial statements	(85,332)	(3)	(70,126)	(3)
	Total equity	1,701,187	63	1,712,408	66
	Total liabilities and equity	$ 2,708,787	100	2,580,360	100

See accompanying notes to parent company only financial statements.

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

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4111	Operating revenue (notes 6(o) and 7)	$ 982,193	103	917,843	102
4170	Less: Sales returns and allowances	24,311	3	14,288	2
	Net operating revenue	957,882	100	903,555	100
5111	Operating costs (notes 6(d), (k), 7 and 12)	833,634	87	759,103	84
	Gross profit from operations	124,248	13	144,452	16
	Operating expenses (notes 6(c), (j), (k), 7 and 12):				
6100	Selling expenses	35,989	4	29,544	3
6200	Administrative expenses	100,519	10	95,647	11
6300	Research and development expenses	40,254	4	34,190	3
6450	Impairment loss (reversal of impairment loss) determined in accordance with IFRS 9	583	-	(331)	-
	Total operating expenses	177,345	18	159,050	17
	Net operating losses	(53,097)	(5)	(14,598)	(1)
	Non-operating income and expenses (notes 6(e), (f), (q) and 7):				
7010	Other income	7,215	1	9,611	1
7020	Other gains and losses, net	(33,286)	(4)	(13,654)	(2)
7375	Share of profit of associates and joint ventures accounted for using equity method	121,346	13	1,527	-
7050	Finance costs	(9,148)	(1)	(9,278)	(1)
		86,127	9	(11,794)	(2)
7900	**Profit (loss) before tax income**	33,030	4	(26,392)	(3)
7950	Less: Income tax expenses (income) (note 6(l))	3,043	-	(40,552)	(5)
	Net profit	29,987	4	14,160	2
8300	**Other comprehensive income (loss):**				
8310	**Item that may not be reclassified subsequently to profit or loss**				
8311	Gains on remeasurements of defined benefit plans	948	-	1,217	-
8360	**Item that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(15,206)	(2)	(5,179)	(1)
8300	**Other comprehensive income (loss), net of income tax**	(14,258)	(2)	(3,962)	(1)
	Total comprehensive income (loss)	**$ 15,729**	**2**	**10,198**	**1**
9750	**Basic earnings per share (NT dollars) (note 6(n))**	**$**	**0.39**		**0.18**
9850	**Diluted earnings per share (NT dollars) (note 6(n))**	**$**	**0.39**		

See accompanying notes to parent company only financial statements.

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

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Other equity interest	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings (accumulated deficit)	Exchange differences on translation of foreign financial statements	Total equity
Balance on January 1, 2019	$ 770,000	731,335	284,874	61,868	(53,970)	(64,947)	1,729,160
Profit	-	-	-	-	14,160	-	14,160
Other comprehensive income (loss)	-	-	-	-	1,217	(5,179)	(3,962)
Total comprehensive income (loss)	-	-	-	-	15,377	(5,179)	10,198
Appropriation and distribution of retained earnings:							
Legal reserve used to offset accumulated deficits	-	-	(53,970)	-	53,970	-	-
Cash dividends from capital surplus	-	(26,950)	-	-	-	-	(26,950)
Balance on December 31, 2019	770,000	704,385	230,904	61,868	15,377	(70,126)	1,712,408
Profit	-	-	-	-	29,987	-	29,987
Other comprehensive income (loss)	-	-	-	-	948	(15,206)	(14,258)
Total comprehensive income (loss)	-	-	-	-	30,935	(15,206)	15,729
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	1,416	-	(1,416)	-	-
Special reserve appropriated	-	-	-	5,178	(5,178)	-	-
Cash dividends on ordinary share	-	-	-	-	(7,700)	-	(7,700)
Cash dividends from capital surplus	-	(19,250)	-	-	-	-	(19,250)
Balance on December 31, 2020	**$ 770,000**	**685,135**	**232,320**	**67,046**	**32,018**	**(85,332)**	**1,701,187**

See accompanying notes to parent company only financial statements.

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

MIN AIK PRECISION INDUSTRIAL CO., LTD.

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 (loss) before income tax	$	33,030	(26,392)
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation and amortization expense		60,794	73,708
Expected credit loss (gain)		583	(331)
Interest expense		9,148	9,278
Interest income		(455)	(1,235)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		(121,346)	(1,527)
Loss (profit) on disposal or retirement of property, plant and equipment		361	(38)
Property, plant and equipment transferred to expenses		303	-
Impairment loss on non-financial assets		961	1,185
Total adjustments to reconcile profit (loss)		(49,651)	81,040
Changes in operating assets and liabilities:			
Changes in operating assets:			
Accounts receivable		(29,730)	23,408
Inventories		(29,156)	35,355
Other current assets		3,294	(3,776)
Other operating assets		(737)	(1,951)
Total changes in operating assets		(56,329)	53,036
Changes in operating liabilities:			
Accounts payable		18,711	(13,715)
Other current liabilities		10,694	(12,807)
Total changes in operating liabilities		29,405	(26,522)
Total changes in operating assets and liabilities		(26,924)	26,514
Total adjustments		(76,575)	107,554
Cash inflow generated (used in) from operations		(43,545)	81,162
Interest received		455	1,235
Interest paid		(9,474)	(9,594)
Income taxes received (paid)		25,712	(10,725)
Net cash flows (used in) from operating activities		(26,852)	62,078
Cash flows from (used in) investing activities:			
Acquisition of financial assets at amortized cost		-	(91,019)
Proceeds from disposal of financial assets at amortized cost		86,167	-
Cash dividends from investment accounted for using equity method		-	100,633
Acquisition of property, plant and equipment		(98,364)	(41,559)
Proceeds from disposal of property, plant and equipment		12	38
Decrease in refundable deposits and others		1,101	3,175
Net cash flows used in investing activities		(11,084)	(28,732)
Cash flows from (used in) financing activities:			
Decrease in short-term borrowing		(291,000)	(40,000)
Increase in short-term borrowing		381,000	-
Increase in long-term borrowing		50,000	-
Repayments of long-term borrowing		(64,000)	(64,000)
Payment of lease liabilities		(724)	(2,019)
Cash dividends paid		(26,950)	(26,950)
Net cash flows from (used in) financing activities		48,326	(132,969)
Net increase (decrease) in cash and cash equivalents		10,390	(99,623)
Cash and cash equivalents at beginning of period		317,854	417,477
Cash and cash equivalents at end of period	$	**328,244**	**317,854**

See accompanying notes to parent company only financial statements.

