NIKO SEMICONDUCTOR CO., LTD.PARENT COMPANY ONLY FINANCIALSTATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS DECEMBER 31, 2020 AND 2019

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Auditor's Report

Board of Directors of Niko Semiconductor Co., Ltd.:

Audit opinions

The Balance Sheet of Dec. 31, 2019 and Dec. 31, 2020, and Statement of Comprehensive income, Statement of Changes in Equity and Statement of Cash Flows, and individual Financial Reports annotations (including summary of major accounting policies) from Jan. 1 to Dec. 31 of 2019 and 2020 of Niko Semiconductor Co., Ltd. have been audited by the accountant.

According to the accountant's opinions, the individual Financial Reports are prepared according to the preparation standards of Financial Reports of securities issuer in all the major aspects based on the accountant's audit results and other accountants' audit reports (please refer to the section of other matters), which are sufficient to fairly reflect the financial status of Niko Semiconductor Co., Ltd. on Dec. 31 of 2019 and 2020 and financial performance and cash flows of the company from Jan. 1 to Dec. 31 of 2019 and 2020.

Basis for audit opinions

The accountant carries out audit work according to the rules of accountant's audit certificate of financial statements and generally accepted auditing standards. The accountant's responsibilities under the standards will be further explained in the responsibility section when the accountant audits the individual Financial Reports. In accordance with the code of professional ethics for accountants, the personnels of the accounting firm who are subject to the code of independence have maintained their independence from Niko Semiconductor Co., Ltd. and fulfilled other responsibilities of the code. Based on the accountant's audit results and other accountants' audit reports, the accountant believes that the accountant has obtained sufficient and appropriate audit evidences as basis for audit opinions.

Other matters

The partial investment Financial Reports adopted with equity method listed into the Niko Semiconductor Co., Ltd. have not been audited by the accountant and they are audited by other accountants. Therefore, among the accountant's opinions on individual Financial Reports, the amount listed aiming at the Financial Reports not audited by the accountant is based on the audit reports of other accountants. The aforementioned investment by equity method listed on both Dec. 31, 2019 and Dec. 31, 2020 are occupied 3% of total assets and the company's profit share of investment by equity method listed from both Jan. 1 to Dec. 31 of 2019 and 2020 are occupied 3% of net profit before tax.

Key audit matters

Key audit matters refer to the most important matters to the audit of individual Financial Reports of Niko Semiconductor Co., Ltd. in 2020 according to the professional judgment of the accountant. The matters have been response in the process of auditing the overall individual Financial Reports and forming audit opinions. The accountant does not separately express opinions on the matters. The key audit matters which shall be shown on the audit report according to the accountant's judgment are as follows:

Inventory evaluation

Please see details about the accounting policies related to inventory in individual Financial Reports annotation IV (VII); please see details about uncertainty of the accounting estimate and hypothesis of inventory evaluation in individual Financial Reports annotation V; please see details about inventory and related loss in individual Financial Reports annotation VI (IV).

Instructions on the key audit matters:

Inventory is measured by the lower of cost and net realizable value. Because technology changes rapidly, update of new products and technology affects market demand. It might generate the risk that inventory cost exceeds its net realizable value. Because the available for sale of inventory will affect its value evaluation and continuous attention is required. Inventory is the important asset item of individual Financial Reports. Therefore, inventory evaluation is one of the important matters that the accountant audits the Financial Reports of Niko Semiconductor Co., Ltd.

How to response to the matter in audit

The audit works carried out by the accountant include: understand inventory depreciation loss provision policy of Niko Semiconductor Co., Ltd. and check its inventory evaluation has been carried out according to existing accounting policies, including implementation of sampling procedure and check of correctness of inventory ages, analysis on change circumstances of inventory ages in various periods; check of reasonableness of withdrawal of the authority of inventory reserves loss in the past and comparison with the method and hypothesis of current inventory reserves loss estimated to evaluate whether the estimate method and hypothesis of current inventory reserves loss are fair and appropriate. Check the post-term sales status of inventory to evaluate the reasonableness of estimate of inventory reserves evaluation.

Responsibilities of management layer and governance unit on individual Financial Reports

Responsibility of management layer is to prepare the individual Financial Reports with fair and appropriate expression according to the preparation standards of Financial Reports of securities issuer and maintain the necessary internal control related to preparation of individual Financial Reports to ensure that there is no significant misrepresentation caused by fraudulent practices or error in the individual Financial Reports.

When preparing the individual Financial Reports, the responsibility of management layer includes evaluation of sustainable operation ability of Niko Semiconductor Co., Ltd., disclosure of related matters and continuous operation accounting base, unless management layer intends to liquidate Niko Semiconductor Co., Ltd. or stop business, or there are no other feasible solutions except for liquidation or stoppage of business.

Governance unit (including Supervisor) of Niko Semiconductor Co., Ltd. bears the responsibility of supervising the process of financial report.

Accountant's responsibility in audit of individual Financial Reports

The purpose of the accountant's audit of individual Financial Reports is to obtain reasonable assurance about whether the individual Financial Reports exist significant misrepresentation caused by fraudulent practices or error and issue audit report. Reasonable assurance is high assurance. The audit work carried out according to generally accepted auditing standards cannot guarantee to find that individual Financial Reports exist significant misrepresentation. False expression might be caused by fraudulent practices or error. If the individual amount or total number of false expression can reasonably predict the economic decision that will influence the user of consolidated financial statements, then it will be deemed as significance.

When the accountant audits according to generally accepted auditing standards, the accountant will use professional judgment and keep professional doubt. The accountant also carries out the following works:

1. Recognize and evaluate the significant misrepresentation risk of individual Financial Reports caused by fraudulent practices or error; design and implement the appropriate response to the evaluated risk; obtain sufficient and appropriate audit evidences as basis for audit opinions. Because fraudulent practices might involve in collusion, forge, intentional omission, false statement or exceeding internal control, the risk of significant misrepresentation caused by fraudulent practices is not found is higher than that of error.

2. Obtain necessary understanding on the internal control related to audit to design the appropriate audit procedures under the situation. The purpose is not to express opinions on the effectiveness of internal control of Niko Semiconductor Co., Ltd.

3. Evaluate the appropriateness of the accounting policies adopted by management layer and the reasonableness of the accounting estimate and related disclosure made by it.

4. According to the obtained audit evidences, make conclusion on the appropriateness of the continuous operation accounting base adopted by the management layer and whether the event or situation which might generate major doubt about the sustainable operation ability of Niko Semiconductor Co., Ltd. exists major uncertainty or not. If the accountant thinks that the event or situation exists major uncertainty, the accountant shall remind the user of individual Financial Reports to pay attention to the relevant disclosure of individual Financial Reports in the audit report or correct audit opinions when the disclosure belongs inappropriateness. The accountant's conclusion is based on the audit evidences obtained as of audit report date. However, the future event or situation might lead to that the Niko Semiconductor Co., Ltd. will not have sustainable operation ability.

5. Evaluate the overall expression, structure and contents of individual Financial Reports (including relevant annotations) and whether the individual Financial Reports fairly and appropriately express relevant trades and events.

6. Obtain sufficient and appropriate audit evidences about the financial information of the invested company adopting equity method to express opinions on individual Financial Reports. The accountant is responsible for guiding, supervising and implementing the audit case and forming audit opinions of Niko Semiconductor Co., Ltd.

The matters communicated by the accountant with governance unit include planned audit scope and time and major audit findings (including the internal control significant loss recognized in the process of audit).

The accountant also provides the governance unit with the statement that the personnels of the accounting firm who are subject to the code of independence have abided by the related independence in the code of professional ethics of accountant and communicates with governance unit about all the relations which might be thought to affect the accountant's independence and other matters (including related prevention and protection measures).

The accountant will decide the key audit matters to the audit of individual Financial Reports of Niko Semiconductor Co., Ltd. in 2020 from the matters communicated with governance unit. The accountant will clearly state the matters in the audit report, unless the special matter is forbidden by laws for public disclosure, or under rare situation, the accountant will decide not to communicate the special matter in the audit report, because it can be reasonably expected that the negative impact of this communication will be greater than the public interest.

KPMG Taiwan
Wu, Mei-Pin
Yu, Chi-Lung
Mar. 19, 2021

Notice to Readers

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.

Niko Semiconductor Co., Ltd.

