Nuvoton Technology Corporation

Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Nuvoton Technology Corporation

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Occurrence of Sales Revenues

Revenue from the sale of goods is recognized when the customer received the goods and bear the risk. There is a significant risk on revenue recognition, and customers' line of credit and delivery of products are highly correlated to recognition of sales revenue. We therefore considered that the occurrence of sales revenue from the ten largest customers with changes in credit limits and temporary increase in credit limits in 2020 as a key audit matter for the year ended December 31, 2020. Refer to Note 4 to the financial statements for the Company's revenue recognition policies.

Our audit procedures in response to the occurrence of sales revenue included understanding the design and the implementation of internal control of sales revenue and selecting samples of revenue items to verify that revenue transactions have indeed occurred.

Investments Accounted for Using Equity Method

As mentioned in Note 11, the balance of investments accounted for using equity method amounted to NT$8,012,519 thousand, representing 44% of the total assets. The amount is deemed to be significant to the financial statements, if the financial statements of the subsidiaries do not properly present the operating results of the current year or the investment gains and losses are not correctly recognized, deviations will occur in the amount of investments and share of the profit or loss using the equity method, and then have a significant impact to the financial statements. Thus we considered the aforementioned as key audit matters for the year ended December 31, 2020.

Our audit procedures included obtaining audited financial statements of subsidiaries as of and for the year ended December 31, 2020 to verify and recalculate the accuracy of the balance of investments and the share of comprehensive income and loss of subsidiaries and associates accounted for using the equity method.

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

Management is responsible for the preparation and fair presentation of the 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 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 members of 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 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 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 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 entities or business activities within the Company to express an opinion on the 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 statements 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 financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shu-Lin Liu and Hung-Bin Yu.

Shu Lin Liu Hung-Bin Yu

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 18, 2021

<u>*Notice to Readers*</u>

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

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

NUVOTON TECHNOLOGY CORPORATION

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 3,677,602	20	$ 4,451,201	41
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	13,223	-	6,037	-
Notes and accounts receivable, net (Notes 4 and 8)	800,031	4	717,356	7
Accounts receivable from related parties, net (Notes 4, 8 and 28)	106,317	1	144,686	1
Other receivables (Notes 6 and 28)	547,185	3	288,980	3
Inventories (Notes 4 and 9)	1,892,675	10	1,600,433	15
Other current assets (Note 13)	103,300	1	133,420	1
Total current assets	7,140,333	39	7,342,113	68
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 10)	980,973	5	1,056,690	10
Investments accounted for using equity method (Notes 4 and 11)	8,012,519	44	1,102,658	10
Property, plant and equipment (Notes 4 and 12)	669,361	4	673,029	6
Right-of-use assets (Notes 4 and 13)	293,107	2	351,336	3
Intangible assets (Notes 4 and 14)	561,859	3	192,005	2
Deferred tax assets (Notes 4 and 21)	73,000	-	73,000	-
Refundable deposits (Note 6)	641,151	3	81,289	1
Total non-current assets	11,231,970	61	3,530,007	32
TOTAL	$ 18,372,303	100	$ 10,872,120	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	$ 3,191	-	$ -	-
Accounts payable	1,336,225	7	1,103,863	10
Accounts payable to related parties (Note 28)	39,500	-	24,535	-
Other payables (Notes 17 and 28)	1,401,058	8	1,028,249	9
Current tax liabilities (Notes 4 and 21)	169,350	1	68,556	1
Provisions - current (Note 18)	316,438	2	-	-
Lease liabilities - current (Notes 4 and 13)	56,247	-	53,885	-
Other current liabilities	200,358	1	55,249	1
Total current liabilities	3,522,367	19	2,334,337	21
NON-CURRENT LIABILITIES				
Bonds payable (Note 15)	1,207,820	7	-	-
Long-term borrowings (Note 16)	1,500,000	8	500,000	5
Products guarantee based on commitment (Notes 4 and 18)	101,891	1	101,891	1
Lease liabilities - non-current (Notes 4 and 13)	205,902	1	262,054	2
Net defined benefit liabilities - non-current (Notes 4 and 19)	284,985	1	266,795	3
Other non-current liabilities	27,970	-	15,012	-
Total non-current liabilities	3,328,568	18	1,145,752	11
Total liabilities	6,850,935	37	3,480,089	32
EQUITY				
Share capital (Note 20)	3,759,616	20	2,875,544	26
Certificates of bond-to-stock conversion (Note 20)	124,320	1	-	-
Capital surplus (Note 20)	5,796,731	32	2,906,976	27
Retained earnings (Note 20)				
Legal reserve	596,905	3	541,722	5
Unappropriated earnings	1,103,083	6	917,229	8
Exchange differences on translation of foreign financial statements of foreign operations (Notes 4 and 20)	(128,352)	(1)	(18,984)	-
Unrealized gains (losses) on financial assets at fair value through other comprehensive income (Notes 4 and 20)	269,065	2	169,544	2
Total equity	11,521,368	63	7,392,031	68
TOTAL	$ 18,372,303	100	$ 10,872,120	100

The accompanying notes are an integral part of the financial statements.

NUVOTON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 28)	$ 11,433,163	100	$ 10,123,801	100
OPERATING COST (Notes 9 and 28)	6,967,572	61	6,232,121	61
GROSS PROFIT	4,465,591	39	3,891,680	39
OPERATING EXPENSES (Notes 22 and 28)				
Selling expenses	153,732	1	162,030	2
General and administrative expenses	792,476	7	442,135	4
Research and development expenses	2,870,345	25	2,790,622	28
Expected credit loss (gain)	1,464	-	2,876	-
Total operating expenses	3,818,017	33	3,397,663	34
PROFIT FROM OPERATIONS	647,574	6	494,017	5
NON-OPERATING INCOME AND EXPENSES (Note 28)				
Interest expense	(35,205)	-	(7,327)	-
Share of (loss) profit of subsidiaries and associates accounted for using equity method	(290,819)	(3)	65,476	-
Interest income	15,248	-	10,864	-
Dividend income	64,446	1	66,899	1
Gain on the bargain purchase (Note 26)	218,968	2	-	-
Other gains and losses	5,753	-	5,433	-
Gains (losses) on disposal of property, plant and equipment	178	-	225	-
Foreign exchange gains (losses)	(2,569)	-	(1,875)	-
Gains (losses) on financial instruments at fair value through profit or loss	33,966	-	(253)	-
Total non-operating income and expenses	9,966	-	139,442	1
PROFIT BEFORE INCOME TAX	657,540	6	633,459	6
INCOME TAX EXPENSE (Notes 4 and 21)	(124,755)	(1)	(75,000)	(1)
NET PROFIT FOR THE YEAR	532,785	5	558,459	5

(Continued)

NUVOTON TECHNOLOGY CORPORATION

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSSES)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 19)	$ (19,446)	-	$ (46,150)	-
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	(73,467)	(1)	24,790	-
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using equity method	245,751	2	4,423	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(109,368)	(1)	(8,449)	-
Other comprehensive income (loss)	43,470	-	(25,386)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 576,255	5	$ 533,073	5
EARNINGS PER SHARE (Notes 4 and 24)				
From continuing operations				
Basic	$ 1.81		$ 2.53	
Diluted	$ 1.72		$ 2.52	

The accompanying notes are an integral part of the financial statements. (Concluded)