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Notes to the Financial Statements

For the years ended December 31, 2020 and 2019

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

(1) Company history

Min Aik Precision Industrial Co., Ltd. (the "Company") was incorporated on January 18, 2001, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company's shares were listed on the Taiwan Stock Exchange (TWSE) on January 6, 2016. The address of its registered office is No. 2, Guorui Rd., Guanyin Dist., Taoyuan City. The Company mainly engages in the processing and manufacturing of electroplating of aluminum and copper products, precision stamping components and electroless nickel plating.

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

These parent company only financial statements were authorized for issuance by the Board of Directors on March 17, 2021.

(3) New standards, amendments and interpretations adopted:

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

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

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

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

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

(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 Company, 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
Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"	The amendments clarify that the ' costs of fulfilling a contract' comprises the costs that relate directly to the contract as follows: ● the incremental costs – e.g. direct labor and materials; and ● an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract.	January 1, 2022

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

The Company 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 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"
- 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 parent company only financial statements are summarized as below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

These parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the parent company only 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) The defined benefit assets are measured at the fair value of the plan assets less the present value of the defined benefit obligation.

(ii) Functional and presentation currency

The functional currency of the company is determined based on the primary economic environment in which the entity operates. The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Company 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. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

(ii) Foreign operations

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

(Continued)

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of 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 non-controlling interests. When the Company 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.

(d) 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 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 non-current.

(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) It 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.

(e) Cash and cash equivalents

Cash comprises cash, and cash in bank. 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.

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(f) 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 Company 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 and FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

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

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

2) Impairment of financial assets

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

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

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

· debt securities that are determined to have low credit risk at the reporting date; and

· other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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).

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

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

At each reporting date, the Company assesses whether financial assets carried at amortized cost have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

· significant financial difficulty of the borrower or issuer;

· a breach of contract such as a default or being more than 120 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 Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3) Derecognition of financial assets

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

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

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

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

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

3) 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.

4) Derecognition of financial liabilities

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

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

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to 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.

(g) Inventories

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

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

When preparing the parent company only financial statements, investment in subsidiaries which are controlled by the Company is accounted for using the equity method. Under the equity method, the net income, other comprehensive income and equity in the parent company only financial statements are the same as those attributable to the owners of parent in the consolidated financial statements.

Changes in parent's ownership interest in a subsidiary that do not result in the loss of control are recognized under equity.

(Continued)

(i) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

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 Company.

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings: 50 years

2) Building facilities: 3~5 years

3) Machinery and equipment: 2~10 years

4) Office and other equipment：2~15 years

5) Leasehold improvement：2~10 years

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

(j) Lease

(i) Identifying a lease

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

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Company 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.

If an arrangement contains lease and non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a lessee

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

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

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

(Continued)

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 Company's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise an 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.

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

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

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(k) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and the assets arising on employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

(Continued)

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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.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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.

An assessment is made at the end of each reporting period as to whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated. An impairment loss recognized in prior periods for an asset is reversed if, and only if, there has been an improvement in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount by reversing an impairment loss.

(l) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(m) Revenue recognized

(i) Revenue from contracts with customers

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

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

(ii) Financing components

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

(Continued)

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

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

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

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

(iii) Short term employee benefits

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

(o) Share-based payment

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

(Continued)

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

Grant date of a share-based payment award is the date which the Company and employees reach a consensus in the subscription price and number of shares.

(p) 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 shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the following exceptions:

(i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(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 Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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

(q) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to the 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 potential dilutive ordinary shares. Such as employee bonuses not yet resolved by the shareholders.

(r) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the parent company only financial statements.

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

The preparation of the parent company only financial statements in conformity with the Regulations 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 following period.

There are no critical judgments made in applying accounting policies that have any significant effects on the amounts recognized in the Company's financial statement.

Information about accounting assumptions and estimation uncertainties that have not a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year COVID-19 pandemic has not a significant influence on the Company.

(Continued)

The Company's accounting policies include measuring financial and non-financial assets and liabilities at fair value through profit or loss. The Company's financial division conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial division also periodically adjusts valuation models, conducts back testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data.

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date. Please refer to Note 6(r) for assumptions used in measuring fair value.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash and cash equivalents in the statement of cash flows	$ 328,244	317,854

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

(b) Non-current financial assets at amortized cost

	December 31, 2020	December 31, 2019
Restricted bank deposits	$ 4,852	91,019

On December 5, 2019, the Company applied to IRS for the application of "The Management, Utilization and Taxation of Repatriated Offshore Funds Act". The application had been approved and the dividend had been remitted back to the parent subsequently. According to the Act, the funds need to be deposited in a special-purpose account for five years and 5% of the funds can be used without restriction, 25% can be used on financial investment, and 70%, at least, can be used for the project investment plan approved by the Ministry of Economic Affairs. Otherwise, the funds can only be redeemed within 3 consecutive year on average after five years maturity. The Company has applied to the Ministry of Economic Affairs for substantial investments and has obtained approval, that were expected to be used for plant expansion and capital expenditure.

For credit risk, please refer to note 6(r).

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(c) Notes and Accounts receivable (include related parties)

	December 31, 2020	December 31, 2019
Notes receivable from operating activities	$ 1	264
Accounts receivable	137,104	84,129
Accounts receivable from related parties	130,784	153,766
Less: Loss allowance	(1,440)	(857)
	$ 266,449	**237,302**

The Company 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, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision for notes and accounts receivables was determined as follows:

	December 31, 2020		
Notes and Accounts receivable -non-related parties	**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 135,972	1%	1,429
Past due (days):			
0 to 60	1,133	1%	11
	$ 137,105		**1,440**

	December 31, 2020		
Accounts receivable -related parties	**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**
Current	**$ 130,784**	0%	**-**

	December 31, 2019		
Notes and accounts receivable -non-related parties	**Gross carrying amount**	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 82,742	1%	840
Past due (days):			
0 to 60	1,651	1%	17
	$ 84,393		**857**

Accounts receivable -related parties	December 31, 2019 Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ **153,766**	0%	**-**

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

	2020	2019
Balance on January 1, 2020 and 2019	$ 857	1,188
Impairment losses recognized (Gain on reversal of impairment loss)	583	(331)
Balance on December 31, 2020 and 2019	$ **1,440**	**857**

As of December 31, 2020 and 2019, the Company did not provide any notes and accounts receivable as collateral for its loans.