Balance Sheet

Dec. 31 of 2019 and 2020 **Unit: NTD thousand**

	Assets	2020.12.31 Amount	%	2019.12.31 Amount	%
	Current assets:				
1100	Cash and equivalent cash (annotation VI (I))	$ 618,726	25	326,491	13
1110	Financial assets at fair value through profits and losses-Current(annotation VI (II))	3,814	-	7,676	-
1170	Net accounts receivable (annotation VI (III)and(XIII))	822,908	34	1,032,597	42
1180	Accounts receivable - Net amount of related parties (annotation VI (III), (XIII)and VII)	75,978	3	67,099	3
1200	Other receivables (annotation VII)	9,866	1	13,282	1
130X	Inventory (annotation VI (IV))	422,044	17	495,139	20
1470	Other current assets (annotation VIII)	5,196	-	2,048	-
	Total current assets	1,958,532	80	1,944,332	79
	Non-current assets:				
1550	Investment by equity method (annotation VI (V))	107,893	4	99,813	4
1600	Property, plant and equipment (annotation VI (VI) and VIII)	291,184	12	294,127	12
1760	Net Investment property(annotation VI (VII) and VIII)	72,183	3	72,790	3
1840	Deferred income tax assets (annotation VI (X))	16,401	1	17,582	1
1900	Other non-current assets (annotation IX)	15,202	-	20,157	1
	Total non-current assets	502,863	20	504,469	21
	Total assets	$ 2,461,395	100	2,448,801	100

	Liabilities and equity	2020.12.31 Amount	%	2019.12.31 Amount	%
	Current liabilities:				
2170	Notes and accounts payable	$ 273,185	11	336,437	14
2180	Accounts payable-Related parties (annotation VII)	1,333	-	14,780	1
2200	Expenses payable and other payables (annotation VII)	130,601	5	138,267	5
2230	Current income tax liabilities	22,644	1	47,156	2
2300	Other current liabilities	4,070	-	4,767	-
	Total current liabilities	431,833	17	541,407	22
	Non-current liabilities:				
2600	Other non-current liabilities(annotation VI (IX) and (X))	8,069	1	10,176	1
	Total liabilities	8,069	1	10,176	1
	Total non-current liabilities	439,902	18	551,583	23
	Equity:				
3110	Capital stock of common stock(annotation VI (XI))	612,515	25	612,515	25
3200	Capital reserves (annotation VI (XI))	630,512	26	630,512	26
3310	Legal reserves (annotation VI (XI))	149,013	6	129,897	5
3320	Special reserves (annotation VI (XI))	3,594	-	1,850	-
3350	Undistributed earnings (annotation VI (XI))	629,165	25	526,038	21
3410	Exchange differences on the translation of foreign operating organizations	(3,306)	-	(3,594)	-
	Total equity	2,021,493	82	1,897,218	77
	Total liabilities and equity	$ 2,461,395	100	2,448,801	100

The accompanying notes are an integral part of the parent company only financial statements

Niko Semiconductor Co., Ltd.

Statements of Comprehensive Income

Jan. 1 to Dec. 31 of 2019 and 2020

Unit: NTD thousand

		2020		2019	
		Amount	**%**	**Amount**	**%**
4000	**Operating income (annotation VI (XIII) and VII)**	$ 2,480,399	100	2,808,424	100
5000	**Operating cost (annotation VI (IV), (IX), (XIV), VII and XII)**	1,876,320	76	2,200,273	78
	Gross operation profit	604,079	24	608,151	22
	Operating expenses (annotation VI (III), (IX), (XIV), VII and XII):				
6100	Sales promotion expenses	131,769	6	125,062	4
6200	Management expenses	109,912	4	123,856	4
6300	Research and development expenses	109,343	4	109,479	4
6450	Expected credit impairment loss (reversal benefit)	(161)	-	226	-
	Total operating expenses	350,863	14	358,623	12
	Net operating profits	253,216	10	249,528	10
	Non-operating income and expenditure:				
7010	Other income (annotation VI (XV) and VII)	5,915	-	3,638	-
7020	Other profit and loss (annotation VI (XV))	(29,503)	-	(10,263)	-
7050	Financial cost(annotation VI (XV))	(2)	-	-	-
7060	Share of profit or loss of affiliated enterprises recognized by equity method	7,584	-	5,749	-
	Total non-operating income and expenditure	(16,006)	-	(876)	-
	Net profit before tax	237,210	10	248,652	10
7950	**Minus: Income tax expenses (annotation VI (X))**	51,279	2	54,692	2
	Net profit	185,931	8	193,960	8
8300	**Other comprehensive income:**				
8310	**Items not reclassified to profit and loss**				
8311	Remeasurements of defined welfare plans (annotation VI (IX))	(865)	-	(3,497)	-
8349	Income tax related to items not reclassified (annotation VI (X))	173	-	699	-
		(692)	-	(2,798)	-
8360	**Items that may be reclassified to profit and loss in subsequent periods**				
8361	Exchange differences on the translation of financial statements of foreign operating organizations	359	-	(2,180)	-
8399	Income tax related to items that may be reclassified (annotation VI (X))	(71)	-	436	-
	Total items that may be reclassified to profit and loss in subsequent periods	288	-	(1,744)	-
8300	**Other comprehensive income**	(404)	-	(4,542)	-
	Total comprehensive income	**$ 185,527**	**8**	**189,418**	**8**
	Earnings per share (NTD)(annotation VI (XII))				
	Basic earnings per share (NTD)	**$**	**3.04**		**3.17**
	Diluted earnings per share (NTD)	**$**	**2.97**		**3.11**

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Niko Semiconductor Co., Ltd.

Statement of Changes in Equity

Jan. 1 to Dec. 31 of 2019 and 2020

Unit: NTD thousand

			Retained Earnings				
	Capital stock of common stock	**Capital reserves**	**Legal reserves**	**Special reserves**	**Undistributed Earnings**	**Exchange differences on the translation of foreign operating organizations**	**Total Equity**
Balance on Jan. 1, 2019	$ 612,515	630,512	114,558	1,351	393,590	(1,850)	1,750,676
Net profit	-	-	-	-	193,960	-	193,960
Other comprehensive income	-	-	-	-	(2,798)	(1,744)	(4,542)
Total comprehensive income	-	-	-	-	191,162	(1,744)	189,418
Appropriation and distribution of earnings:							
Withdrawn legal reserves	-	-	15,339	-	(15,339)	-	-
Withdrawn special reserves	-	-	-	499	(499)	-	-
Cash dividend of common stock	-	-	-	-	(42,876)	-	(42,876)
Balance on Dec. 31, 2019	612,515	630,512	129,897	1,850	526,038	(3,594)	1,897,218
Net profit	-	-	-	-	185,931	-	185,931
Other comprehensive income	-	-	-	-	(692)	288	(404)
Total comprehensive income	-	-	-	-	185,239	288	185,527
Appropriation and distribution of earnings:							
Withdrawn legal reserves	-	-	19,116	-	(19,116)	-	-
Withdrawn special reserves	-	-	-	1,744	(1,744)	-	-
Cash dividend of common stock	-	-	-	-	(61,252)	-	(61,252)
Balance on Dec. 31, 2020	**$ 612,515**	**630,512**	**149,013**	**3,594**	**629,165**	**(3,306)**	**2,021,493**

The accompanying notes are an integral part of the parent company only financial statements

Niko Semiconductor Co., Ltd.

Cash Flows Statement

Jan. 1 to Dec. 31 of 2019 and 2020

Unit: NTD thousand

		2020	2019
Cash flows of operating activities:			
Current net profit before tax	$	237,210	248,652
Items of adjustment:			
Income expense loss item			
Depreciation expenses		18,744	14,013
Amortization expenses		62	321
Expected credit impairment loss (reversal benefit)		(161)	226
Net loss(profit) of financial assets and liabilities by fair value through profit and loss		3,862	(7,184)
Interest expenses		2	-
Interest income		(249)	(883)
Share of profit or loss of affiliated enterprises recognized by equity method		(7,584)	(5,749)
Other		7,519	21,480
Total income expense loss item		22,195	22,224
Changes in assets and liabilities related to operating activities:			
Accounts receivable		209,867	(306,404)
Accounts receivable-related parties		(8,896)	27,364
Other receivables		3,416	1,698
Inventory		65,576	(214)
Other current assets		596	(108)
Total net changes in assets related to operating activities		270,559	(277,664)
Notes payable and Accounts payable		(63,252)	(137,206)
Accounts payable-related parties		(13,447)	(21,453)
Expense payable and Other payables		(7,802)	17,141
Other current liabilities		(697)	2,983
Net defined benefit liabilities		(2,199)	117
Total net changes in liabilities related to operating activities		(87,397)	(138,418)
Total net changes in assets and liabilities related to operating activities		183,162	(416,082)
Total items of adjustment		205,357	(393,858)
Cash inflow(outflow) from operations		442,567	(145,206)
Collected interest		249	883
Paid interest		(2)	-
Paid income tax		(75,282)	(47,926)
Net cash inflow (outflow) from operating activities		367,532	(192,249)
Cash flows of investment activities:			
Property, plant and equipment		(15,194)	(21,439)
Decrease(Increase) in deposit		4,995	(9,997)
Obtained intangible assets		(102)	-
Increase in other current assets		(3,744)	-
Net cash outflow from investment activities		(14,045)	(31,436)
Cash flows from financing activities:			
Distribution of cash dividends		(61,252)	(42,876)
Net cash outflow from financing activities		(61,252)	(42,876)
Current increase (decrease) of cash and equivalent cash		292,235	(266,561)
Balance of cash and equivalent cash at the beginning of the period		326,491	593,052
Ending balance of cash and equivalent cash	**$**	**618,726**	**326,491**

The accompanying notes are an integral part of the parent company only financial statements

Niko Semiconductor Co., Ltd.
Individual Financial Statement Note
2020 and 2019
(Unless otherwise specified, all amounts are in NT$ 1,000)

I. Company History

Niko Semiconductor Co., Ltd. (hereinafter referred to as the "Company") was established with the approval of the Ministry of Economic Affairs on October 8, 1998, formerly known as Super GEM Co., Ltd., and changed its name to its current name in April, 2001, with its registered address on the 12th floor, No.368 Gongjian Road, Xizhi District, New Taipei City. The main business items of the Company are the research, development, design and sales of analog IC which can be used in communication, computers, computer peripherals, video, power supply and other consumer products. Since August, 2007, the shares of the Company have been listed and traded in Taiwan OTC.