NUVOTON TECHNOLOGY CORPORATION

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

				Retained Earnings		Other Equity		
	Ordinary Share	Certificates of Bond-to-Stock Conversion	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2019	$ 2,075,544	$ -	$ 63,498	$ 470,659	$ 955,346	$ (10,535)	$ 179,854	$ 3,734,366
Appropriation of 2018 earnings (Note 20)								
Legal reserve	-	-	-	71,063	(71,063)	-	-	-
Cash dividends	-	-	-	-	(518,886)	-	-	(518,886)
Net profit for the year ended December 31, 2019	-	-	-	-	558,459	-	-	558,459
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(56,330)	(8,449)	39,393	(25,386)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	502,129	(8,449)	39,393	533,073
Compensation cost of employee share options (Notes 20 and 23)	-	-	49,920	-	-	-	-	49,920
Unclaimed dividends extinguished by prescriptions	-	-	52	-	-	-	-	52
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 10 and 20)	-	-	-	-	49,703	-	(49,703)	-
Issuance of ordinary shares for cash (Note 20)	800,000	-	2,793,506	-	-	-	-	3,593,506
BALANCE AT DECEMBER 31, 2019	2,875,544	-	2,906,976	541,722	917,229	(18,984)	169,544	7,392,031
Appropriation of 2019 earnings (Note 20)								
Legal reserve	-	-	-	55,183	(55,183)	-	-	-
Cash dividends	-	-	-	-	(345,065)	-	-	(345,065)
Net profit for the year ended December 31, 2020	-	-	-	-	532,785	-	-	532,785
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	(29,082)	(109,368)	181,920	43,470
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	503,703	(109,368)	181,920	576,255
Compensation cost of employee share options (Notes 20 and 23)	-	-	62,240	-	-	-	-	62,240
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 10 and 20)	-	-	-	-	82,399	-	(82,399)	-
Convertible bonds converted to ordinary shares (Note 15)	84,072	124,320	596,347	-	-	-	-	804,739
Issuance of ordinary shares for cash (Note 20)	800,000	-	2,231,168	-	-	-	-	3,031,168
BALANCE AT DECEMBER 31, 2020	$ 3,759,616	$ 124,320	$ 5,796,731	$ 596,905	$ 1,103,083	$ (128,352)	$ 269,065	$ 11,521,368

The accompanying notes are an integral part of the financial statements.

NUVOTON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 657,540	$ 633,459
Adjustments for:		
Depreciation expense	228,131	200,994
Amortization expense	153,528	75,706
Interest expense	35,205	7,327
Expected credit loss (gain) recognized on accounts receivable	1,464	2,876
Interest income	(15,248)	(10,864)
Dividend income	(64,446)	(66,899)
Compensation cost of employee share options	62,240	49,920
Share of loss (profit) of subsidiaries and associates accounted for using equity method	290,819	(65,476)
Unrealized gain or loss	(132)	268
Gain on the bargain purchase	(218,968)	-
(Gains) losses on disposal of property, plant and equipment	(178)	(225)
Other income	(5)	-
Changes in operating assets and liabilities		
(Increase) decrease in financial assets at fair value through profit or loss	(3,570)	(5,274)
(Increase) decrease in notes and accounts receivable	(84,139)	(118,232)
(Increase) decrease in accounts receivable from related parties	38,369	187,342
(Increase) decrease in other receivables	(148)	(7,995)
(Increase) decrease in inventories	(292,242)	(42,923)
(Increase) decrease in other current assets	30,120	25,450
Increase (decrease) in accounts payable	247,327	240,149
Increase (decrease) in other payables	129,401	54,136
Increase (decrease) in other current liabilities	145,109	3,156
Increase (decrease) in net defined benefit liabilities	(1,256)	(72,217)
Increase (decrease) in other non-current liabilities	12,958	13
Cash flows from (used in) operations	1,351,879	1,090,691
Income tax paid	(23,961)	(83,192)
Interest paid	(21,343)	(6,688)
Interest received	18,611	7,795
Dividend received	64,446	66,999
Net cash flows generated from (used in) operating activities	1,389,632	1,075,605
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	(317,727)	(113,184)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	87,266
Acquisition of financial assets at fair value through other comprehensive income	-	(630,000)

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NUVOTON TECHNOLOGY CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	$ 2,250	$ 4,000
Acquisition of investments accounted for using equity method	(6,968,331)	(18,277)
Proceeds from capital reduction of investments accounted for using equity method	2,695	-
Acquisition of property, plant and equipment	(202,301)	(191,465)
Proceeds from disposal of property, plant and equipment	184	225
(Increase) decrease in refundable deposits paid	(559,862)	(5,582)
(Increase) decrease in other receivables - time deposits	249,900	(249,900)
Net cash flows generated from (used in) investing activities	(7,793,192)	(1,116,917)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term borrowings	1,000,000	500,000
Proceeds from issuance of bonds	1,998,428	-
Repayments of the principal portion of lease liabilities	(54,570)	(42,452)
Dividends paid to owners of the Company	(345,065)	(518,886)
Proceeds from issuance of ordinary shares for cash	3,031,168	3,593,506
Other financing activities	-	52
Net cash flows generated from (used in) financing activities	5,629,961	3,532,220
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(773,599)	3,490,908
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,451,201	960,293
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,677,602	$ 4,451,201

The accompanying notes are an integral part of the financial statements. (Concluded)

1. GENERAL INFORMATION

Nuvoton Technology Corporation (the "Company") was incorporated in the Republic of China ("ROC") in April 2008 and commenced business in July 2008. The Company is engaged mainly in the research, design, development, manufacture, and sale of logic integrated circuits ("ICs") and the manufacturing, testing and OEM of 6-inch wafers.

For the specialization and division of labor and the reinforcement of core competitive ability, the Company's parent company, Winbond Electronics Corporation ("WEC"), spun off its Logic IC business into the Company on July 1, 2008 in accordance with the Business Mergers and Acquisitions Act and the Company commenced business in July 2008. WEC held approximately 55% and 62% of the ownership interest in the Company as of December 31, 2020 and 2019, respectively.

The Company's shares have been listed on the Taiwan Stock Exchange since September 27, 2010.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorized for issue on February 18, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

   Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

   <u>Amendments to IAS 1 and IAS 8 "Definition of Material"</u>

   The Company adopted the amendments starting from January 1, 2020. The threshold for materiality influencing users has been changed to "could reasonably be expected to influence" and, therefore, the disclosures in the financial report have been adjusted and immaterial information that may obscure material information has been deleted.

   <u>Amendment to IFRS 16 "Covid-19-Related Rent Concessions"</u>

   The Company elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Company shall determine whether or not the abovementioned rent concessions are lease modifications and thus have to be accounted for as lease modifications.

   The Company applied the amendment from January 1, 2020. Retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

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

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 “First-time Adoptions of IFRSs” will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments and defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets that are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The Company uses equity method to account for its investment in subsidiaries for the stand-alone financial statements. The amounts of the net profit, other comprehensive income and total equity in stand-alone financial statements are same with the amounts attributable to the owner of the Company in its consolidated financial statements since there is no difference in accounting treatment between stand-alone basis and consolidated basis.

Classification of Current and Non-current Assets and Liabilities

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

Foreign Currencies

The financial statements are presented in the Company’s functional currency, New Taiwan dollars.

In preparing the financial statements, transactions in currencies other than the entity’s functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement are recognized in profit or loss in the period they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purposes of presenting financial statements, the assets and liabilities of the Company's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, and exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

Cash Equivalents

Cash equivalents include time deposits and investments, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities other than financial assets and financial liabilities at FVTPL are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis, except derivative financial assets which are recognized and derecognized on settlement date basis.

<u>Measurement categories</u>

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

1) Financial asset at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 27.

2) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

a) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial asset; and

b) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

3) Investments in equity instruments at FVTOCI

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

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

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

b. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable).

The Company always recognizes lifetime Expected Credit Loss (ECL) on accounts receivable. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another entity. On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

d. Financial liabilities

a) Subsequent measurement

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or are designated as at FVTPL. Financial liabilities at fair value through profit or loss are stated at fair value, with any interest paid on such financial liabilities is recognized in finance costs, and any gains or losses arising on remeasurement recognized in profit or loss.