Please refer to note 6(r) for other credit risk.

(d) Inventories

	December 31, 2020	December 31, 2019
Raw materials and supplies	$ 20,852	22,990
Work in progress	33,719	23,272
Finished goods	55,859	53,341
	$ **110,430**	**99,603**

The detail of the cost of sales were as follows:

	2020	2019
Inventory that has been sold	$ 786,869	703,265
Write down of inventories	12,626	1,486
Abnormal amounts of production cost of inventories	31,436	52,303
Others	2,703	2,049
	$ **833,634**	**759,103**

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

(Continued)

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(e) Investments accounted for using equity method

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

	December 31, 2020	December 31, 2019
Esteem King Limited (Esteem King)	$ 947,407	840,618
Evolution Holdings Limited (Evolution)	9,582	10,232
	$ 956,989	**850,850**

	2020	2019
Attributable to the Company:		
Profit for the year	**$ 121,346**	**1,527**

The Company recognized investment income based on subsidiaries' financial statements with same fiscal period that was audited by the Certified Public Accountant.

As of December 31, 2020 and 2019, the Company did not provide any investments accounted for using the equity method as collateral for its loans.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company were as follows:

	Land	Buildings	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance on January 1, 2020	$ 596,362	154,333	634,881	264,108	2,331	1,652,015
Additions	-	26,315	37,485	31,174	14,317	109,291
Disposal	-	-	(2,361)	(3,183)	-	(5,544)
Transfer	-	691	663	674	(2,331)	(303)
Balance on December 31, 2020	**$ 596,362**	**181,339**	**670,668**	**292,773**	**14,317**	**1,755,459**
Balance on January 1, 2019	$ 596,362	154,333	616,197	244,102	9,832	1,620,826
Additions	-	-	19,554	19,821	2,028	41,403
Disposal	-	-	(8,554)	(1,660)	-	(10,214)
Transfer	-	-	7,684	1,845	(9,529)	-
Balance on December 31, 2019	**$ 596,362**	**154,333**	**634,881**	**264,108**	**2,331**	**1,652,015**
Depreciation and impairments loss:						
Balance on January 1, 2020	$ -	10,829	533,524	217,551	-	761,904
Depreciation	-	3,869	31,314	18,761	-	53,944
Disposal	-	-	(2,185)	(2,960)	-	(5,145)
Impairment loss	-	-	961	-	-	961
Balance on December 31, 2020	**$ -**	**14,698**	**563,614**	**233,352**	**-**	**811,664**
Balance on January 1, 2019	$ -	7,005	499,631	199,244	-	705,880
Depreciation	-	3,824	41,262	19,967	-	65,053
Disposal	-	-	(8,554)	(1,660)	-	(10,214)
Impairment loss	-	-	1,185	-	-	1,185
Balance on December 31, 2019	**$ -**	**10,829**	**533,524**	**217,551**	**-**	**761,904**

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

	Land	Buildings	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Carrying amounts:						
Balance on December 31, 2020	$ 596,362	166,641	107,054	59,421	14,317	943,795
Balance on December 31, 2019	$ 596,362	143,504	101,357	46,557	2,331	890,111
Balance on January 1, 2019	$ 596,362	147,328	116,566	44,858	9,832	914,946

In 2020 and 2019, the Company concluded that some of the machinery and equipment are in a long-term idle. Therefore, the Company recognized impairment loss amounting to $961 thousand and $1,185 thousand, which report as non-operating expense, respectively.

As of December 31, 2020 and 2019, for the Company pledged property, plant and equipment as collateral for long-term borrowings, please refer to note 8.

(g) Right-of-use assets

	Buildings	Office and other equipment	Total
Cost:			
Balance of January 1, 2020	$ 726	1,825	2,551
Additions	397	-	397
Disposal	(1,123)	(476)	(1,599)
Balance on December 31, 2020	$ -	1,349	1,349
Balance of January 1, 2019	$ 726	2,923	3,649
Additions	-	197	197
Disposal	-	(1,295)	(1,295)
Balance on December 31, 2019	$ 726	1,825	2,551
Depreciation and impairment losses:			
Balance of January 1, 2020	$ 670	781	1,451
Depreciation	180	569	749
Disposal	(850)	(476)	(1,326)
Balance on December 31, 2020	$ -	874	874
Balance of January 1, 2019	$ -	-	-
Depreciation	670	1,689	2,359
Disposal	-	(908)	(908)
Balance on December 31, 2019	$ 670	781	1,451
Carrying amount:			
Balance on December 31, 2020	$ -	475	475
Balance on December 31, 2019	$ 56	1,044	1,100
Balance on January 1, 2019	$ 726	2,923	3,649

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(h) Short-term borrowings

The details were as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ 190,000	100,000
Range of interest rates	0.94%~0.95%	1%

(i) Long-term borrowings

The details were as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ 100,000	50,000
Secured bank loans	382,000	446,000
Less: current portion	(64,000)	(64,000)
Total	$ 418,000	432,000
Range of interest rates	0.9%~1.330%	1.18%~1.518%

For the collateral for long-term borrowings, please refer to note 8.

(j) Lease Liabilities

The details were as follows:

	December 31, 2020	December 31, 2019
Current	$ 283	626
Non-current	$ 197	480

The amounts recognized in profit or loss were as follows:

	2020	2019
Interest on lease liabilities	$ 10	25
Expenses relating to short-term leases	$ 1,161	635

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

	2020	2019
Total cash outflow for leases	$ 1,895	2,679

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Notes to the Financial Statements

(i) Real estate and buildings leases

The Company leases buildings for its offices. The leases of them typically run for a period of 2 to 5 years. Some leases contain extension options exercisable up to the same period as original contract before the end of the contract period.

(ii) Other leases

The Company leases offices and transportation equipment, with lease terms of 2 to 5 years. Some leases contain extension options exercisable up to the same period as original contract before the end of the contract period.

These are short-term lease the Company leases staff dormitories and some lease, with lease terms within one year. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

(k) Employee benefit

(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	$	(26,351)	(25,495)
Fair value of plan assets		50,772	48,231
Net defined benefit assets	**$**	**24,421**	**22,736**

The Company 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 Company 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 Company’s Bank of Taiwan labor pension reserve account balance amounted to $50,772 thousand 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.