II. Date and Procedure through Financial Statement

This Individual Financial Statement was approved and issued by the Board of Directors on March 19, 2021.

III. Application of Newly Issued and Revised Standards and Interpretations

(I) The influence of the newly issued and revised standards and interpretations approved by the Financial Supervisory Commission (hereinafter referred to as the "FSC") has been adopted

Since January 1, 2020, the Company has applied the following newly revised International Financial Reporting Standards, which has not had a significant influence on the individual financial report.

- Amendment to IFRS 3 "Definition of Business"
- Amendments to IFRS 9, IAS 39 and IFRS 7, "Changes in Interest Rate Indicators"
- Amendments to IAS 1 and IAS 8 "Significant Definition"
- Amendment to IFRS 16 "Covid-19 Related Rent Concessions"

(II) The influence IFRS approved by the FSC hasn’t adopted.

The assessment of the Company is subject to the following newly revised International Financial Reporting Standards effective from January 1, 2021 which will not have a significant influence on the individual financial report.

- Amendment to IFRS 4 "Temporary exemption from the extension of IFRS 9”
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: "Change of Interest Rate Indicators-Phase II”

(III) Newly issued and revised standards and explanations that have not been approved by the FSC

Standards and interpretations issued and amended by the International Accounting Standards Board (hereinafter referred to as the "Board") but not approved by the FSC, possible stakeholders to the Company are as follows:

Newly Issued and Revised Standards	**Mainly Revised Content**	**Effective Day of Board Issuance**
Amendment to IAS 1 "Classify liabilities as Current or Non-current"	The purpose of the amendment is to improve the consistency of the application of the standards, so as to assist enterprises to define whether debts or other liabilities with uncertain settlement date should be classified as current (due within one year) or non-current in the balance sheet. The amendments also clarify the classification requirements of debts that enterprises may pay off by converting them into equity.	2023.1.1

The Company is continuously evaluating the influence of the above standards and interpretations on the financial position and operating results of the Company, and the related impact will be disclosed when the evaluation is completed.

The Company expects that the following other newly issued and revised standards that have not been approved will not have a significant influence on the individual financial report.

- Amendments to IFRS 10 and IAS 28 "Sale or Investment of Assets between Investors and Their Affiliates or Joint Ventures"
- Amendments to IFRS 17 “Insurance Contracts” and IFRS 17
- Amendment to IAS 16, "Property, Plant and Equipment- Price before Reaching the Intended use Status"
- Amendment to IAS 37 "Onerous Contract-Cost of Executor Contract"
- Annual improvement of IFRS 2018-2020 Cycle
- Amendment to IFRS 3: "Citation of Conceptual Framework”
- Amendment to IAS 1 "Disclosure of Accounting Policies"
- Amendment to IAS 8 "Definition of Accounting Estimation"

IV. Summary Description of Major Accounting Policies

The major accounting policies adopted in this individual financial report are summarized as follows. Unless otherwise stated, the following accounting policies have been uniformly applied to all expression periods of this individual financial report.

(I) Follow the Statement

This individual financial report is prepared in accordance with the "Composing Criteria for Financial Report of Securities Issuers" (hereinafter referred to as the "Composing Criteria").

(II) Composing Basis

1. Measurement Basis

Except for the following important items in the balance sheet, this individual financial report is prepared on the basis of historical cost:

(1) Financial assets measured at fair value through profit or loss;

(2) The net defined welfare liability is based on the fair value of pension plan assets minus the present value of the defined welfare obligation.

2. Functional Currency and Expressive Currency

The Company takes the currency of the main economic environment in which operation is located as its functional currency. This individual financial report is expressed in NTD, the functional currency of the Company. All financial information expressed in NT dollars is in NT$ 1,000.

(III) Foreign Currency

1. Foreign Currency Transaction

Foreign currency transactions are translated into functional currencies at the exchange rate of the trading day. Foreign currency monetary items on the end date of each subsequent reporting period (hereinafter referred to as the "reporting date") are converted into functional currencies at the exchange rate of the day. Foreign currency non-monetary items measured at fair value are translated into functional currencies at the exchange rate on the date of fair value measurement, while foreign currency non-monetary items measured at historical cost are translated at the exchange rate on the trading day.

2. Foreign Operating Institutions

The assets and liabilities of foreign operating institutions, including goodwill and fair value adjustment arising from acquisition, are translated into NT dollars at the exchange rate on the reporting date; Income and expense items are converted into NT dollars at the current average exchange rate, and the resulting exchange differences are recognized as other comprehensive gains and losses.

(IV) Classification criteria for distinguishing current and non-current assets and liabilities

Assets that meet one of the following conditions are classified as current assets, and all other assets that are not current assets are classified as non-current assets:

1. Expect to realize the asset in its normal business cycle, or intend to sell or consume it;

2. Holding the asset mainly for trading purposes;
3. It is expected that the asset will be realized within twelve months after the reporting period; or
4. The asset is cash or equivalent cash, except that there are other restrictions on the exchange or use of the asset to pay off liabilities at least twelve months after the reporting period.

Liabilities that meet one of the following conditions are listed as current liabilities, and all other liabilities that are not current liabilities are listed as non-current liabilities:

1. It is expected that the liability will be paid off in the normal business cycle;
2. Holding the debt mainly for trading purposes;
3. It is expected that the liability will be paid off within twelve months after the reporting period; or
4. Liabilities without the right to unconditionally delay the repayment period to at least 12 months after the reporting period. The terms of liabilities may be paid off by issuing equity instruments at the choice of the counter-party, which does not affect their classification.

(V) Cash and equivalent cash

Cash includes cash on hand and bank deposits. Equivalent cash refers to short-term and highly liquid investments that can be converted into fixed cash at any time with little risk of value change. Time deposits that meet the above definition and are held for short-term cash commitments rather than investment or other purposes are reported as equivalent cash.

(VI) Financial Instrument

Accounts receivable are originally recognized when they are incurred. All other financial assets and financial liabilities were originally recognized when the Company became a party to the terms of the financial instrument contract. Financial assets not measured at fair value through profit or loss (except accounts receivable excluding significant financial components) or financial liabilities are originally measured at fair value plus transaction costs directly attributable to the acquisition or issuance. Accounts receivable without significant financial components were originally measured at transaction prices.

1. Financial Asset

If the purchase or sale of financial assets conforms to the conventional transaction, all purchases and sales of financial assets classified in the same way by the Company shall be uniformly accounted for on the trading day or delivery date.

At the time of original recognition, financial assets are classified into financial assets measured at amortized cost and financial assets measured at fair value through profit or loss. Only when the Company changes its business model of managing financial assets, it will reclassify all affected financial assets from the first day of the next reporting period.

(1) Financial assets measured at amortized cost

When financial assets meet the following conditions and is not specified to be measured at fair value through profit or loss, it is measured at amortized cost:

・ The financial assets are held under the business model for the purpose of collecting contract cash flow.

・ The contractual terms of the financial assets generate cash flow on a specific date, which is solely for paying interest on the principal and the principal amount in circulation.

The accumulated amortization of these assets is calculated by the effective interest method with the original recognized amount plus or minus, and the amortized cost of any allowance loss is adjusted. Interest income, foreign currency exchange gains and losses and impairment losses are recognized in profit or loss. When excluded, profit or loss is included in profit or loss.

(2) Financial assets measured at fair value through profit or loss

Financial assets that are not measured at amortized cost or at fair value through other comprehensive income or loss are measured at fair value through profit or loss, including derivative financial assets. At the time of original recognition, in order to eliminate or significantly reduce the improper accounting matching, the Company may irrevocably designate the financial assets that meet the conditions of measuring at amortized cost or measuring at fair value through other comprehensive income as financial assets measured at fair value through profit and loss.

These assets are subsequently measured at fair value, and their net gain or loss (including any dividend and interest income) is recognized as profit or loss.

(3) Impairment of financial assets

The Company recognizes allowance losses for the expected credit losses of financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivables, deposit margin and other financial assets, etc.).

The following financial assets are measured according to the expected credit loss amount in twelve months, and the rest are measured according to the expected credit loss amount during the existence period:

・ Judging that the credit risk of debt securities on the reporting date is low; and

・The credit risk of other debt securities and bank deposits (that is, the risk of default during the expected lifetime of financial instruments) has not increased significantly since the original recognition.

The allowance loss of accounts receivable is measured according to the expected credit loss amount during the existence period.

The expected credit loss during the lifetime refers to the expected credit loss caused by all possible default events during the expected lifetime of a financial instrument.

The 12-month expected credit loss refers to the expected credit loss caused by the possible default of the financial instrument within 12 months after the reporting date (or a shorter period, if the expected duration of the financial instrument is shorter than 12 months).