Other financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

e. Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts and cross-currency swaps.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

f. Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process. The cost of raw materials and supplies are recognized using moving-average method and finished goods and work-in-process are recorded at standard cost and adjusted to approximate weighted-average cost at the end of the reporting period. Inventories are stated at the lower of cost or net realizable value; evaluation and recognition of appropriate allowance for value decline are based on the amount of inventories and sales situation. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

Investments Accounted for Using Equity Method

<u>Investment in subsidiaries</u>

Subsidiaries are the entities controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries attributable to the Company.

When the Company's share of loss of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

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

Depreciation is recognized using the straight-line method over the following estimated useful life after considering residual values: Buildings 8-20 years, machinery and equipment 3-5 years and other equipment 5 years. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Intangible Assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line method over the following estimated useful life of the assets: Deferred technical assets - economic life or contract period and other intangible assets 3-5 years. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the reversed carrying amount should not exceed the carrying amount (after amortization or depreciation) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Products Guarantee Based on Commitment

The Company will estimate guarantee provision by using appropriate ratio at the time the related product is sold.

Revenue Recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods is mainly recognized when a customer obtains control of promised goods, at which time the goods are delivered to the customer's specific location and performance obligation is satisfied.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Provision for estimated sales returns and other allowances is generally made and adjusted based on historical experience and on the consideration of varying contractual terms affecting the recognition of a provision, which is classified under other non-current liabilities.

Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

a. The Company as lessor

   Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

   When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

   Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs, and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

Under operating lease, lease payments (less any lease incentives payable) are recognized as income on a straight-line basis over the terms of the relevant lease. Initial direct costs incurred in obtaining operating lease are added to the carrying amount of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

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

b. The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

The Company negotiates with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease substantially less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to all of these rent concessions, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Company recognizes the reduction in lease payment in profit or loss in the period in which the events or conditions that trigger the concession occurs, and makes a corresponding adjustment to the lease liability.

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

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets excluding interest, is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Share-based Payment Arrangements

Cash-settled share-based payment is a liability in which the entity receives goods or services and the fair value of the amount payable is initially measured at cost. The amount is remeasured at each reporting date and at settlement based on the fair value. Any changes in the liabilities are recognized in profit or loss, with a corresponding adjustment to capital surplus - employee share options.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and it is remeasured at the end of each reporting period and recognized to the extent that it has become probable that there will be future taxable profit.

Deferred tax assets arising from deductible temporary differences associated with investments in subsidiaries are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimations and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate are revised if the revision affect only that period or in the period of the revisions and future periods if the revision affect both current and future periods.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash and cash in bank	$ 2,694,602	$ 4,242,201
Repurchase agreements collateralized by bonds	983,000	209,000
	$ 3,677,602	$ 4,451,201

a. The Company has time deposits pledged to secure land leases, customs tariff obligations and borrowings which are reclassified as "refundable deposits" as follows:

	December 31	
	2020	**2019**
Time deposits	$ 636,102	$ 75,988

b. The Company has time deposits which are not held for the purpose of meeting short-term cash commitments and are reclassified to "other receivables" as follows:

	December 31	
	2020	**2019**
Time deposits	$ -	$ 249,900

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
Financial assets at FVTPL - current		
Foreign exchange forward contracts	$ -	$ 6,037
Cross-currency swap contracts	4,128	-
Right of redemption of convertible bonds	9,095	-
	$ 13,223	$ 6,037
Financial liabilities at FVTPL - current		
Foreign exchange forward contracts	$ 3,191	$ -

At the end of the year, the outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currencies	Maturity Date	Contract Amount (In Thousands)
December 31, 2020			
Sell forward exchange contracts	USD/NTD	2021.01.21-2021.02.25	USD21,000/NTD594,889
Cross-currency swap contracts	USD/NTD	2021.01.22	USD16,000/NTD459,808
December 31, 2019			
Sell forward exchange contracts	USD/NTD	2020.01.03-2020.03.05	USD20,000/NTD604,050

The Company entered into foreign exchange forward and cross-currency swap contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These forward exchange and cross-currency swap contracts did not meet the criteria for hedge accounting, therefore, the Company did not apply hedge accounting treatment.

8. NOTES AND ACCOUNTS RECEIVABLE

	December 31	
	2020	2019
Notes receivable	$ -	$ 21
Accounts receivable (including related parties)		
At amortized cost		
Gross carrying amount	924,376	878,585
Less: Allowance for impairment loss	(18,028)	(16,564)
	$ 906,348	$ 862,042

The average credit period of sales of goods was 30-60 days. No interest was charged on trade receivables. The Company adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the customer and the customer's current financial position, adjusted for economic conditions of the industry in which the customer operates, as well as the GDP forecast and industry outlooks. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base.

The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2020

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Over 180 Days	Total
Expected credit loss rate	2%	2%	10%	20%	50%	
Gross carrying amount	$ 921,399	$ 2,977	$ -	$ -	$ -	$ 924,376
Loss allowance (lifetime ECL)	(17,968)	(60)	-	-	-	(18,028)
Amortized cost	$ 903,431	$ 2,917	$ -	$ -	$ -	$ 906,348

December 31, 2019

	Not Overdue	Overdue under 30 Days	Overdue 31-90 Days	Overdue 91-180 Days	Over 180 Days	Total
Expected credit loss rate	2%	2%	10%	20%	50%	
Gross carrying amount	$ 872,950	$ 5,656	$ -	$ -	$ -	$ 878,606
Loss allowance (lifetime ECL)	(16,451)	(113)	-	-	-	(16,564)
Amortized cost	$ 856,499	$ 5,543	$ -	$ -	$ -	$ 862,042

The movements of the loss allowance of notes and trade receivables were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 16,564	$ 13,688
Add: Net remeasurement of loss allowance	1,464	2,876
Balance at December 31	$ 18,028	$ 16,564

The Company's provision for losses on accounts receivable was recognized on a collective basis.

9. INVENTORIES

	December 31	
	2020	2019
Raw materials and supplies	$ 128,893	$ 105,937
Work-in-process	1,368,594	1,178,694
Finished goods	390,062	307,603
Inventories in transit	5,126	8,199
	$ 1,892,675	$ 1,600,433

a. As of December 31, 2020 and 2019, the allowance for inventory value decline was $406,996 thousand and $361,228 thousand, respectively.

b. The operating cost for the years ended December 31, 2020 and 2019 was $6,967,572 thousand and $6,232,121 thousand, respectively. The inventory write-downs, obsolescence and abandonment of inventories for the years ended December 31, 2020 and 2019 were $72,715 thousand and $58,931 thousand, respectively.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI:

	December 31	
	2020	2019
Listed shares and emerging market shares		
Brightek Optoelectronic Co., Ltd.	$ 894	$ 485
Unlisted shares		
United Industrial Gases Co., Ltd.	396,000	440,000
Yu-Ji Venture Capital Co., Ltd.	14,479	16,605
Autotalks Ltd. - Preferred E. Share	569,600	599,600
	$ 980,973	$ 1,056,690

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

In 2019, the Company sold out its shares in Nyquest Technology Co., Ltd. in order to manage credit concentration risk. The shares sold had a fair value of $87,266 thousand and its related unrealized valuation gain of $49,703 thousand was transferred from other equity to retained earnings. Refer to Note 20 for related information.

Dividends of NT$64,446 thousand and NT$66,899 thousand were recognized during 2020 and 2019, respectively. The dividends related to investments derecognized during 2020 and 2019 were NT$0 and NT$4,006 thousand, respectively. And those related to investments held at December 31, 2020 and 2019 were NT$64,446 thousand and NT$62,893 thousand, respectively.