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2) Movements in present value of the defined benefit obligations

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

		2020	2019
Defined benefit obligations at January 1	$	25,495	26,118
Current service costs and interest cost		253	(681)
Remeasurements loss (gain):			
—Return on plan assets excluding interest income		(292)	(1,050)
—Actuarial loss (gain) arising from:			
-demographic assumptions		149	229
-financial assumptions		746	1,144
Benefits planned to be paid		-	(265)
Defined benefit obligations at December 31	**$**	**26,351**	**25,495**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

		2020	2019
Fair value of plan assets at January 1	$	48,231	45,687
Interest income		389	519
Remeasurements loss (gain):			
—Return on plan assets excluding interest income		1,551	1,540
Benefits paid		601	750
Benefits planned has been paid		-	(265)
Fair value of plan assets at December 31	**$**	**50,772**	**48,231**

4) Expenses recognized in profit or loss

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

		2020	2019
Current service costs	$	49	(975)
Net interest of net liabilities (assets) for defined benefit obligations and plan assets		(185)	(225)
	$	**(136)**	**(1,200)**
Operating expense	**$**	**(136)**	**(1,200)**

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5) Actuarial assumptions

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

	December 31, 2020	December 31, 2019
Discount rate	0.350 %	0.800 %
Future salary increase rate	2.875 %	3.125 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $601 thousand.

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

6) 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 plan assets	
Original actuarial assumptions	**Increased 0.5%**	**Decreased 0.5%**
December 31, 2020		
Discount rate 0.350%	834	(879)
Future salary increasing rate 2.875%	(830)	796
December 31, 2019		
Discount rate 0.800%	877	(927)
Future salary increasing rate 3.125%	(876)	839

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.

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 Labor Insurance amounted to $10,679 thousands and $10,113 thousands for the years ended December 31, 2020 and 2019, respectively.

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Notes to the Financial Statements

(l) Income taxes

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

	2020	2019
Current tax	$ 190	7,103
Deferred tax	2,853	(47,655)
Income tax expense (income)	**$ 3,043**	**(40,552)**

(ii) The amount of income tax recognized directly in equity for 2020 and 2019 was 0.

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

	2020	2019
Profit (loss) excluding income tax	$ 33,030	(26,392)
Income tax using the Company's domestic tax rate	6,606	(5,278)
Overstated or underestimate	303	(1,148)
Tax incentives	-	(11,892)
None-deduct expenses	190	322
Change in unrecognized temporary differences and other	(4,056)	(22,556)
	$ 3,043	**(40,552)**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company's foreign subsidiaries have retained earnings, because of the demand of capital expenditures and working capital. The Company expects that some of these retained earnings will not be returned back to the Company in the foreseeable future under the consideration of Company's integral development and investment plan. Hence, the temporary differences are not recognized under deferred tax liabilities. As of December 31, 2020 and 2019, the unrecognized deferred tax liabilities amount was $26,090 thousand, respectively.

2) Unrecognized deferred tax assets

	December 31, 2020	December 31, 2019
The carry forward of unused tax losses	**$ 6,451**	**10,507**

The R.O.C. Income Tax Act and subsidiaries tax jurisdiction 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 Company can utilize the benefits therefrom.

(Continued)

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Notes to the Financial Statements

As of December 31, 2020, the information of the Company's tax losses are as follows, and the Company's unused tax losses for which no deferred tax assets were $32,253 thousand.

Year of loss	Unused tax loss		Expiry date
2017 (Approved)	$	11,205	2027
2018 (Approved)		68,134	2028
2019 (Filed)		19,138	2029
2020 (Estimation)		84,144	2030

3) Recognized deferred tax assets and liabilities

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

	Unrealized exchange gain	Gain on foreign investments under the equity method	Total
Deferred Tax Liabilities:			
Balance at January 1, 2020	$ -	18,285	18,285
Recognized in profit or loss	-	24,269	24,269
Balance at December 31, 2020	**$ -**	**42,554**	**42,554**
Balance at January 1, 2019	$ 221	50,601	50,822
Recognized in profit or loss	(221)	(32,316)	(32,537)
Balance at December 31, 2019	**$ -**	**18,285**	**18,285**

	Unrealized exchange loss	Unused tax losses carry forwards	Unrealized inventory loss	Others	Total
Deferred Tax Assets:					
Balance at January 1, 2020	$ (1,958)	(9,203)	(3,753)	(4,779)	(19,693)
Recognized in profit or loss	1,194	(20,870)	(1,247)	(493)	(21,416)
Balance at December 31, 2020	**$ (764)**	**(30,073)**	**(5,000)**	**(5,272)**	**(41,109)**
Balance at January 1, 2019	$ -	-	(3,271)	(1,304)	(4,575)
Recognized in profit or loss	(1,958)	(9,203)	(482)	(3,475)	(15,118)
Balance at December 31, 2019	**$ (1,958)**	**(9,203)**	**(3,753)**	**(4,779)**	**(19,693)**

(v) Examination and Approval

The Company's tax returns for the years through 2018 were examined and approved by the Taipei National Tax Administration.

(m) Capital and other equity

As of December 31, 2020 and 2019, the total value of authorized ordinary shares both were amounted to $1,000,000 thousand with par value of $10 per share. As of that date, ordinary shares both were issued amounted to $770,000 thousand.

(i) Capital surplus

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

		December 31, 2020	December 31, 2019
Share premium	$	634,849	654,099
Reorganization		42,439	42,439
Employee share options		7,847	7,847
	$	**685,135**	**704,385**

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.

The general meeting of shareholders that held separately May 15, 2020 and Jane 13, 2019, decided to distribute capital surplus resulting from share premium as cash dividends amounted separately to $19,250 thousand and $26,950 thousand with $0.25 per share and $0.35 per share.

(ii) Retained earnings

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

In consideration of the shareholder's long-term benefit and stable operation, the Company adopts a stable dividends policy. Therefore, cash dividends should not be less than 30% of the aggregate dividends.

(Continued)

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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

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

3) Earnings distribution

Earnings distribution for 2019 was decided via the general meeting of shareholders held on May 15, 2020. The relevant dividend distributions to shareholders were as follows. The Company has accumulated deficits, so no earnings distribution in 2018.