The longest period for measuring the expected credit loss is the longest contract period during which the Company is exposed to credit risk.

When judging whether the credit risk has increased significantly since the original recognition, the Company considers reasonable and verifiable information (which can be obtained without excessive cost or investment), including qualitative and quantitative information, and analysis based on the historical experience, credit evaluation and forward-looking information of the Company.

If the contract payment is overdue for more than 30 days, the Company assumes that the credit risk of financial assets has increased significantly.

If the contract payment is overdue for more than 180 days, or the borrower is unlikely to fulfill its credit obligation and pay the full amount to the Company, the Company shall be deemed to have defaulted on the financial assets.

The expected credit loss is the probability weighted estimate of the credit loss during the expected lifetime of a financial instrument. Credit loss is measured by the present value of all cash short receipts, that is, the difference between the cash flow that the Company can receive according to the contract and the cash flow that the Company expects to receive. Expected credit losses are discounted at the effective interest rate of financial assets.

On each reporting date, the Company evaluates whether the financial assets measured at amortized cost have credit impairment. When one or more events adversely affecting the estimated future cash flow of financial assets have occurred, the credits of the financial assets have been impaired. Evidence of credit impairment of financial assets includes observable data on the following matters:

- Major financial difficulties of the borrower or issuer;
- Default, such as delay or overdue for more than 180 days;
- For economic or contractual reasons related to the borrower's financial difficulties, the Company gives concessions to the borrower that would not have been considered;
- It is very possible that the borrower will file for bankruptcy or other financial restructuring; or
- The active market of the financial asset disappears due to financial difficulties.

The allowance loss of financial assets measured at amortized cost is deducted from the carrying amount of the assets.

When the Company cannot reasonably expect the whole or part of the recovered financial assets, it directly reduces the total book amount of its financial assets. The Company analyzes the timing and amount of write-off individually on the basis of whether it is reasonably expected to be recoverable. The Company expects that the written-off amount will not be significantly reversed. However, the written-off financial assets can still be enforced, so as to comply with the procedures of the Company to recover the overdue amount.

(4) Exclusion of financial assets

The Company will exclude financial assets only when the contractual right to cash flow from the assets is terminated, or when the financial assets have been transferred and almost all risks and rewards of ownership of the assets have been transferred to other enterprises, or when almost all risks and rewards of ownership have neither been transferred nor retained and control of the financial assets has not been retained.

When the Company signs a transaction to transfer financial assets, if all or almost all risks and rewards of ownership of the transferred assets are retained, they will continue to be recognized in the balance sheet.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity according to the substance of the contract agreement and the definition of financial liabilities and equity.

(2) Equity transactions

Equity instruments refer to any contract that recognizes the remaining interests of the Company after deducting all its liabilities from its assets. Equity instruments issued by the Company are recognized at the amount obtained after deducting direct issuance costs.

(3) Financial liabilities

Financial liabilities are classified as amortized costs or measured at fair value through profit or loss. Financial liabilities are classified as measured at fair value through profit or loss if they are held for trading, derivatives or designated at the time of original recognition. Financial liabilities measured at fair value through profit or loss are measured at fair value, and related net benefits and losses, including any interest expenses, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost by effective interest method. Interest expenses and exchange gains and losses are recognized in profit or loss. Any profit or loss at the time of exclusion is also recognized in profit or loss.

(4) Exclusion of financial liabilities

The Company excludes financial liabilities when its contractual obligations have been fulfilled, canceled or expired. When the terms of financial liabilities are revised and the cash flows of the revised liabilities are significantly different, the original financial liabilities are excluded and new financial liabilities are recognized at fair value based on the revised terms.

When excluding financial liabilities, the difference between the book amount and the total consideration paid or payable (including any transferred non-cash assets or liabilities assumed) is recognized as profit or loss.

(5) Offset of financial assets and liabilities

Financial assets and financial liabilities are offset against each other only when the Company has the legally enforceable right to offset against each other and intends to settle the assets and pay off the liabilities in net amount, and then they are expressed in the balance sheet in net amount.

3. Derivative financial instruments

The Company holds derivative financial instruments to avoid the sudden risks of foreign currency and interest rate risks.

Derivative instruments are initially recognized at fair value; Subsequent measurement is based on fair value, and the benefits or losses arising from re-measurement are directly included in profit or loss.

(VII) Inventory

Inventory is measured at the lower of cost and net realized value. Costs include acquisition, production or processing costs and other costs incurred to make it available for use, and are calculated by the weighted average method.

The net realized value refers to the balance of the estimated selling price under normal operation minus the estimated cost for completion and the estimated cost for completion of sale.

(VIII) Investment Subsidiary

When composing the individual financial report, the Company adopts the equity method to evaluate the controlled investee companies. Under the equity method, the current profits and losses and other comprehensive profits and losses in individual financial reports are the same as those attributed to the owners of the parent company in the financial reports prepared on a consolidated basis. In addition, the owner's equity in individual financial report is the same as that belongs to parent company in the financial report composed on the basis of consolidation.

Changes in the ownership interests of subsidiaries of the Company that do not result in loss of control are treated as equity transactions with owners.

(IX) Investment property

Investment property initially measured at cost, and subsequently measured at cost MINUS accumulated depreciation and accumulated impairment. Its depreciation method, service life and residual value are treated according to the regulations on property, plant and equipment.

The profit or loss from disposal of investment property (calculated as the difference between the net disposal price and the book amount of the project) is recognized in profit or loss.

Rental income from investment property is recognized in other income on a straight-line basis during the lease period. Incentives to lease are recognized as part of the lease income during the lease period.

(X) Property, plant and equipment

1. Recognition and measurement

Items of property, plant and equipment are measured at cost (including capitalized borrowing costs) less accumulated depreciation and any accumulated impairment.

If the service life of major components of property, plant and equipment is different, they will be treated as separate items (major components) of property, plant and equipment.

Profit or loss on property, plant and equipment are recognized in profit or loss.

2. Subsequent costs

Subsequent expenditures are capitalized only when their future economic benefits are likely to flow into the Company.

3. Depreciation

Depreciation is calculated at the cost of assets less the residual value, and is recognized in profit or loss within the estimated service life of each component using the straight-line method.

Land will not be depreciated.

The estimated service lives of the current and comparative periods are as follows:

(1) House and building: 3~50 years

(2) Office and other equipment: 2~8 years

The Company shall review the depreciation method, service life and residual value on the reporting date of each year, and make appropriate adjustments when necessary.

(XI) Lease

1. Judgment of lease

The Company evaluates whether the contract is a lease or not on the establishment date of the contract. If the contract transfers the control over the use of the identified assets for a period of time in exchange for consideration, the contract is a lease or not. In order to evaluate whether the contract is a lease, the Company evaluates the following items:

(1) The contract involves the use of an identified asset, which is explicitly specified in the contract or implicitly specified when it is available for use, and its entity can distinguish or represent substantially all production capacity. If the supplier has the substantive right to replace the asset, the asset is not an identified asset; and

(2) Have the right to obtain almost all economic benefits from the use of identified assets during the whole use period; and

(3) When one of the following conditions is met, obtain the right to dominate the use of identified assets:

- The customer has the right to dominate the use mode and purpose of the identified assets during the whole use period.
- Relevant decisions about the use mode and purpose of the asset are defined in advance, and:
  - The customer has the right to operate the asset during the whole use period and the supplier does not have the right to change the operating instructions, or;
  - The way in which the customer designed the asset has defined in advance the use mode and purpose of the asset during its entire use period.

2. Lessee

The Company recognizes the right to use assets and lease liabilities on the lease start date. The right to use assets is originally measured by the cost, which includes the original measured amount of the lease liabilities, adjusts any lease payment paid on or before the lease start date, and adds the original direct costs incurred and the estimated costs for dismantling and removing the underlying assets and restoring their location or the underlying assets, and deducts any lease incentives.

The right-to-use assets are subsequently depreciated on a straight-line basis from the lease start date to the expiration of the service life of the right-to-use assets or the expiration of the lease period. In addition, the Company regularly evaluates whether the right to use assets are impaired and handles any impairment losses that have occurred, and adjusts the right to use assets when the lease liabilities are re-measured.

Lease liabilities are originally measured by the present value of unpaid lease payments on the lease start date. If the implied interest rate of lease is easy to define, the discount rate is that interest rate; if it is not easy to define, the increased borrowing rate of the merged company will be used. Generally speaking, the Company adopts its increased borrowing rate as the discount rate.

Lease payments included in the measurement of lease liabilities include:

(1) Fixed payment, including substantial fixed payment;

(2) The lease payment that depends on the change of a certain index or rate is originally measured by the index or rate on the lease start date.

(3) The residual value guarantee amount expected to be paid; and

(4) The exercise price or the penalty to be paid when it is reasonably defined that the purchase option or the lease termination option will be exercised.

The lease liabilities are accrued with the effective interest method, and the amount is measured again when the following situations occur:

(1) Changes in the index or rate used to define the lease payment lead to changes in future lease payment;

(2) The amount of residual value guarantee expected to be paid has changed;

(3) There is a change in the evaluation of the purchase option of the underlying asset;

(4) The estimation of whether to extend or terminate the option has changed, and the evaluation of the lease period has changed;

(5) Modification of the lease object, scope or other terms.