In August 2019, the Company resolved to invest in the Preferred E Share of the non-related party communication chip maker in Israel, Autotalks Ltd. The entitled rights of the Preferred E Share were as follows:

a. Each Preferred E Share grants its holder a number of votes equal to the number of votes per Ordinary Share.

b. In the event of liquidation, the Preferred E Shares shall be prior to all other equity securities of Autotalks Ltd.

c. The holders of the Preferred E Share shall be entitled to receive non-cumulative cash dividends at the rate of eight percent.

d. The investors shall have the right to appoint one non-voting observer (“Observer”) to attend Autotalks Ltd.’s board meetings.

e. The holders of the Preferred E Shares shall be entitled to preemptive right with respect to future issuance of new securities of Autotalks Ltd.

f. The investors have the rights to obtain the annual financial statements, quarterly financial statements and etc.

11. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries	$ 8,012,519	$ 1,102,658

	December 31			
	2020		2019	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Non-listed companies				
Marketplace Management Ltd. (“MML”)	$ 120,740	100	$ 77,837	100
Nuvoton Technology Corporation America (“NTCA”)	181,972	100	186,060	100
Nuvoton Investment Holding Ltd. (“NIH”)	319,938	100	277,739	100
Nuvoton Electronics Technology (H.K.) Limited (“NTHK”)	481,285	100	459,960	100

(Continued)

	December 31			
	2020		2019	
	Carrying Value	Ownership Percentage	Carrying Value	Ownership Percentage
Song Yong Investment Corporation (“SYI”)	$ 99,346	100	$ 78,834	100
Nuvoton Technology India Private Ltd. (“NTIPL”)	21,389	100	22,228	100
Nuvoton Technology Holding Japan (“NTHJ”)	5,675,964	100	-	-
Nuvoton Technology Singapore Pte. Ltd. (“NTSPL”)	1,083,105	100	-	-
Nuvoton Technology Korea Limited (“NTKR”)	28,780	100	-	-
	$ 8,012,519		$ 1,102,658	

(Concluded)

In March and June 2020, the Company established NTSPL and NTKR with the capital amounted $1,094,134 thousand and $30,828 thousand, respectively, and were all held by the Company with 100% ownership.

The Company acquired the semiconductor business of Panasonic Corporation on September 1, 2020 and held NTHJ with 100% ownership, please refer to the 2020 consolidated financial statements note 27.

In 2019, the Company increased its investments in MML and NIH by $1,620 thousand and $16,657 thousand, respectively.

To simplify investment structure, PCH completed the liquidation and legal procedures in January 2019; NTCA, the subsidiary of PCH, is held directly by the Company.

12. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2020	2019
Buildings	$ 203,545	$ 189,755
Machinery and equipment	432,696	440,414
Other equipment	32,593	41,444
Construction in progress and prepayments for purchase of equipment	527	1,416
	$ 669,361	$ 673,029

	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
Cost					
Balance at January 1, 2020	$ 3,662,144	$ 11,461,357	$ 197,817	$ 1,416	$ 15,322,734
Additions	39,826	119,856	5,182	527	165,391
Disposals	(3,639)	(137,371)	(340)	-	(141,350)
Reclassified	549	867	-	(1,416)	-
Balance at December 31, 2020	3,698,880	11,444,709	202,659	527	15,346,775

(Continued)

	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
Accumulated depreciation and impairment					
Balance at January 1, 2020	$ 3,472,389	$ 11,020,943	$ 156,373	$ -	$ 14,649,705
Disposals	(3,639)	(137,367)	(338)	-	(141,344)
Depreciation expense	26,585	128,437	14,031	-	169,053
Reclassified	-	-	-	-	-
Balance at December 31, 2020	3,495,335	11,012,013	170,066	-	14,677,414
Carrying amount at December 31, 2020	$ 203,545	$ 432,696	$ 32,593	$ 527	$ 669,361
Cost					
Balance at January 1, 2019	$ 3,649,662	$ 11,316,907	$ 187,265	$ -	$ 15,153,834
Additions	16,446	187,551	11,197	1,416	216,610
Disposals	(3,964)	(43,101)	(645)	-	(47,710)
Reclassified	-	-	-	-	-
Balance at December 31, 2019	3,662,144	11,461,357	197,817	1,416	15,322,734
Accumulated depreciation and impairment					
Balance at January 1, 2019	3,450,849	10,948,180	142,557	-	14,541,586
Disposals	(3,964)	(43,101)	(645)	-	(47,710)
Depreciation expense	25,504	115,864	14,461	-	155,829
Reclassified	-	-	-	-	-
Balance at December 31, 2019	3,472,389	11,020,943	156,373	-	14,649,705
Carrying amount at December 31, 2019	$ 187,755	$ 440,414	$ 41,444	$ 1,416	$ 673,029

(Concluded)

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amounts		
Land	$ 198,547	$ 226,581
Buildings	80,789	105,153
Other equipment	13,771	19,602
	$ 293,107	$ 351,336

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 6,402	$ 69,707
Depreciation for right-of-use assets		
Land	$ 25,211	$ 25,408
Buildings	28,254	18,543
Other equipment	5,613	1,214
	$ 59,078	$ 45,165

(Continued)

	For the Year Ended December 31	
	2020	2019
Income from the subleasing of right-of-use assets (presented in other income)	$ (5,660)	$ (6,005)

(Concluded)

b. Lease liabilities

	December 31	
	2020	2019
Carrying amounts		
Current	$ 56,247	$ 53,885
Non-current	$ 205,902	$ 262,054

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land	1.76%-2.06%	1.76%-2.06%
Buildings	0.84%-2.06%	1.09%-1.61%
Other equipment	1.07%-2.06%	1.09%-2.06%

For the year ended December 31, 2020 and 2019, the interest expense under lease liabilities amounted to $4,605 thousand and $4,409 thousand, respectively.

c. Material lease-in activities and terms

The Company leased parcels of land from Science Park Administration, and the lease term will expire in December 2027, which can be extended after the expiration of the lease periods.

The Company leased parcel of land from Taiwan Sugar Corporation under a twenty-year term from October 2014 to September 2034, which is allowed to extend after the expiration of the lease. The chairman of the Company, is a joint guarantor of such lease (refer to Note 28).

The Company leased some of the offices part in Taiwan, and the lease terms will expire between 2022 and 2024 which can be extended after the expiration of the lease periods.

d. Subleases

The Company subleases its right-of-use assets for buildings under operating leases with lease terms between 3 to 5 years.

The maturity analysis of lease payments receivable under operating subleases was as follows:

	December 31	
	2020	2019
Year 1	$ 5,545	$ 5,769
Year 2	5,718	5,855
Year 3	1,762	5,911
Year 4	-	1,985
Year 5	-	-
Year 6 onwards	-	-
	$ 13,025	$ 19,520

To reduce the residual asset risk related to the subleased asset at the end of the relevant sublease, the lease contract between the Company and the lessee includes the receipt of the deposits and the compensation for damage due to the lack of management and maintenance.

e. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 3,623	$ 2,247
Total cash outflow for leases	$ (62,862)	$ (48,627)

The Company leases certain buildings and transportation equipment which qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease labilities for these leases.