	2019	
	Amount per share	Total amount
Dividends distributed to ordinary shareholders		
Cash	$ 0.10	7,700

Earnings distributions for 2019 that decided by the general meeting of shareholders were not different from the resolution of board meeting. Related information would be available at the Market Observation Post System website.

(n) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2020, was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

	2020	2019
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	$ 29,987	14,160
Weighted-average number of ordinary shares (thousand shares)	77,000	77,000
Earnings per share	$ 0.39	0.18

(Continued)

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(ii) Diluted earnings per share

The calculation of diluted earnings per share as of December 31, 2020, was based on the profit attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows. The Company does not have any dilutive potential ordinary shares in 2019. Thus, only basic earnings per share is disclosed.

		2020
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company	$	**29,987**
Weighted-average number of ordinary shares (diluted) (thousand shares)		**77,100**
Basic earnings per share	$	**0.39**

Weighted-average number of ordinary shares (diluted) (thousand shares):

	2020
Weighted-average number of ordinary shares (basic) (thousand shares)	77,000
Effect of dilutive potential ordinary shares:	
Effect of employee share bonus	110
Weighted average number of ordinary shares (diluted) (thousand shares)	**77,110**

(o) Revenue from contracts with customers

(i) Details of revenue

		2020	2019
Primary geographical markets			
Malaysia	$	361,542	417,596
Taiwan		255,261	234,144
Thailand		165,181	131,514
China		95,278	36,827
Others		80,620	83,474
	$	**957,882**	**903,555**

(Continued)

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable	$ 267,889	238,159	261,567
Less: allowance for impairment	(1,440)	(857)	(1,188)
Total	**$ 266,449**	**237,302**	**260,379**

For details on notes and accounts receivable and allowance for impairment, please refer to note 6(c).

(p) Employee compensation and directors' and supervisors' remuneration

In accordance with the Articles of Incorporation the Company should contribute 3%~9% of the profit as employee compensation and less than 3% 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 amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2020, the Company estimated its employee remuneration, directors' and supervisors' remuneration amounting to $3,303 thousand and $367 thousand, respectively. The Company did not estimate employee remuneration and directors’ and supervisors’ remuneration due to loss before income tax for the year ended December 31, 2019. 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 specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2020. Related information would be available at the Market Observation Post System website.

(q) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

	2020	2019
Interest income	$ 455	1,235
Rent income	3,171	3,052
Other income	3,589	5,324
	$ 7,215	**9,611**

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(ii) Other gains and losses

The details of other gains and losses were as follows:

	2020	2019
Foreign exchange gains (losses), net	$ (31,844)	(12,507)
Loss on non-financial assets impairment	(961)	(1,185)
Gain (Losses) on disposals of property, plant and equipment, net	(361)	38
Others	(120)	-
	$ (33,286)	**(13,654)**

(r) Financial instruments

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which is derived primarily from the Company' s accounts receivable.

1) Credit risk exposure

The maximum exposure to credit risk is mainly from carrying amount of financial assets. As of December 31, 2020 and 2019, the maximum amounts that exposed to credit risk were $605,046 thousand and $652,644 thousand, respectively. Since the Company's bank deposits are deposited in many different finance institutions with good credit rating. Therefore, there is no significant credit risk.

2) Concentration of credit risk

The concentration of credit risk is mainly affected by creditors' rating and the client's industry. As of December 31, 2020 and 2019, 95% and 94%, respectively, of the Company's accounts receivable were concentrated on top five sales clients.

3) Please refer to note 6(c) for the details of the accounts receivable aging and loss allowance.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Company's management supervises the banking facilities and ensures compliance with the terms of loan agreements.

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

	Carrying amount	Contractual cash flows	within 1 year	1-2 years	2-5 years	Over 5 years
December 31, 2020						
Non-derivative financial liabilities						
Bank loans	$ 672,000	689,104	259,913	168,058	198,628	62,505
Accounts payable (including related parties)	131,816	131,816	131,816	-	-	-
Lease liabilities	480	486	287	115	84	-
Other financial liabilities	155,854	155,854	155,854	-	-	-
	$ 960,150	**977,260**	**547,870**	**168,173**	**198,712**	**62,505**
December 31, 2019						
Non-derivative financial liabilities						
Bank loans	$ 596,000	621,310	172,435	119,273	201,875	127,727
Accounts payable (including related parties)	113,105	113,105	113,105	-	-	-
Lease liabilities	1,106	1,121	635	287	199	-
Other financial liabilities	135,995	135,995	135,995	-	-	-
	$ 846,206	**871,531**	**422,170**	**119,560**	**202,074**	**127,727**

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

(iii) 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 Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	10,903	28.48	310,513	16,713	29.98	501,053
Financial liabilities						
Monetary items						
USD	279	28.48	7,947	301	29.98	9,013

(Continued)

2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other accounts receivable and accounts payable that are denominated in foreign currency. A weakening or strengthening of 1% of the NTD against the abovementioned foreign currency as of 31 December, 2020 and 2019 would have decreased or increased the net profit before tax by $3,026 thousand and $4,920 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the reporting date. The analysis is performed on the same basis for 2019.

3) Foreign exchange gain and loss on monetary items

The exchange rate information that foreign exchange gain (loss) (including realized and unrealized portions) on monetary items is translated to the parent company's functional currencies, New Taiwan Dollars, was as follows:

	2020		2019	
	Exchange gain or loss	**Average exchange rate**	**Exchange gain or loss**	**Average exchange rate**
NTD	(31,844)	1	(12,507)	1

4) Interest rate analysis

Please refer to the notes on liquidity risk management for the interest rate exposure of the Company'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 a quarter-point when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by a quarter-point, the Company's profit before income tax would have decreased or increased by $373 thousand and $218 thousand for the year ended 2020 and 2019 with all other variable factors remaining constant. This is mainly due to the changes in the Company's variable-interest-rate financial liabilities exposure to interest risk.

The Company's fixed-interest-rate financial liabilities are measured at amortized cost. The changes in market rate do not affect the Company's profit or loss on the reporting date. Therefore, the Company does not disclose the sensitivity analysis of the changes in fair value.