When the lease liabilities are re-measured due to changes in the index or rate used to define the lease payment, changes in the residual value guarantee amount, and changes in the evaluation of purchase, extension or termination options, the book amount of the right-to-use assets is adjusted accordingly, and the remaining re-measured amount is recognized in profit or loss when the book amount of the right-to-use assets is reduced to zero.

For lease modifications that reduce the lease scope, the book amount of the right-to-use assets is reduced to reflect the partial or total termination of the lease, and the difference between the book amount and the re-measurement amount of the lease liabilities is recognized in profit or loss.

The Company will express the right to use assets and lease liabilities that do not meet the definition of investment property in the balance sheet as separate items.

For the short-term lease of transportation equipment and parking space lease and the lease of low-value assets, the Company chooses not to recognize the right-to-use assets and lease liabilities, but to recognize the relevant lease payments as expenses on a straight-line basis during the lease period.

3. Lessor

A transaction in which the Company is the lessor classifies the lease contract according to almost all risks and rewards attached to the ownership of the underlying asset on the lease establishment date, if so, it is classified as a finance lease, otherwise, it is classified as an operating lease. In the evaluation, the Company considers relevant specific indicators such as whether the lease period covers the main part of the economic life of the underlying asset. For operating leases, the Company recognizes the lease payments received as rental income on a straight-line basis during the lease period.

(XII) Intangible assets

Intangible assets with durable life acquired by the Company are measured at cost less accumulated amortization and accumulated impairment. Subsequent expenditures are capitalized only when they can increase the future economic benefits of related specific assets. All other expenses are recognized in profit or loss when incurred. Amortization is calculated by deducting the estimated residual value from the cost of assets, and is recognized in profit or loss within the estimated service life of intangible assets according to the straight-line method. The service life of computer software is 3 years.

The Company shall examine the amortization method, service life and residual value of intangible assets on the reporting date of each year, and make appropriate adjustments when necessary.

(XIII) Impairment of non-financial assets

On each reporting date, the Company evaluates whether there is any indication that the book amount of non-financial assets (except inventory, contract asset and deferred income tax assets) may be impaired. If there is any sign, estimate the recoverable amount of the asset.

For the purpose of impairment test, a group of assets whose cash inflows are mostly independent of those of other individual assets or asset groups is regarded as the smallest identifiable asset group.

The recoverable amount is the higher of the fair value of individual assets or cash generating units less sales costs and their use value. Impairment losses are recognized if the recoverable amount of an individual asset or cash generating unit is lower than the book amount.

Impairment losses in current period are immediately recognized in profit or loss, and the book amount of each asset in the unit is reduced in proportion to the book amount of each asset.

Non-financial assets are only reversed within the range of not exceeding the book amount (less depreciation or amortization) defined if impairment losses were not recognized in previous years.

(XIV) Revenue recognition-revenue from customer contracts

Revenue is measured at the consideration expected to be entitled to the goods transferred. The Company recognizes revenue when its control over goods or services is transferred to its customers and its performance obligations are met. The main income items of the Company are as follows:

1. Selling goods

The Company recognizes revenue when the control of products is transferred. The control transfer of the product means that the product has been delivered to the customer, the customer can completely decide the sales channel and price of the product, and there is no unfulfilled obligation that will affect the customer's acceptance of the product. Delivery occurs when the products are delivered to a specific place, the risks of obsolescence and loss have been transferred to the customer, and the customer has accepted the products according to the sales contract, and the acceptance terms have expired, or the Company has objective evidence that all the acceptance conditions have been met.

When the Company delivers the goods, it recognizes the accounts receivable, because the Company has the right to receive the consideration unconditionally at that time.

2. Financial components

The Company expects that the time between the transfer of goods from all customers' contracts to customers and the payment of goods by customers will not exceed one year. Therefore, the Company does not adjust the monetary time value of the transaction price.

(XV) Employee welfare

1. Defined the allocation plan

The obligation to define the contribution pension plan is recognized as an expense during the service period of the employee.

2. Defined the welfare plan

The Company's net obligation to define the welfare pension plan is calculated by converting the future welfare amount earned by employees' service in the current or previous period into the present value, and deducting the fair value of the plan assets.

The defined welfare obligation is actuarial by a qualified actuary every year using the projected unit welfare method. When the calculation result may be beneficial to the Company, the recognized assets are limited to the present value of any economic benefits obtained in the form of refund of the plan's contribution or reduction of future contribution to the plan. When calculating the present value of economic benefits, any minimum funding requirements are considered.

The re-measurement of net defined welfare liabilities, including actuarial gains and losses, return on planned assets (excluding interest) and any change in the influence of asset ceiling (excluding interest), is recognized under other comprehensive income and accumulated in retained earnings. The net interest expense of the Company's net defined welfare liability is defined by the net defined welfare liability and discount rate defined at the beginning of the annual reporting period. The net interest expense and other expenses of the defined benefit plan are recognized in profit or loss.

When the plan is revised or reduced, the welfare changes related to the previous service cost or the profit or loss of reduction are immediately recognized as profit or loss. When liquidation occurs, the Company recognizes the liquidation profit and loss of the defined welfare plan.

3. Short-term employee welfare

Short-term employee welfare obligations are recognized as expenses when services are provided. If the Company has the current legal or presumed payment obligation due to the past service provided by employees, and the obligation can be estimated reliably, the amount will be recognized as a liability.

(XVI) Income tax

Income tax includes current and deferred income tax. Except for items related to business merging and directly recognized in equity or other comprehensive profit and loss, current income tax and deferred income tax shall be recognized in profit or loss.

The current income tax includes the estimated income tax payable or tax refund receivable calculated based on the tax income (loss) of the current year, and any adjustment to the income tax payable or tax refund receivable of previous years. The amount is the best estimate of the amount expected to be paid or received according to the statutory tax rate or substantive legislative tax rate on the reporting date after reflecting the uncertainty related to income tax (if any).

Deferred income tax is recognized by measuring the temporary difference between the book amount of assets and liabilities for financial reporting purposes and their tax basis. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. It is not the assets or liabilities originally recognized in the transaction of business combination, and does not affect the accounting profit and tax income (loss) at the time of the transaction;
2. Because of the temporary differences arising from investing in subsidiaries and joint venture interests, the Company can control the time when the temporary differences are reversed and it is very likely that they will not be reversed in the foreseeable future; and
3. Taxable temporary differences arising from the original recognition of goodwill.

Deferred income tax is measured at the tax rate when the expected temporary difference is reversed, and is based on the statutory tax rate or substantive legislative tax rate on the reporting date.

The Company will offset the deferred income tax assets and deferred income tax liabilities only when the following conditions are met at the same time:

1. Have the legal enforcement right to offset the current income tax assets and current income tax liabilities; and
2. Deferred income tax assets and deferred income tax liabilities are related to one of the following taxpayers whose income tax is levied by the same tax authority:
   (1) The same taxpayer; or
   (2) Different taxpayers, but each entity intends to pay off the current income tax liabilities and assets on a net basis, or realize assets and pay off liabilities at the same time, in each future period when the deferred income tax assets with significant amount are expected to be recovered and the deferred income tax liabilities are expected to be paid off.

Unused tax losses, unused income tax deductions and deductible temporary differences are recognized as deferred income tax assets to the extent that future tax income is likely to be available for use, and re-evaluated on each reporting day, and the related income tax benefits are reduced to the extent that they are not likely to be realized; Or to reverse the reduced amount to the extent that it is likely that there will be sufficient tax income.

(XVII) Earnings per share

The Company lists the basic and diluted earnings per share attributable to the ordinary equity holders of the company. The basic earnings per share of the Company is calculated by dividing the profit and loss attributable to the holders of common equity of the company by the weighted average number of outstanding common shares in the current period. Diluted earnings per share are calculated by adjusting the impact of all potential diluted ordinary shares with the profit and loss attributable to ordinary equity holders of the Company and the weighted average number of outstanding common shares.

(XVIII) Department information

The Company has disclosed departmental information in the consolidated financial report, so the individual financial report does not disclose departmental information.

V. The main sources of uncertainties in major accounting judgments, estimates and assumptions

The management must make judgments, estimates and assumptions when preparing their own financial reports according to the “Composing Criteria of Financial Reports of Securities Issuers”, which will have an impact on the adoption of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Management continuously reviews estimates and basic assumptions, and changes in accounting estimates are recognized during the change period and the affected future period.

The accounting policies adopted in this individual's financial report do not involve significant judgment.

Among the uncertainties of assumptions and estimates, there are significant risks that will cause significant adjustments in the next year, as follows:

Evaluation of inventory

Since inventory should be measured at the lower of cost and net realized value, the Company evaluates the amount of inventory due to normal loss, obsolescence or no market sales value on the reporting date, and offsets the inventory cost to the net realized value. This inventory evaluation is mainly based on the product demand in a specific period in the future, so there may be significant changes due to the rapid changes of the industry.