14. INTANGIBLE ASSETS

	December 31	
	2020	2019
Deferred technical assets	$ 476,752	$ 192,005
Other intangible assets	85,107	-
	$ 561,859	$ 192,005

	Deferred Technical Assets	Other Intangible Assets	Total
Cost			
Balance at January 1, 2020	$ 1,049,608	$ -	$ 1,049,608
Additions	427,110	96,272	523,382
Balance at December 31, 2020	1,476,718	96,272	1,572,990

(Continued)

	Deferred Technical Assets	Other Intangible Assets	Total
Accumulated amortization and impairment			
Balance at January 1, 2020	$ 857,603	$ -	$ 857,603
Amortization expense	142,363	11,165	153,528
Balance at December 31, 2020	999,966	11,165	1,011,131
Carrying amount at December 31, 2020	$ 476,752	$ 85,107	$ 561,859
Cost			
Balance at January 1, 2019	$ 904,864	$ -	$ 904,864
Additions	144,744	-	144,744
Balance at December 31, 2019	1,049,608	-	1,049,608
Accumulated amortization and impairment			
Balance at January 1, 2019	781,897	-	781,897
Amortization expense	75,706	-	75,706
Balance at December 31, 2019	857,603	-	857,603
Carrying amount at December 31, 2019	$ 192,005	$ -	$ 192,005

(Concluded)

15. BONDS PAYABLE

	December 31	
	2020	2019
Unsecured domestic convertible bonds	$ 1,207,820	$ -

In May 2020, the Company issued 20 thousand units, $100,000 per unit, 0% NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of $2,000,000 thousand. The terms of issuance, amounts and interest rate as follows:

a. The conversion price was set at $39.9 per share at the time of issuance. When meeting certain criteria, adjustments on the conversion price are made in accordance with the terms and conditions. Since the Company issued ordinary shares in December 2020, the conversion price should be adjusted according to issuance and conversion measures, the conversion price was adjusted to $38.2 since December 10, 2020.

b. After the first three months of the issuance and forty days before the maturity date, if the closing price of the Company’s common shares listed on the Taiwan Stock Exchange exceeds or equals 30% of the conversion price or the outstanding balance of the bonds is less than 10% in principal amount of the bonds originally outstanding for thirty consecutive business days, the Company may redeem the bonds in cash at the principal amount.

c. After the bonds has been issued for over five years, the bondholders may request the Company to redeem the bonds at 106.41% of the principal amount (annual rate of return 1.25%). The right of the redemption was recognized as financial instruments at fair value through profit or loss - current. The fair value was $9,095 thousand on December 31, 2020.

d. Except for the bonds that have been redeemed, sold back, converted or bought back by the Company in the market, the principal will be repaid in cash upon maturity at a rate of 109.09% (annual rate of return 1.25% upon maturity).

The effective interest rate of the convertible bonds liability component was 1.22% per annum on initial recognition.

Proceeds from issuance (less transaction costs of $6,426 thousand)	$ 1,998,428
The right of redemption	5,200
Liability component at the date of issue	2,003,628
Convertible bonds converted into ordinary shares	(809,516)
Interest charged at an effective interest rate of 1.22%	13,708
Liability component at December 31, 2020	$ 1,207,820

16. BORROWINGS

Long-term Borrowings

	Period	Interest Rate	December 31 2020	December 31 2019
Unsecured borrowings				
The Export-Import Bank of ROC	2019.09.20-2026.09.21	0.92%	$ 500,000	$ 500,000
The Export-Import Bank of ROC	2020.08.25-2027.08.25	0.92%	1,000,000	-
			$ 1,500,000	$ 500,000

The proceeds of the Company's unsecured loan was invested in Autotalks Ltd and acquired Panasonic's semiconductor business in Japan.

17. OTHER PAYABLES

	December 31 2020	December 31 2019
Payable for salaries or employee benefits	$ 405,166	$ 338,420
Payable for royalties	350,023	129,494
Payable for subsidiaries service fees (Note 28)	183,160	159,485
Payable for purchase of equipment	56,257	93,167
Payable for software	40,869	58,540
Others	365,583	249,143
	$ 1,401,058	$ 1,028,249

18. PROVISIONS

	December 31	
	2020	2019
Current		
Employee benefits	$ 316,438	$ -
Non-current		
Warranties	$ 101,891	$ 101,891

The Company acquired Panasonic's semiconductor business in September 2020. Some fabs will be closed due to low capacity utilization. The labor costs were accounted separately for employee benefits provision.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average of monthly salaries of the 6 months before retirement. In 2020 and 2019, the Company contributed amounts equal to 2% and 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee of the Company, respectively. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	$ 985,752	$ 963,380
Fair value of plan assets	(700,767)	(696,585)
Net defined benefit liabilities	$ 284,985	$ 266,795

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Asset)
Balance at January 1, 2019	$ 923,106	$ (630,244)	$ 292,862
Service cost			
Current service cost	8,394	-	8,394
Net interest expense (income)	11,235	(8,114)	3,121
Recognized in profit or loss	19,629	(8,114)	11,515
Remeasurement			
Actuarial (gain) loss - the discount rate greater (less) than the realized rate of return	-	(19,854)	(19,854)
Actuarial (gain) loss - changes in financial assumptions	42,080	-	42,080
Actuarial (gain) loss - experience adjustments	23,924	-	23,924
Recognized in other comprehensive income	66,004	(19,854)	46,150
Contributions from the employer	-	(83,732)	(83,732)
Benefits paid	(45,359)	45,359	-
Balance at December 31, 2019	963,380	(696,585)	266,795
Service cost			
Current service cost	7,787	-	7,787
Net interest expense (income)	7,034	(5,074)	1,960
Recognized in profit or loss	14,821	(5,074)	9,747
Remeasurement			
Actuarial (gain) loss - the discount rate greater (less) than the realized rate of return	-	(22,052)	(22,052)
Actuarial (gain) loss - changes in financial assumptions	29,040	-	29,040
Actuarial (gain) loss - experience adjustments	12,458	-	12,458
Recognized in other comprehensive income	41,498	(22,052)	19,446
Contributions from the employer	-	(11,003)	(11,003)
Benefits paid	(33,947)	33,947	-
Balance at December 31, 2020	$ 985,752	$ (700,767)	$ 284,985

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans were as follows:

	For the Year Ended December 31	
	2020	2019
Analysis by function		
Operating cost	$ 5,113	$ 6,253
Selling expenses	98	103
General and administrative expenses	900	988
Research and development expenses	3,636	4,171
	$ 9,747	$ 11,515

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	**2019**
Discount rate(s)	0.4%	0.75%
Expected rate(s) of salary increase	1%-2%	1%-2%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2020	**2019**
Discount rate(s)		
0.25% increase	$ (20,875)	$ (21,183)
0.25% decrease	$ 21,556	$ 21,896
Expected rate(s) of salary increase		
0.25% increase	$ 21,232	$ 21,637
0.25% decrease	$ (20,670)	$ (21,042)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	**2019**
Expected contributions to the plans for the next year	$ 11,386	$ 11,064
Average duration of the defined benefit obligation	8.6 years	9 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	2019
Shares authorized (in thousands of shares)	500,000	500,000
Shares authorized	$ 5,000,000	$ 5,000,000
Shares issued and fully paid (in thousands of shares)	375,962	287,554
Shares issued and fully paid	$ 3,759,616	$ 2,875,544
Par value (in New Taiwan dollars)	$ 10	$ 10

On August 21, 2020 and July 25, 2019, the Company's board of directors resolved to issue 80,000 thousand ordinary shares and 80,000 thousand ordinary shares with a par value of NT$10 to repay bank loans and enhance working capital, respectively. On September 25, 2020 and August 26, 2019, the resolution was approved by the FSC, respectively. The consideration of NT$38 and NT$45 per share was determined by the chairman which was authorized by the board of directors of the Company, the subscription base date is December 10, 2020 and October 23, 2019, respectively. The associated issuance cost of $8,832 thousand and $6,494 thousand was deducted from capital surplus - additional paid-in capital, respectively.

In 2020, the Company's issued 20,839 thousand ordinary shares due to the conversion of unsecured convertible bonds, the registration of the 12,432 thousand ordinary shares issuance has not been completed as of December 31, 2020.