(Continued)

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(iv) Fair value of financial instruments

The carrying amounts and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy are 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 disclosure of fair value information is not required:

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 328,244				
Notes and accounts receivable	135,665				
Accounts receivables – related party	130,784				
Other financial assets	10,353				
Subtotal	$ 605,046				
Financial liabilities measured at amortized cost					
Long term and short term borrowing	$ 672,000				
Accounts payable (including related parties)	131,816				
Lease liabilities	480				
Other financial liabilities	155,854				
Subtotal	$ 960,150				

	December 31, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 317,854				
Notes and accounts receivable	83,536				
Accounts receivable – related party	153,766				
Other financial assets	97,488				
Subtotal	$ 652,644				

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	December 31, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Long term and short term borrowing	$ 596,000				
Accounts Payables (including related parties)	113,105				
Lease liabilities	1,106				
Other financial liabilities	135,995				
Subtotal	**$ 846,206**				

1) Valuation techniques for financial instruments measured at fair value

The fair value of financial instruments traded in an active market is based on the quoted market price. The quotation announced by the stock exchange center or exchange center, might be regarded as the fair value of the listed equity securities which is traded in an active market.

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

The Company's valuation techniques and assumptions used for financial instruments measured at fair value are as follows:

- Measurements of fair value of financial instruments with an active market, such as listed company stock, beneficiary certificate etc., its fair value depends on the market quotation.

- Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

2) There were no transfers between each fair value levels in 2020 and 2019.

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(s) Financial risk management

(i) Structure of risk management

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

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(ii) Overview

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

1) Credit risk

2) Liquidity risk

3) Market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes 6(r) in the accompanying consolidated financial statements.

(t) Capital management

The Company's capital management policy is to ensure that it has sufficient and necessary financial resources to sustain its working capital, capital expenditures and debt refunding requirements within twelve months after the reporting date. And also considers the debt ratio to maintain investor, creditor and market confidence. The Company's capital management strategy is consistent with the prior year, and the debt ratio were 37% and 34% as of December 31, 2020 and 2019, respectively.

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

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

(i) Adoption lease for right-of-use assets, please refer to note 6(g).

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1, 2020	Cash flows	Other	December 31, 2020
Long-term borrowings	$ 496,000	(14,000)	-	482,000
Short-term borrowings	100,000	90,000	-	190,000
Lease liabilities	1,106	(724)	98	480
Total liabilities from financing activity	**$ 597,106**	**75,276**	**98**	**672,480**

	January 1, 2019	Cash flows	Other	December 31, 2019
Long-term borrowings	$ 560,000	(64,000)	-	496,000
Short-term borrowings	140,000	(40,000)	-	100,000
Lease liabilities	3,316	(2,019)	(191)	1,106
Total liabilities from financing activity	**$ 703,316**	**(106,019)**	**(191)**	**597,106**

(7) Related-party transactions:

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
Min Aik Technology Co., Ltd (MAT)	The entity with significant influence over the Group
Min Aik Technology (M) Sdn. Bhd. (MAM)	Other related party (MAT's subsidiary)
MATC Technology (M) Sdn. Bhd. (MATC)	〃
Min Aik Technology (Suzhou) Co., Ltd. (MAY)	〃
Min Aik Automation (Suzhou) Co., Ltd (MAA)	〃
Evolution Holdings Limited. (Evolution)	Subsidiaries or indirect-holding subsidiaries
Esteem King Limited. (Esteem King)	〃
MAP Plastics Pte Ltd. (MAPP)	〃
Amould Plastic Technologies (Suzhou) Co., Ltd. (AMO)	〃
Key management personnel	The Group’s major management personnel

(b) Parent company and ultimate controlling company

The Company is the subsidiaries’ parent company and the ultimate controlling party.

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(c) Significant transactions with related parties

(i) Sales

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

	Sales		Receivables from related parties	
	2020	**2019**	**December 31, 2020**	**December 31, 2019**
The entity with significant influence over the Company:				
MAT	$ 156,410	143,450	62,411	69,989
Other related parties:				
MAM	307,758	338,339	68,369	83,777
Others	5	24	4	-
	$ 464,173	**481,813**	**130,784**	**153,766**

The payment term of sales to related parties was O/A 75-120 days, which may be changed depending on the Company's operation. The payment term to non-related parties was normally about two to three months. The selling price to related parties was referred to the market price and negotiated by both parties.

(ii) Purchases

	Transaction amount		Payables to related parties	
	2020	**2019**	**December 31, 2020**	**December 31, 2019**
Subsidiaries	**$ 3,824**	**-**	**-**	**-**

The Company purchased the machines from the subsidiary to satisfy sales demand in 2019. As of December 31, 2019, USD62 thousand was prepaid in accordance with the contract, recognized as Prepayments. As of December 31, 2020, the Company has not recognized as Prepayments

(iii) Accepting services from and other accounts payable to related parties

	Transaction amount		Other accounts payable to related parties	
	2020	**2019**	**December 31, 2020**	**December 31, 2019**
Subsidiaries	$ 32	68	10	-
The entity with significant influence over the Company	3,864	2,644	1,657	1,267
Other related parties	2,396	2,750	2	356
	$ 6,292	**5,462**	**1,669**	**1,623**

(iv) Rendering services to and other accounts receivable from related parties

	Transaction amount		Other accounts receivable from related parties	
	2020	**2019**	**December 31, 2020**	**December 31, 2019**
Subsidiaries	$ 2,758	9,051	256	2,545
Other related parties	1,800	2,124	182	331
	$ 4,558	**11,175**	**438**	**2,876**

Abovementioned services income excludes expenses and is recognized under other income.

(v) Property transactions

The property, plant and equipment purchased from related parties are summarized as follows:

	Transaction amount		Other accounts payable to related parties	
	2020	**2019**	**December 31, 2020**	**December 31, 2019**
Subsidiaries	**$ 964**	**2,446**	**-**	**911**

The Company purchased machines from subsidiaries for its operating demand.

(vi) Guarantee

As of December 31, 2020 and 2019, the Company's guarantees for subsidiaries' bank loan were $135,739 thousand and $119,920 thousand, respectively, and actually drawdown amounts were $21,819 thousand and $0 thousand, respectively.