The accounting policies and disclosures of the Company include the fair value measurement of their financial and non-financial assets and liabilities. The financial department personnel of the Company are responsible for independent fair value verification, making the evaluation result close to the market state by independent source data, defining that the data source is independent, reliable, consistent with other resources and represents the executable price, and regularly calibrating the evaluation model, conducting backtesting, updating the input values and data required by the evaluation model and any other necessary fair value adjustments to ensure that the evaluation result is reasonable.

When measuring its assets and liabilities, the Company should use the input value that can be observed by the market as much as possible. The level of fair value is classified as follows based on the input value of evaluation technology use:

(I) Level 1: The public quotation of the same assets or liabilities in the active market (unadjusted).

(II) Level 2: Except for the public quotation included in Level 1, the input parameters of assets or liabilities are directly (i.e. price) or indirectly (i.e. derived from price) observable.

(III) Level 3: The input parameters of assets or liabilities are not based on observable market data (non-observable parameters).

In case of transfer of fair value between different levels, the Company recognizes the transfer on the reporting date.

Please refer to Note 6 (16) for information on assumptions used to measure fair value.

VI. Description of important accounting items

(I) Cash and equivalent cash

	2020.12.31	2019.12.31
Cash on hand and petty cash	$ 102	192
Check and demand deposit	618,624	326,299
	$ 618,726	**326,491**

(II) Financial assets measured at fair value through profit or loss

	2020.12.31	2019.12.31
Non-hedging derivative instrument		
Foreign exchange contract	$ 3,814	7,676

On December 31, 2019 and 2020 of the Company, the details of derivatives that were reported as financial assets held for trading due to the non-application of hedge accounting are as follows:

2020.12.31

Financial derivatives	Notional principal (NT$ 1000)	Maturity date	Delivery exchange rate
Foreign exchange contract - Buy NTD / Sell USD	USD 30,260	2021.01.04~ 2021.01.29	28.172~28.503
Foreign exchange contract - Buy USD / Sell NTD	USD 8,560	2021.01.29~ 2021.02.26	28.092~28.098

2019.12.31

Financial derivatives	Notional principal (NT$ 1000)	Maturity date	Delivery exchange rate
Foreign exchange contract - Buy NTD / Sell USD	USD 31,150	2020.01.03~ 2020.01.22	30.164~30.488
Foreign exchange contract - Buy USD / Sell NTD	USD 6,190	2020.01.30~ 2020.01.31	30.080~30.433

(III) Accounts receivable (including related parties)

	2020.12.31	2019.12.31
Accounts receivable	$ 823,872	1,033,739
Accounts receivable - related parties	76,130	67,234
Reduce: allowance loss	(1,116)	(1,277)
	$ 898,886	1,099,696

1. The Company estimates the expected credit loss for all accounts receivable by simplified method, that is, it measures the expected credit loss during the duration. For this measurement purpose, these accounts receivable are grouped according to the common credit risk characteristics representing customers' ability to pay all due amounts according to the contract terms, and forward-looking information like macro economy and related industry has been included. The expected credit loss analysis of the accounts receivable of the Company is as follows:

	2020.12.31		
	Book value of accounts receivable	**Weighted average expected credit loss rate**	**Allowance for expected credit losses during the duration**
Not overdue	$ 899,049	0.1%~0.2%	1,106
Overdue 1~30 days	953	1%~2%	10
Overdue 31~90 days	-	10%~50%	-
Overdue 91~180 days	-	50%~70%	-
Overdue 181~360 days	-	100%	-
	$ 900,002		1,116

	2019.12.31		
	Book value of accounts receivable	**Weighted average expected credit loss rate**	**Allowance for expected credit losses during the duration**
Not overdue	$ 1,096,264	0.1%~0.2%	1,229
Overdue 1~30 days	4,709	1%~2%	48
Overdue 31~90 days	-	10%~50%	-
Overdue 91~180 days	-	50%~70%	-
Overdue 181~360 days	-	100%	-
	$ 1,100,973		1,277

2. The change table of allowance loss of accounts receivable of the Company is as follows:

	2020	**2019**
Beginning balance	$ 1,277	1,051
Recognized (reversed) impairment loss	(161)	226
Ending balance	$ 1,116	1,277

3. On December 31, 2019 and 2020, the accounts receivable of the Company were not provided as pledge guarantee.

(IV) Inventory

	2020.12.31	**2019.12.31**
Raw Material	$ 49,521	57,685
Work-in-progress and semi-finished products	219,250	254,750
Finshed products and goods	153,273	182,704
	$ 422,044	495,139

1. Apart from the cost of the sold inventory, the composition of inventory-related expenses

and losses recognized as the cost of goods sold by the Company is as follows:

		2020	2019
Inventory depreciation and scrap loss	$	7,519	21,477
Inventory shortage		-	3
	$	7,519	21,480

2. On December 31, 2019 and 2020, the inventory of the Company was not provided as pledge guarantee.

(V) Investment using the equity method

The investments of the Company using the equity method on the reporting date are listed as follows:

		2020.12.31	2019.12.31
Subsidiary	$	107,893	99,813

1. Please refer to the consolidated financial report of 2020 for information about subsidiaries.
2. On December 31, 2019 and 2020, none of the investments adopted by the equity method of the Company were provided as pledge guarantee.

(VI) Property, plant and equipment

Details of changes in the cost and accumulated depreciation of the property, plant and equipment of the Company are as follows:

		Land	House and building	Office equipment and other	Equipment to be tested	Total
Cost:						
Balance on January 1, 2020	$	161,823	124,056	55,218	100	341,197
Increase		-	1,310	9,849	4,035	15,194
Reclassified into (out)		-	-	2,597	(2,597)	-
Disposal		-	(8,315)	(996)	-	(9,311)
Balance on December 31, 2020	$	161,823	117,051	66,668	1,538	347,080
Balance on January 1, 2019	$	193,349	141,840	28,971	10,460	374,620
Increase		-	633	8,964	11,842	21,439
Reclassified into (out)		-	2,223	19,979	(22,202)	-
Reclassified to investment property		(31,526)	(20,292)	-	-	(51,818)
Disposal		-	(348)	(2,696)	-	(3,044)
Balance on December 31, 2019	$	161,823	124,056	55,218	100	341,197

Accumulated depreciation:					
Balance on January 1, 2020	$ -	32,923	14,147	-	47,070
Depreciation in this year	-	5,806	12,331	-	18,137
Disposal	-	(8,315)	(996)	-	(9,311)
Balance on December 31, 2020	**$ -**	**30,414**	**25,482**	**-**	**55,896**
Balance on January 1, 2019	$ -	31,148	9,240	-	40,388
Depreciation in this year	-	5,803	7,603	-	13,406
Reclassified to investment property	-	(3,680)	-	-	(3,680)
Disposal	-	(348)	(2,696)	-	(3,044)
Balance on December 31, 2019	**$ -**	**32,923**	**14,147**	**-**	**47,070**
Book value					
December 31, 2020	**$ 161,823**	**86,637**	**41,186**	**1,538**	**291,184**
December 31, 2019	**$ 161,823**	**91,133**	**41,071**	**100**	**294,127**
January 1, 2019	**$ 193,349**	**110,692**	**19,731**	**10,460**	**334,232**

1. In the first quarter of 2019, the Company reclassified the property as investment property according to the book value at the time of change of use due to the increase in the number of leased offices. Please refer to Note 6 (7) for details.
2. On December 31, 2019 and 2020, the property, plant and equipment of the Company have been used as bank loan and financing amount guarantee. Please refer to Note 8 for details.

(VII) Investment property

Investment property is an office building leased by the Company to a third party by operating lease. The original irrevocable period of leased investment property is 1 to 3 years. The rental income of leased investment property is a fixed amount. Please refer to Note 6 (8) for details.

	Land	**House and building**	**Total**
Cost:			
Balance on January 1, 2020 (i.e., balance on December 31, 2020)	**$ 48,068**	**30,941**	**79,009**
Balance on January 1, 2019	$ 16,542	10,649	27,191
Transferred from property, plant and equipment	31,526	20,292	51,818
Balance on December 31, 2019	**$ 48,068**	**30,941**	**79,009**

Accumulated depreciation:			
Balance on January 1, 2020	$ -	6,219	6,219
Depreciation in this year	-	607	607
Balance on December 31, 2020	**$ -**	**6,826**	**6,826**
Balance on January 1, 2019	$ -	1,932	1,932
Depreciation in this year	-	607	607
Transferred from property, plant and equipment	-	3,680	3,680
Balance on December 31, 2019	**$ -**	**6,219**	**6,219**
Book value			
Balance on December 31, 2020	**$ 48,068**	**24,115**	**72,183**
Balance on December 31, 2019	**$ 48,068**	**24,722**	**72,790**
Balance on January 1, 2019	**$ 16,542**	**8,717**	**25,259**
Fair value:			
December 31, 2020			**$ 130,112**
December 31, 2019			**$ 130,112**

The fair value of investment property is based on the evaluation of independent evaluators (who have recognized relevant professional qualifications and have relevant experience in the location and type of investment property evaluated in the near future). The input value used in its fair value evaluation technology belongs to the level 3.