On December 6, 2019, the extraordinary general shareholders' meeting of the Company resolved to increase its capital by issuing ordinary shares between 60,000 thousand shares and 90,000 thousand shares through the offering of the Global Depository Shares (GDSs) to raise fund for the acquisition of the related business of Panasonic Semiconductor. The offering price for the GDSs was NT$45 per share. According to the laws, the actual offering price should not be lower than the closing share price of the Company, one of the simple arithmetic averages of the Company's ordinary share closing price for one, three or five business days prior to the pricing data adjusted for any distribution of stock dividends, cash dividends or capital reduction, and 90% of the average price ex-dividends. The total proposed fund amounted to US$132,787 thousand (at the exchange rate of US$1:NT$30.5); the total amount of the actual offering was based on the outstanding unit and price of the GDSs. The chairman was authorized by the board of the Company to set the pricing date and subscription base date after the approval by the FSC. On July 14, 2020, the FSC approved the termination of the offering of the GDSs.

As of December 31, 2020 and 2019, the balance of the Company's capital account amounted to NT$3,759,616 thousand and NT$2,875,544 thousand, divided into 375,962 thousand ordinary shares and 287,554 thousand ordinary shares with a par value of NT$10.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Additional paid-in capital	$ 5,088,159	$ 2,856,991
Conversion of bonds	596,347	-

(Continued)

	December 31	
	2020	2019
May only be used to offset a deficit		
Cash capital increase reserved for employee share options	$ 112,160	$ 49,920
Overdue dividends unclaimed	52	52
May not be used for any purpose		
Employee share options	13	13
	$ 5,796,731	$ 2,906,976

(Concluded)

* Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

The shareholders held their regular meeting on May 29, 2020 and resolved the amendments to the Company's dividend distribution policy in the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The board of directors shall be authorized to distribute the profit, the legal reserve, and the capital plus in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and shall report the same to the shareholders' meeting. In principle, not less than 10% of the total shareholders' bonus shall be distributed in the form of cash. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 22.

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

The appropriations of earnings for 2019 and 2018 approved in the shareholders' meetings on May 29, 2020 and June 24, 2019, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Year 2019	For Year 2018	For Year 2019	For Year 2018
Legal reserve	$ 55,183	$ 71,063		
Cash dividends	345,065	518,886	$ 1.20	$ 2.50
	$ 400,248	$ 589,949		

As of the date of the Company's board meeting, February 18, 2021, the appropriation of earnings for 2020 are not subjected.

d. Other equity items

1) The exchange differences arising on translation of foreign operations' net assets from its functional currency to the Company's presentation currency (New Taiwan dollar) are recognized directly in other comprehensive income. For the years ended December 31, 2020 and 2019, other comprehensive loss was NT$109,368 thousand and NT$8,449 thousand, respectively.

2) Unrealized valuation gains (losses) on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ 169,544	$ 179,854
Recognized for the year	181,920	39,393
Cumulative unrealized gains (losses) of equity instruments transferred to retained earnings due to disposal	(82,399)	(49,703)
Balance at December 31	$ 269,065	$ 169,544

Unrealized gains (losses) on financial assets at FVTOCI represents the cumulative gains or losses arising from the fair value measurement on financial assets at FVTOCI that are recognized in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

21. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2020	**2019**
Current tax		
In respect of the current year	$ 136,000	$ 68,000
Adjustment for prior years' tax and effects of estimated difference	(11,245)	-
Deferred tax		
In respect of the current year	-	7,000
Income tax expense recognized in profit or loss	$ 124,755	$ 75,000

b. Reconciliation of accounting profit and income tax expense were as follows:

	For the Year Ended December 31	
	2020	**2019**
Income tax expense from continuing operations at the statutory rate	$ 132,000	$ 127,000
Tax effect of adjustment item		
Permanent differences	32,000	(22,000)
Others	30,000	-

(Continued)

	For the Year Ended December 31	
	2020	2019
Current income tax	$ 194,000	$ 105,000
Unused investment credits	(58,000)	(30,000)
Adjustment for prior year's income tax	(11,245)	-
Income tax expense recognized in profit or loss	$ 124,755	$ 75,000

(Concluded)

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings.

As the shareholders have not yet resolved the appropriation of earnings for 2020, the potential income tax consequences of the 2020 unappropriated earnings are not reliably determinable.

c. Current tax liabilities

	December 31	
	2020	2019
Income tax payable	$ 169,350	$ 68,556

d. Deferred tax assets

	December 31	
	2020	2019
Deferred tax assets		
Allowance for inventory valuation and obsolescence loss and others	$ 73,000	$ 73,000

e. Income tax assessments

The Company's tax returns through 2018 have been assessed by the tax authorities.

f. Information about investment credits

The Company applies the Statute for Industrial Innovation Article 10, and up to 10% of its R&D expenses may be credited against the profit-seeking enterprise income tax payable in each of the three years following the then current year.

22. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31					
	2020			2019		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits expense						
Short-term employment benefits	$ 747,289	$ 1,262,040	$ 2,009,329	$ 711,338	$ 1,160,186	$ 1,871,524
Post-employment benefits	30,097	52,121	82,218	30,792	50,678	81,470
Remuneration to directors	-	8,990	8,990	-	8,731	8,731
Compensation cost of employee share options	16,945	45,295	62,240	16,667	33,253	49,920
Depreciation	129,316	98,815	228,131	123,216	77,778	200,994
Amortization	33,362	120,166	153,528	33,506	42,200	75,706

According to the Company’s Articles, the Company accrued employees’ compensation and remuneration of directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees’ compensation, and remuneration of director.

The employees’ compensation and remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Company’s board of directors on February 18, 2021 and February 6, 2020, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Employees’ cash compensation	$ 42,422	6	$ 40,868	6
Remuneration of directors	7,070	1	6,811	1

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in accounting estimate. There was no difference between the actual amounts of employees’ compensation and remuneration to directors and the amounts recognized in the financial statements for the years ended December 31, 2019 and 2018.

Information on the employees’ compensation and remuneration to directors resolved by the Company’s Board of Directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

23. SHARE-BASED PAYMENT ARRANGEMENTS

The Company’s board of directors resolved to reserve 10% of the shares from the issuance of both 80,000 thousand shares approved by the FSC on September 25, 2020 and August 26, 2019 to be subscribed for by its employees, respectively. The number of shares subscribed for by the employees was affirmed on October 21 2020 and September 3, 2019, respectively. The fair value of such share options subscribed for by the Company’s employees on the grant date was measured using the Black-Scholes Option Pricing Model and amounted to NT$62,240 thousand and NT$49,920 thousand which was recorded as compensation costs with a corresponding increase in capital surplus, respectively.

a. As of December 31, 2020 and 2019, the Company’s Share-based payments agreements were as follows:

2020

Agreement	Grant Date	Number of Shares Grant	Vesting Conditions
Cash capital increase reserved for employee share options	2020.10.21	8,000 thousand shares	Vested immediately

2019

Agreement	Grant Date	Number of Shares Grant	Vesting Conditions
Cash capital increase reserved for employee share options	2019.9.3	8,000 thousand shares	Vested immediately

b. The fair value of share options acquired by employees on grant day, October 21 2020 and September 3, 2019, respectively, were measured by using Black-Scholes Option Pricing Model. Relevant information were as follows:

2020

Share Price (NT$)	Exercise Price (NT$)	Expected Price Volatility	Expected Vesting Period	Expected Dividend Yield Rate	Risk-free Interest Rate	Fair Value Per Share (NT$)
$45.6	$38.0	34.80%	48 days	0.00%	0.18%	$7.78

2019

Share Price (NT$)	Exercise Price (NT$)	Expected Price Volatility	Expected Vesting Period	Expected Dividend Yield Rate	Risk-free Interest Rate	Fair Value Per Share (NT$)
$50.8	$45.0	32.61%	46 days	0.00%	0.43%	$6.24

24. EARNINGS PER SHARE

The numerators and denominators used in calculating basic and diluted earnings per share ("EPS") were as follows:

	For the Year Ended December 31					
	2020			2019		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT$) After Income Tax (Attributable to Owners of the Company)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT$) After Income Tax (Attributable to Owners of the Company)
Basic earnings per share						
Net profit attributed to owners of the Company	$ 532,785	295,056	$ 1.81	$ 558,459	220,888	$ 2.53
Effect of potentially dilutive ordinary shares						
Employees' compensation	-	993		-	1,080	
Convertible bonds	10,966	19,344		-	-	
Diluted earnings per share						
Net profit attributed to owners of the Company	$ 543,751	315,393	$ 1.72	$ 558,459	221,968	$ 2.52

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted EPS, as the effect is dilutive. The number of shares used in the computation of diluted EPS is estimated by the amount of compensation divided by the closing price of the potential common shares at the end of the reporting period. Such dilutive effect of the potential shares is included in the computation of diluted EPS until the number of shares to be distributed to employees is resolved in the following year.