(d) Key management personnel compensation

	2020	**2019**
Short-term employee benefits	$ 12,239	14,663
Post-employment benefits	210	290
Total	**$ 12,449**	**14,953**

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	**Object**	**December 31, 2020**	**December 31, 2019**
Land and buildings	Long-term borrowings	$ 672,418	674,593
Non-current financial assets	Bank deposits for restricted purposes, due to offshore funds repatriated (tax preference)	4,852	91,019
		$ 677,270	**765,612**

(Continued)

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(9) Commitments and contingencies:

(a) The Company's unrecognized contractual commitments were as follows:

	December 31, 2020	December 31, 2019
Purchase commitment	$ 37,265	61,815
Acquisition of property, plant and equipment	$ 8,241	1,877

(b) The guarantee notes issued by the Company for the line of credit and for the financing were as follows:

	December 31, 2020	December 31, 2019
Issued guarantee notes	$ 965,680	989,680

(c) Please refer to note 7 for the Company provided an endorsements and guarantees for subsidiaries' bank loan.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

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

By function / By item	For the year ended December 31					
	2020			2019		
	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	219,905	75,193	295,098	177,629	73,914	251,543
Labor and health insurance	21,559	6,131	27,690	19,903	5,874	25,777
Pension	7,379	3,164	10,543	7,078	1,835	8,913
Remuneration of directors	-	4,707	4,707	-	3,717	3,717
Others	8,231	3,314	11,545	6,118	1,882	8,000
Depreciation	42,898	11,795	54,693	52,712	14,700	67,412
Amortization	6,101	-	6,101	6,296	-	6,296

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

For the year ended 2020 and 2019, additional information about the number of employees and employee benefits are as follows:

	2020	2019
Average number of employees	486	483
Number of directors, not in concurrent employment	7	6
Average employee benefits	$ 720	617
Average salaries	$ 616	527
Average salaries adjustments	16.89 %	(3.13)%
Remuneration for supevrisors	$ -	-

The remuneration to the Company’s employees and managers is mainly based on individual performance in addition to consideration to the human resources market, the salaries for those in similar industries, and the Company’s salary and welfare policies. Directors’ remuneration is mainly based on the value of individual's participation and contributions in the Company’s operations.

Furthermore, the Company has established a remuneration committee to determine and regularly review the Company’s directors and managers’ annual and long term performance goals and remuneration policies, systems, standards and structures, as well as regularly evaluate the Company’s directors and managers’ performances. The salary and remuneration are set to ensure that the Company’s salary and remuneration arrangements comply with relevant laws and regulations and are sufficient to attract outstanding talents.

All matters concerning the remuneration to directors and managers must be reported to the remuneration committee first, and then submitted to the board of directors for resolution before implementation.

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following were the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for the year ended December 31, 2020:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	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 (Note 2)	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
0	The Company	Esteem King	(2)	1,701,187	121,000	113,920	-	-	6.70 %	1,701,187	Yes	No	No
0	The Company	AMO	(2)	1,701,187	21,884	21,819	21,819	-	1.29 %	1,701,187	Yes	No	Yes

Note 1: Relationship with guarantor:

1. Ordinary business relationship.
2. The Company directly or indirectly owned more than 50% of the subsidiary shares.
3. The counter-party directly or indirectly owned more than 50% of the Company's shares.
4. The Company directly or indirectly owned 90% or more than 90% of subsidiaries' shares.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
6. An entity that is guaranteed and endorsed by all capital contributing shareholders 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 pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The amount of the guarantee provided by the Company to any individual entity shall not exceed 10% of the Company's net worth. The subsidiaries whose voting shares are 100% owned, directly or indirectly, by the Company shall not exceed the Company's net worth.

Note 3: The total amount of endorsements/guarantees may not exceed the Company's net worth.

Note 4: If highest balance of financing to other parties during the period was foreign currencies which were translated to New Taiwan Dollars by the highest exchange rate for current year. If ending balance and actual usage amount during the period were foreign currencies which were translated to New Taiwan Dollars by the exchange rate at the reporting date.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures): None

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The company	Min Aik Technology (M) Sdn. Bhd. (MAM)	The entity with significant influence over the Group	(Sale)	307,758	(32) %	Note 1	-	-	68,369	26%	
The company	Min Aik Technology Co., Ltd. (MAT)	〃	(Sale)	156,410	(16) %	Note 1	-	-	62,411	23%	

Note 1：The payment is O/A 75~120 days, any further adjustment on the term will have to be agreed by both parties.

MIN AIK PRECISION INDUSTRIAL CO., LTD.
Notes to the Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: None

(b) Information on investees:

The following is the information on investees for the year 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			Net income (losses) of the investee		
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of ownership	Carrying value	Carrying value	Investment income (losses)	Note
The Company	Esteem King	Samoa	Investment holding	511,481	511,481	17,079	100.00 %	947,407	121,488	121,488	
The Company	Evolution	Hong Kong	Investment holding	145,103	145,103	4,600	100.00 %	9,582	(142)	(142)	
Esteem King	MATC	Malaysia	Manufacture and selling hard disk components	127,726	127,726	10,527	20.00 %	37,016	(145,104)	(29,021)	
Esteem King	MAPP	Singapore	Manufacture and selling medical injection and molding	323,449	323,449	10,714	100.00 %	822,683	154,225	154,225	

(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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Net income (losses) of the investee (Note 2)	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings as of December 31, 2020
					Outflow	Inflow						
AMO	Design and manufacture automatic machines	213,774	Note1	141,923	-	-	141,923	42,332	100%	42,332	235,125	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
269,999	269,999	1,020,712

Note 1: The Company invests subsidiaries which is via MAPP.

Note 2: The Company recognized investment income (losses) by subsidiaries' financial statements which was audited by the Certified Public Accountant who audited the Company's financial statements.

Note 3: The Company invested in Dongguan Yi Hong Precision Industrial Co., LTD. (YHP) with USD4,400 thousand indirectly. The Company completed the liquidation procedure of YHP and got payment of USD265 thousand in December, 2019. The cancellation was approved by the Ministry of Economic Affairs on January 20, 2020 by the letter No. 10800412250.