The evaluation of fair value is based on market value. If there is no current price in the active market, the evaluation will consider the aggregate estimated cash flow expected to be collected from renting the property and discount it with the yield reflecting the inherent specific risk of the net cash flow to define the value of the property. The yield ranges adopted in 2019 and 2020 are as follows:

Region	2020	2019
Xizhi District, New Taipei City	**1.21%~1.48%**	**1.21%~1.48%**

On December 31, 2019 and 2020, the investment real estate of the Company was used as the guarantee of financing amount. Please refer to Note 8 for details.

(VIII) Business lease

Investment property leased by the Company is classified as operating lease because almost all risks and rewards attached to the ownership of the underlying assets have not been transferred. Please refer to Note 6(7) Investment property for details. Maturity analysis of lease payments to report the total undiscounted lease payments to be collected in the future are listed in the following table:

	2020.12.31	2019.12.31
Less than 1 year	$ 2,881	2,905
1-2 years	3,352	6,192
2-3 years	-	-
3-4 years	-	-
4-5 years	-	-
More than 5 years	-	-
Total undiscounted payment	$ 6,233	9,097

(IX) Employee welfare

1. Defined the welfare plan

The adjustment between the present value of the welfare obligation defined by the Company and the fair value of the planned assets is as follows:

	2020.12.31	2019.12.31
Defined the present value of welfare obligations	$ 22,423	20,627
Fair value of plan assets	(15,122)	(11,992)
Net defined benefit liability	$ 7,301	8,635

The defined welfare plan of the Company shall be allocated to the special account of labor retirement reserve of Taiwan Bank. The retirement payment of each employee applying the Labor Benchmark Law is calculated based on the base of service years and the average salary of six months before retirement.

(1) Composition of plan assets

The retirement fund allocated by the Company according to the Labor Standard Act is managed by the Bureau of Labor Funds (hereinafter referred to as the "Bureau of Labor Funds"). According to the "Measures for the Custody and Utilization of Income and Expenditure of Labor Retirement Funds", the minimum income from the annual final accounts shall not be lower than the income calculated according to the two-year fixed deposit rate of the local bank.

As of the reporting date, the balance of the special account for labor retirement reserve of Taiwan Bank of the Company is NT$ 15,122,000. The information used by the labor pension plan assets includes the fund return rate and fund asset allocation. Please refer to the information published on the website of the Bureau of Labor Funds for details.

(2) Determine the changes in the present value of welfare obligations

Changes in the present value of welfare obligations defined by the Company are as follows:

		2020	2019
On January 1, the welfare obligation was defined	$	20,627	16,293
Current service cost and interest		617	519
Re-measurement of net defined benefit liabilities		1,179	3,815
On December 31, the welfare obligation was defined	$	22,423	20,627

(3) Changes in the fair value of planned assets

Changes in the fair value of the plan assets of the Company are as follows:

		2020	2019
Fair value of plan assets on January 1.	$	11,992	9,874
Contributed to plan amount		2,676	1,671
Interest income		140	129
Return on planned assets (excluding current interest)		314	318
Fair value of plan assets on December 31.	$	15,122	11,992

(4) Expenses recognized as profit or loss

Details of expenses reported by the Company are as follows:

		2020	2019
Current service cost	$	395	304
Net interest on net defined benefit liabilities		82	86
	$	477	390

		2020	2019
Business cost	$	44	36
Selling expense		31	26
Management expense		358	292
R&D expense		44	36
	$	477	390

(5) Re-measurement of net defined welfare liabilities recognized as other comprehensive gains and losses

The re-measurements of the net defined welfare liabilities accumulated and recognized in other comprehensive income of the Company as of December 31, 2019 and 2020 are as follows:

		2020	2019
Accumulated balance on January 1	$	2,226	(1,271)
Recognition in current period		865	3,497
Accumulated balance on December 31	$	3,091	2,226

(6) Actuarial assumptions

The main actuarial assumptions used by the Company at the end of financial reporting are as follows:

	2020.12.31	2019.12.31
Discount rate	0.750%	1.125%
Future salary increase rate	1.000%	0.500%

The Company is expected to pay NT$ 453,000 to the defined benefit plan within one year after the reporting date of 2020.

The weighted average duration of the defined benefit plan is 15.30 years.

(7) Sensitivity analysis

When calculating and determining the present value of welfare obligations, the merged company must use judgment and estimation to define relevant actuarial assumptions on the balance sheet date, including discount rate and future salary changes. Any change in actuarial assumptions may significantly affect the amount of welfare obligations defined by the Company.

The influence of changes in major actuarial assumptions adopted on December 31, 2019 and 2020 on determining the present value of welfare obligations is as follows:

	Influence on the determination of welfare obligations	
	Increase by 0.25%	Reduce by 0.25%
December 31, 2020		
Discount rate	$ (279)	286
Future salary increase rate	$ 276	(271)
December 31, 2019		
Discount rate	$ (274)	280
Future salary increase rate	$ 270	(268)

The sensitivity analysis mentioned above is based on the analysis of the influence of changes in a single hypothesis while other assumptions remain unchanged. In practice, many changes in assumptions may be linked. Sensitivity analysis is consistent with the method used to calculate the net determined benefit liability of the balance sheet.

The methods and assumptions used in preparing sensitivity analysis in this period are the same as those in the previous period.

2. Defined the allocation plan

According to the provisions of the Labor Pension Ordinance, the defined contribution plan of the Company is allocated to the individual account of labor pension of the Bureau of Labor Insurance at the rate of 6% of the monthly wages of workers. Under this plan, after the Company allocates a fixed amount to the Bureau of Labor Insurance, there is no statutory or constructive obligation for paying extra amount.

The pension expenses of the Company under the defined pension allocation method in 2019 and 2020 were NT$ 5,811,000 and NT$ 5,949,000 respectively, which were allocated to the Bureau of Labor Insurance.

(X) Income tax

1. Income tax expenses

Details of the Company income tax expenses are as follows:

		2020	2019
Current income tax expenses	$	50,768	61,369
Deferred income tax expenses (benefits)		511	(6,677)
Income tax expenses	$	51,279	54,692

2. The Company has no income tax expense directly recognized in equity.

3. The details of income tax expenses (benefits) recognized by the Company under other comprehensive income are as follows:

		2020	2019
Items not reclassified to profit or loss:			
Determine the re-measurement of welfare plan	$	(173)	(699)
Subsequent items that may be reclassified to profit or loss:			
Exchange difference in translation of financial statements of foreign operating institutions	$	71	(436)

4. The relationship between income tax expenses and net profit before tax of Company is adjusted as follows:

		2020	2019
Profit before tax	$	237,210	248,652
Income tax calculated at the domestic tax rate where the company is located		47,442	49,730
Undistributed surplus plus		5,453	4,864
Net changes and others that can be deducted from temporary differences are not recognized		(1,616)	98
	$	51,279	54,692

5. Deferred income tax assets and liabilities

(1) Items not recognized as deferred income tax assets are as follows:

2020.12.31	2019.12.31

Temporary differences can be deducted	$	12,900	14,999

The Company has assessed that the temporary differences that can be deducted above are unlikely to be realized in the future, so these items are not recognized as deferred income tax assets.

(2) Changes in recognized deferred income tax assets and liabilities are as follows:

Deferred income tax liabilities:

	Unrealized profit on exchange	Interest in Financial Assets Evaluation	Others	Total
Balance on January 1, 2020	$ -	1,535	-	1,535
Debit/(Credit) profit and loss	-	(772)	-	(772)
Balance on December 31, 2020	$ -	763	-	763
Balance on January 1, 2019	$ 1,551	98	287	1,936
Debit/(Credit) profit and loss	(1,551)	1,437	-	(114)
Debit/(Credit) other comprehensive profit and loss	-	-	(287)	(287)
Balance on December 31, 2019	$ -	1,535	-	1,535

Deferred income tax assets

	Inventory write-down	Others	Total
Balance on January 1, 2020	$ (6,507)	(11,075)	(17,582)
Debit/(Credit) profit and loss	1,108	175	1,283
Debit/(Credit) other comprehensive profit and loss	-	(102)	(102)
Balance on December 31, 2020	$ (5,399)	(11,002)	(16,401)
Balance on January 1, 2019	$ (6,824)	(3,347)	(10,171)
Debit/(Credit) profit and loss	317	(6,880)	(6,563)
Debit/(Credit) other comprehensive profit and loss	-	(848)	(848)
Balance on December 31, 2019	$ (6,507)	(11,075)	(17,582)

3. Verification of income tax

The income tax settlement declaration of the Company's profit-making enterprises has been approved by the tax collection authority until 2018.

(XI) Capital and other equity

On December 31, 2019 and 2020, the total rated share capital of the Company was NT$ 1,000,000,000, and the denomination of each share was 100,000,000 shares in NT$ 10.00. The aforesaid total rated share capital is common share, and the issued shares are all

61,252,000 shares. All issued shares have been collected.