25. CAPITAL MANAGEMENT

The Company's manages its capital to ensure it has the necessary financial resources and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures, research and development expenses, debt repayments and dividends payments.

26. BUSINESS COMBINATIONS

The Company's acquired the semiconductor business of Panasonic Corporation on September 1, 2020, please refer to the 2020 consolidated financial statements Note 27.

27. FINANCIAL INSTRUMENT

a. Categories of financial instruments

	December 31			
	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Financial assets at amortized cost (Note 1)	$ 5,772,286	$ 5,772,286	$ 5,683,512	$ 5,683,512
Financial assets at FVTPL				
Derivative financial assets	13,223	13,223	6,037	6,037
Financial assets at FVTOCI				
Investment in equity instruments	980,973	980,973	1,056,690	1,056,690
Financial liabilities				
Financial liabilities at amortized cost (Note 2)	5,495,452	5,771,540	2,655,087	2,655,087
Financial liabilities at FVTPL				
Derivative financial liabilities	3,191	3,191	-	-

Note 1: The balance includes financial assets at amortized cost, which includes cash and cash equivalents, notes and accounts receivable (including related parties), other receivables and refundable deposits.

Note 2: The balance includes financial liabilities at amortized cost, which includes accounts payable (including related parties), other payables, convertible bonds, long-term loans and guarantee deposits.

b. Fair value information

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

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

b) Level 2 fair value measurements are those derived from 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); and

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2) Fair value measurements recognized in the balance sheets

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed shares and emerging shares).

b) The fair value of the financial instruments at fair value through profit or loss is based on Level 2 inputs, either directly or indirectly. The fair value of foreign-currency derivative financial instrument could be determined by reference to the price and discount rate of currency swap quoted by financial institutions. Foreign exchange forward contracts are measured using individual maturity rate to calculate the fair value of each contract.

c) Domestic unlisted equity instruments at FVTOCI were all measured based on Level 3 fair value. Fair values of such equity instruments were determined using discounted cash flow of income approach and comparable listed company approach, by referring to strike price of similar business in active market, implied value multiple of the price and relevant information. Significant unobservable inputs included P/E ratio, value multiple and market liquidity discount. As the discounted cash flow method was used, the discount rate used for the lack of marketability was 29%; which increase by 1% while all the other variables are held constant fair value of investments will decrease by $9,942 thousand and $9,122 thousand for the years ended December 31, 2020 and 2019, respectively.

3) Fair value of financial instruments not measured at fair value

The Company recognized in the financial statements financial assets and financial liabilities that are not measured at fair value. Management believes the carrying amounts of such financial assets and liabilities approximate their fair values.

4) Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

	December 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 13,223	$ -	$ 13,223
Financial assets at FVTOCI				
Domestic listed shares and emerging market shares	$ 894	$ -	$ -	$ 894
Domestic and overseas unlisted shares	$ -	$ -	$ 980,079	$ 980,079
Financial liabilities at amortized cost				
Bonds payable (unsecured)	$ 1,483,908	$ -	$ -	$ 1,483,908
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 3,191	$ -	$ 3,191

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 6,037	$ -	$ 6,037
Financial assets at FVTOCI				
Domestic listed shares and emerging market shares	$ 485	$ -	$ -	$ 485
Domestic and overseas unlisted shares	$ -	$ -	$ 1,056,205	$ 1,056,205

5) Reconciliation of Level 3 fair value measurements of financial assets

The financial assets measured at Level 3 fair value were financial assets at FVTPL and equity investments classified as financial assets at FVTOCI. Reconciliations for the years ended December 31, 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 1,056,205	$ 418,733
Additions	-	630,000
Proceeds from capital reduction of investments	(2,250)	(4,000)
Recognized in other comprehensive income	(73,876)	11,472
Balance at December 31	$ 980,079	$ 1,056,205

c. Financial risk management objectives and policies

The Company seeks to minimize the effects of financial risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Company’s policies approved by the board of directors, which provide written principles on foreign currency risk, and the use of financial derivatives. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

1) Market risk

The Company’s activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company entered into foreign exchange forward contracts to hedge the exchange rate risk arising on the export business.

a) Foreign currency risk

The Company has foreign currency denominated transactions, which expose the Company to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Company’s foreign currency denominated monetary assets and monetary liabilities at the end of the year are set out in Note 32.

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and assuming an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be impact on net income in the amounts of $3,886 thousand and $3,770 thousand decrease for the years ended December 31, 2020 and 2019, respectively. The amounts used in the 1% weakening of New Taiwan dollars against the relevant currency did not consider the impact of hedge contracts and hedged item.

b) Interest rate risk

Interest rate risk refers to the risk that the change in market value will influence the fair value of financial instruments. The Company's interest rate risk arises primarily from floating rate deposits and long-term loans.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Cash flow interest rate risk		
Financial assets	$ 5,049	$ 281,713
Financial liabilities	1,500,000	500,000

The sensitivity analysis of cash flows based on the Company's exposure to interest rates of variable-rate non-derivative instruments at the end of the year showed that if market interest rates increased by 1%, the Company's cash outflows for the years ended December 31, 2020 and 2019 would have increased by $14,950 thousand and $2,183 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In this regard, the management of the Company consider that the Company's credit risk was significantly reduced.

3) Liquidity risk

The Company has enough operating capital to comply with loan covenants; liquidity risk is low.

The Company's non-derivative financial liabilities and their agreed repayment period are as follows:

	December 31, 2020			
	Within 1 Year	**1-2 Years**	**Over 2 Years**	**Total**
Non-derivative financial liabilities				
Non-interest bearing	$ 2,773,088	$ -	$ -	$ 2,773,088
Lease liabilities	60,000	56,465	159,007	275,472
Variable interest rate liabilities	-	-	1,500,000	1,500,000
Fixed interest rate liabilities	-	-	1,305,480	1,305,480
	$ 2,833,088	$ 56,465	$ 2,964,487	$ 5,854,040

Additional information about the maturity analysis for lease liabilities:

	Less than 2 Years	2-5 Years	5-10 Years	10-15 Years	Total
Non-derivative financial liabilities					
Lease liabilities	$ 116,465	$ 102,640	$ 52,760	$ 3,607	$ 275,472

	December 31, 2019			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 2,153,501	$ -	$ -	$ 2,153,501
Lease liabilities	59,362	58,874	215,919	334,155
Variable interest rate liabilities	-	-	500,000	500,000
	$ 2,212,863	$ 58,874	$ 715,919	$ 2,987,656

28. RELATED PARTY TRANSACTIONS

a. The names and relationships of related parties are as follows:

Related Party	Relationship with the Company
Winbond Electronics Corporation ("WEC")	Parent company
Nuvoton Electronics Technology (H.K.) Limited ("NTHK")	Subsidiary
Nuvoton Electronics Technology (Shenzhen) Limited ("NTSZ")	Subsidiary
Nuvoton Electronics Technology (Shanghai) Limited ("NTSH")	Subsidiary
Nuvoton Technology Corporation America ("NTCA")	Subsidiary
Nuvoton Technology Israel Ltd. ("NTIL")	Subsidiary
Song Yong Investment Corporation ("SYI")	Subsidiary
Nuvoton Technology India Private Limited ("NTIPL")	Subsidiary
Nuvoton Technology Corporation Japan ("NTCJ")	Subsidiary
Techdesign Corporation ("Techdesign")	Associate
Winbond Electronics Corporation Japan ("WECJ")	Associate
Callisto Holding Limited	Associate
Glorystone Inc.	Associate
Nyquest Technology Co., Ltd. ("Nyquest")	Related party in substance
Walton Advanced Engineering Inc.	Related party in substance
Chin Cherng Construction Co., Ltd.	Related party in substance
United Industrial Gases Co., Ltd.	Related party in substance

b. Operating activities

	For the Year Ended December 31	
	2020	2019
1) Operating revenue		
Subsidiary		
NTHK	$ 4,084,959	$ 3,792,364
Others	81,850	126,467
Related party in substance	200,281	246,391
Associate	88,422	90,302
	$ 4,455,512	$ 4,255,524
2) Purchases of goods		
Parent company	$ 209,957	$ 131,874
3) Manufacturing expenses		
Parent company	$ 369	$ 33
Walton Advanced Engineering Inc.	833	-
	$ 1,202	$ 33
4) Operating expenses		
Subsidiary		
NTIL	$ 857,575	$ 798,432
NTCA	310,515	313,272
Others	3,776	5,078
Parent company	21,037	8,118
Related party in substance	10,780	10,780
Associate	125	15
	$ 1,203,808	$ 1,135,695
5) Dividend income		
Related party in substance		
United Industrial Gases Co., Ltd.	$ 64,394	$ 62,858
Nyquest Technology Co., Ltd.	-	4,006
	$ 64,394	$ 66,864
6) Other income		
Parent company	$ 2	$ -
Related party in substance	-	183
	$ 2	$ 183

	December 31	
	2020	2019
7) Accounts receivable from related parties		
Subsidiary		
NTHK	$ 17,518	$ 56,121
Others	25,182	21,171
Related party in substance	50,800	45,903
Associate	12,817	21,491
	$ 106,317	$ 144,686
8) Other receivables		
Associate	$ 214	$ 41
Subsidiary	98	-
	$ 312	$ 41
9) Refundable deposits		
Parent company	$ 1,780	$ 1,780
Related party in substance	1,722	1,722
	$ 3,502	$ 3,502
10) Accounts payable to related parties		
Parent company	$ 39,500	$ 24,535
11) Other payables		
Subsidiary		
NTIL	$ 174,487	$ 154,348
Others	8,673	5,137
Parent company	9,738	2,740
Related party in substance	11,395	-
	$ 204,293	$ 162,225
12) Guarantee deposits		
Parent company	$ 545	$ 545

The sales and purchase prices and collection and payment terms with related parties were not significantly different from those with third parties. For other related party transactions, price and terms were determined in accordance with mutual agreement.

c. Acquisition of property, plant and equipment

	Purchase Price	
	For the Year Ended December 31	
	2020	2019
Related party in substance	$ 8,352	$ -

d. Lease arrangements

	December 31	
	2020	2019
1) Lease liabilities		
Parent company	$ 47,969	$ 59,750
Related party in substance	22,451	32,869
	$ 70,420	$ 92,619

	For the Year Ended December 31	
	2020	2019
2) Finance costs		
Parent company	$ 569	$ 53
Related party in substance	438	604
	$ 1,007	$ 657

e. Lease arrangements - Company is lessor/sublease arrangements

Sublease arrangements under operating leases

For the year ended December 31, 2020, the Company subleases its assets under operating leases to WEC and SYI with lease terms 3 years.

1) The balance of operating lease receivables was as follows:

	December 31	
	2020	2019
Parent company	$ -	$ 434
Subsidiary	-	5
	$ -	$ 439

2) Future lease payment receivables was as follows:

	December 31	
	2020	2019
Parent company	$ 11,133	$ 11,430
Subsidiary	90	150
	$ 11,223	$ 11,580

3) Lease income was as follows:

	For the Year Ended December 31	
	2020	2019
Parent company	$ 3,838	$ 4,003
Subsidiary	60	60
	$ 3,898	$ 4,063

f. Endorsements and guarantees

Endorsements and guarantees provided by the Company

As of December 31, 2020, the chairman of the Company is a joint guarantor of the land-leasing from Taiwan Sugar Corporation. Refer to Note 13.

Endorsements and guarantees provided for subsidiaries

As of December 31, 2020, the Company endorsed and guaranteed NTSH and NTCJ's bank loan with the amount of $541,120 thousand as collateral for $2,319,810 thousand and $1,146,645 thousand, respectively.

g. Compensation of key management personnel

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 64,569	$ 56,364
Compensation costs of employee share options	2,956	1,916
Post-employment benefits	822	1,354
	$ 68,347	$ 59,634

The remuneration of directors and key executives, as determined by the remuneration committee, was based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

Refer to Note 6.

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. As of December 31, 2019, the amounts available under unused letters of credit was approximately JPY13,200 thousand. There's no such incident as of December 31, 2020.

b. The Company and NTCA received a complaint served by the court on June 29, 2020. The plaintiff charged in the California High Court that the gasoline generator produced by HD POWER SYSTEMS INC. exploded during use and caused damage to it. At the same time, the Company, NTCA and other related companies shall bear the relevant compensation. The court stipulated that the defendant must submit a defense within 30 days. The Company continues to evaluate the possible impact on business operation and financial position, and will conduct related litigation matters in accordance with the procedures established by the court.

31. OTHER ITEMS

In 2020, the novel viral pneumonia (Covid-19 pandemic) spread all over the world, causing subsidiaries, customers and suppliers in some regions to implement quarantine and travel restrictions. The Company evaluated that there is no significant impact on the overall business operation and financial position of the Company. There are no doubts about the ability of the Company to going concern, assets impairment and financing risks.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currency of the Company and the related exchange rates between foreign currencies and respective functional currency were as follows:

	December 31					
	2020			2019		
	Foreign Currencies (Thousand)	**Exchange Rate**	**New Taiwan Dollars (Thousand)**	**Foreign Currencies (Thousand)**	**Exchange Rate**	**New Taiwan Dollars (Thousand)**
Financial assets						
Monetary items						
USD	$ 54,023	28.48	$ 1,538,568	$ 40,234	29.98	$ 1,206,220
ILS	20,730	8.8712	183,900	14,058	8.6652	121,813
JPY	48,824	0.2763	13,490	15,093	0.276	4,166
EUR	75	35.02	2,639	27	33.59	891
CNY	4,369	4.377	19,122	908	4.305	3,909
Investments accounted for using equity method						
USD	61,419	28.48	1,749,220	21,648	29.98	649,011
INR	54,858	0.3899	21,389	52,861	0.4205	22,228
KRW	1,098,477	0.0262	28,780	-	-	-
JPY	24,542,758	0.2763	5,675,964	-	-	-
Financial liabilities						
Monetary items						
USD	41,439	28.48	1,180,183	26,123	29.98	783,180
ILS	18,706	8.8712	165,943	17,812	8.6652	154,348
JPY	68,971	0.2763	19,057	62,389	0.276	17,219
EUR	114	35.02	3,981	157	33.59	5,281

For the year ended December 31, 2020 and 2019, realized and unrealized net foreign exchange losses were NT$2,569 thousand and NT$1,875 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

33. SEGMENT INFORMATION

The Company has provided the financial information of the operating segments in the consolidated financial statements. Therefore, these financial statements do not provide such information.