(iii) Significant transactions:

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

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Min Aik Technology CO., LTD.	27,876,910	36.20 %
Bea Con Investment Limited (MALAYSIA)	25,195,763	32.72 %

(14) Segment information:

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

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of cash and cash equivalents

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Foreign amount	Exchange rate	Amount
Cash on hand and petty cash			$ 191
Cash in banks:			
Check deposits			156
Demand deposits			253,179
Foreign currency deposits:			
USD	$2,622 thousand	28.48	74,688
SGD	$ 1 thousand	21.56	30
			$ 328,244

Statement of notes and accounts receivable

Customer Name	Description	Amount
Notes and accounts receivable from non-related parties		
Corporation SE(T)	Operating revenues	$ 48,191
Corporation AM	〃	27,310
Corporation SMP	〃	12,607
Corporation KS	〃	12,567
Corporation MZ	〃	10,471
Corporation SE	〃	7,392
Others (less than 5% for each customer)	〃	18,567
Subtotal		137,105
Less: Loss allowance		(1,440)
Total		**$ 135,665**

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of inventories

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realizable value
Finished goods	$ 71,427	74,300
Work in process	38,234	25,757
Raw materials	23,230	21,470
Subtotal	132,891	**121,527**
Less: Allowance for inventory valuation and obsolescence	(22,461)	
Net inventory	**$ 110,430**	

Statement of other current assets

Item	Description	Amount
Prepaid expenses	Prepaid insurance, tax, operation expenses, and so on	$ 6,981
Other receivables-other	Receivables from sales of scrap	5,063
Income tax refund receivable	The refundable value added tax and income tax	1,923
Others (less than 5% for each item)		1,141
Total		**$ 15,108**

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of changes in property, plant and equipment

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Please refer to note 6(f) to this parent company only financial statement for details.

Statement of changes in right-of-use assets

Please refer to note 6(g) to this parent company only financial statement for details.

Statement of other non-current assets

Item	Amount
Deferred tax assets	$ 41,109
Prepaid pension cost	24,421
Long-term prepaid expenses	12,295
Refundable deposits	4,620
	$ 82,445

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of changes in investments accounted for using the equity method

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

	Beginning balance		Addition		Decrease		Others adjustments		Ending balance			Market value or net	Guarantee
Investee Name	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of Ownership	Amount	asset value	or pledged
Valued with equity method:													
Esteem King Limited	17,079	$ 840,618	-	-	-	-	-	106,789 (note 1)	17,079	100.00 %	947,407	947,407	none
Evolution Holdings Limited	4,600	10,232	-	-	-	-	-	(650)(note 2)	4,600	100.00 %	9,582	9,582	none
		$ 850,850		-		-		106,139			956,989	956,989	

Note 1: Including gain on investments accounted for using equity method amounting to $121,488 thousand, and exchange difference on translation of foreign financial statements amounting to $(14,699) thousand.

Note 2: Including loss on investments accounted for using equity method amounting to $(142) thousand and exchange difference on translation of foreign financial statements amounting to $(508) thousand.

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of short-term borrowings

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Creditor	Description	Ending balance	Contract period	Range of interest rate	Loan commitment	Guarantee or pledged
Fubon Bank	Unsecured bank loans	$ 70,000	Within one year	0.95%	200,000	None
DBS Bank	〃	70,000	〃	0.94%~0.95%	100,000	〃
Yuanta Bank	〃	50,000	〃	0.95%	100,000	〃
		$ 190,000				

Statement of accounts payable

Item	Description	Amount
Company SC	Generated from operation	$ 27,934
Company SY	〃	22,466
Company SSR	〃	13,667
Company YHH	〃	10,382
Company WS	〃	8,361
Others (less than 5% for each item)	〃	49,006
Total		**$ 131,816**

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of long-term borrowings

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Creditor	Loan commitment	Amount: More than one year	Amount: With one year	Contract period	Interest rate	Guarantee or pledged
Hua Nan Commercial Bank	$ 100,000	$ -	100,000	109.1.22~111.3.23	0.90%	None
Cathay United Bank	382,000	64,000	318,000	107.4.16~116.4.16	1.330%	Land and buildings
	$ 482,000	**$ 64,000**	**418,000**			

Statement of other current liabilities

Item	Description	Amount
Other accrued expenses	Payables to service, fuel and daily expenditures	$ 29,005
Equipment payables	Acquisition of equipment	21,781
Mould payables	Material for mould and processing expenses	15,264
Employment payables	Salaries and wages, social security expenses and pension cost	10,398
Inspection payables	Inspection cost for purchases and sales	7,179
Maintenance payables	Repair and maintenance for plants and staff housing	7,102
Export payables	Expenses paid for export sales	3,628
Others (less than 5% for each item)	Trade promotion service charges, foreign warehouse, supplies and others	6,564
Total		**$ 100,921**

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of operating revenue

December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	PCS	Amount
Hard disk drive VCM Plate	128,773 thousand	$ 618,349
Other electronic stamping components	71,745 thousand	214,875
Hard disk drive stamping components	21,017 thousand	111,279
Others	11 thousand	13,379
Total		**$ 957,882**

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of operating costs

For the year ended December 31, 2020

(In thousands of New Taiwan Dollars)

Item	Amount
Merchandising:	
Merchandise, beginning of year	$ -
Add: Purchases	3,829
Less: Transferred	-
Cost of goods sold	3,829
Manufacturing:	
Raw materials used:	
Raw materials, beginning of year	24,966
Add: Purchases (excluding sales of scrap $39,926 thousands)	378,772
Less: Raw materials, end of year	23,230
Transferred	12,505
Subtotal	368,003
Direct labor	171,295
Manufacturing expenses	289,730
Manufacturing cost	829,028
Add: Work in process, beginning of year	27,198
Less: Work in process, end of year	38,234
Transferred	10,913
Cost of finished goods	807,079
Add: Finished goods, beginning of year	63,851
Less: Finished goods, end of year	71,427
Transferred	26,064
Cost of goods sold	773,439
Add: Unallocated fixed overheads due to idle capacity	31,436
Cost of raw materials and work in process sold	9,601
Loss on inventory impairment and obsolescence	12,626
Gain on physical inventory and other operating cost	2,703
Operating costs	**$ 833,634**

MIN AIK PRECISION INDUSTRIAL CO., LTD.

Statement of operating expenses

For the year ended December 31, 2020

(Expressed in thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development Expenses
Salary expenses	$ 10,213	52,542	29,387
Export expenses	22,068	-	3
Repairs and maintenance expenses	6	5,509	41
Research expenses	-	-	4,777
Depreciation expenses	10	9,763	2,022
Service charges	-	15,617	42
Others (note)	3,692	17,088	3,982
Total	**$ 35,989**	**100,519**	**40,254**

Note: less than 5% for each item