1. Capital surplus

The balance of capital surplus of the Company is as follows:

	2020.12.31	2019.12.31
Premium of issuing shares	$ 626,757	626,757
Treasury stock trading	3,755	3,755
	$ 630,512	**630,512**

According to the Company Law, the realized capital reserve can be issued to new shares or cash in proportion to the original shares of shareholders only after the capital reserve needs to make up the losses first. The realized capital surplus mentioned in the preceding paragraph includes the excess from issuing shares in excess of par value and the income from receiving gifts. According to the regulations on the handling of securities offering and issuance by issuers, the total amount of capital reserve that can be appropriated for capital shall not exceed 10% of the paid-in capital every year.

2. Retained earnings

According to the Articles of Association, if there is a surplus in the company's annual final accounts, tax should be paid first to make up the accumulated losses, and 10% should be paid as the legal surplus reserve (but when the legal surplus reserve has reached the paid-in capital of the Company, it may not be paid again). The rest should be set aside or reversed according to law. If there is a surplus, and the surplus is distributed cumulatively with the previous year, the board of directors will draw up a surplus distribution proposal and submit it to the shareholders' meeting for resolution to distribute shareholders' dividends.

(1) Legal surplus reserve

According to the company law, the company shall set aside 10% of the net profit after tax as the legal surplus reserve until it is equal to the total capital. When the company has no loss, it may issue new shares or cash with the legal surplus reserve after the resolution of the shareholders' meeting, but the amount of the reserve exceeds 25% of the paid-in capital.

(2) Special surplus reserve

According to the regulations of JGZFZ No.1010012865 dated April 6, 2012, when distributing the distributable surplus, the Company will set aside the special surplus reserve of the same amount from the profit and loss of the current period and the undistributed surplus of the previous period in terms of the net deduction of other shareholders' equity in the accounts incurred in the current year; If it is the amount of other shareholders' equity deductions accumulated in the previous period, the special surplus reserve of the same amount shall not be distributed from the undistributed surplus in the previous period. If the amount of other shareholders' equity deductions is reversed later, the surplus may be distributed on the reversed part.

(3) Disposition of net income

On June 10, 2020 and June 12, 2019, the Company passed the resolutions of the shareholders' meeting on the disposition of net income in 2019 and 2018. The dividends distributed to the owners are as follows:

	2019		2018	
	Dividend rate (NT$)	**Amount**	**Dividend rate (NT$)**	**Amount**
Dividends distributed to common stock owners:				
Cash	$ 1.00	61,252	0.70	42,876

(XII) Earnings per share

The basic earnings per share and diluted earnings per share of the Company are calculated as follows:

	2020	2019
Basic earing per share:		
Net profit attributable to the company for the current period	$ 185,931	193,960
Weighted average number of outstanding shares of common stock (1000 shares)	61,252	61,252
Earing per Share (NT$)	$ 3.04	3.17
Diluted earnings per share：		
Net profit attributable to the company for the current period	$ 185,931	193,960
Weighted average number of outstanding shares of common stock (1000 shares) (diluted)	62,613	62,434
Earing per Share (NT$)	$ 2.97	3.11
Weighted average number of outstanding shares of common stock (1000 shares) (diluted):		
Weighted average number of outstanding shares of common stock (basic)	61,252	61,252
The influence of employee compensation	1,361	1,182
Weighted average number of outstanding shares of common stock (diluted)	62,613	62,434

(XIII) Revenue from customer contracts

1. Subdivide of income

		2020	2019
Main regional market:			
Taiwan	$	742,264	1,238,785
China		1,254,384	1,267,610
Other countries		483,751	302,029
	$	**2,480,399**	**2,808,424**
Main products:			
Power metal–oxide–semiconductor field-effect transistor	$	2,262,784	2,340,083
Power supply management IC		59,340	260,917
Others		158,275	207,424
	$	**2,480,399**	**2,808,424**

2. Contract balance

		2020.12.31	2019.12.31	2019.1.1
Accounts receivable (including related parties)	$	900,002	1,100,973	821,933
Reduce: allowance loss		(1,116)	(1,277)	(1,051)
Total	**$**	**898,886**	**1,099,696**	**820,882**

Please refer to Note 6(3) for the disclosure of accounts receivable (including related parties) and its impairment.

(XIV) Remuneration of employees, directors and supervisors

According to the Articles of Association, if there is a profit in the year, no less than 10% shall be allocated as the remuneration of employees and no more than 5% as the remuneration of directors. Employees' remuneration shall be distributed in stock or cash by the resolution of the board of directors, and its distribution targets include employees of subordinate companies who meet certain conditions. However, if the company still has accumulated losses, it shall reserve the amount of compensation in advance, and then allocate the remuneration of employees and directors according to the proportion mentioned in the preceding paragraph.

In 2020 and 2019, the estimated amount of employees' compensation was NT$ 44,477,000 and NT$ 46,622,000 respectively, and the estimated amount of directors' and supervisors' compensation was NT$ 14,826,000 and NT$ 15,541,000 respectively, which was estimated based on the amount of the company's net profit before tax deduction of employees', directors' and supervisors' compensation, multiplied by the distribution percentage of employees' compensation and directors' and supervisors' compensation stipulated in the Articles of Association. And report it as the operating cost or operating expense for that period. Relevant information can be inquired at the Market Observation Post System. If the actual distribution of remuneration of employees, directors and supervisors in 2020 is different from the estimated amount, it will be treated according to the change of accounting estimate, and the difference will be recognized as the profit and loss in 2021. The actual distribution in 2019 is the same as the estimated amount in the individual financial statement of the Company in 2019.

(XV) Non-operating income and expenditure

1. Other incomes

Details of other income of the Company are as follows:

	2020	2019
Other incomes	$ 5,915	3,638

2. Other benefit and loss

Details of other benefits and losses of the Company are as follows:

	2020	2019
Net foreign currency exchange loss	$ (32,554)	(17,305)
Net benefits of financial assets measured at fair value through profit or loss	3,814	7,676
Others	(763)	(634)
	$ (29,503)	(10,263)

3. Financial cost

The financial cost details of the Company are as follows:

	2020	2019
Interest expense	$ 2	-

(XVI) Financial Instrument

1. Credit risk

The book value of financial assets represents the maximum credit exposure amount. The maximum amount of credit exposure on December 31, 2020 and 2019 was NT$ 1,550,113,000 and NT$ 1,467,217,000 respectively.

Credit risk refers to the risk of financial loss of the Company caused by the counterpart's failure to fulfill its contractual obligations. The main potential credit risk of the Company stems from the risk that the counterpart fails to perform the contract when it expires.

(1) Accounts receivable and other receivables

On December 31, 2020 and 2019, the Company accounted for 36% and 50% of the total accounts receivable from the top five sales customers, respectively, which made the Company have concentrated credit risk. In order to reduce credit risk, the Company regularly and continuously evaluated the financial status of these customers and the recovery possibility of their accounts receivable. These customers had good profit and credit records in the past, and the Company did not suffer any significant credit risk loss due to these customers during the reporting period.

(2) Investment

The credit risk of bank deposits and other financial instruments is measured and monitored by the financial department of the Company. Since the trading objects of the Company are all banks with good credit, there is no significant performance concern, so there is no significant credit risk.

2. Liquidity risk

The following table shows the contractual maturity date of financial liabilities, including estimated interest but excluding the impact of net agreement.

	Book value	Contract cash flow	6 months within	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2020							
Non-derivative financial liabilities							
Bill and account receivable							
(including related parties)	$ 274,518	274,518	274,518	-	-	-	-
Expenses payable and other payables	130,601	130,601	130,601	-	-	-	-
	$ 405,119	**405,119**	**405,119**	-	-	-	-
December 31, 2019							
Non-derivative financial liabilities							
Bill and account receivable							
(including related parties)	$ 351,217	351,217	351,217	-	-	-	-
Expenses payable and other payables	138,267	138,267	138,267	-	-	-	-
	$ 489,484	**489,484**	**489,484**	-	-	-	-

The Company does not expect that the cash flow of maturity analysis will occur significantly earlier, or the actual amount will be significantly different.

The Company's capital, working capital and bank financing amount are sufficient to fulfill all contractual obligations, so there is no liquidity risk due to the inability to raise funds to fulfill contractual obligations. In addition, the unused loan amount of the Company on December 31, 2020 and 2019 totaled NT$ 947,020,000 and NT$ 954,270,000 respectively.

3. Market risk

(1) Exchange rate risk

The financial assets and liabilities of the Company exposed to significant foreign currency exchange rate risks are as follows:

	2020.12.31			2019.12.31		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial Asset						
Monetary items						
USD	$ 32,736	28.480	932,310	38,190	29.980	1,144,950
Financial liabilities						
Monetary items						
USD	9,814	28.480	279,511	12,015	29.980	360,209

(2) Sensitivity analysis

The exchange rate risk of the Company mainly comes from cash and equivalent cash denominated in foreign currency, accounts receivable and other receivables, accounts payable, fees payable and other payables, etc., which generate foreign currency exchange profits and losses during translation. On December 31, 2020 and 2019, when the NT dollar depreciated or appreciated by 1% against the US dollar and all other factors remained unchanged, the net loss before tax in 2020 and 2019 will increase or decrease by NT$ 6,528,000 and NT$ 7,847,000 respectively. The two phases of analysis adopt the same basis.

(3) Exchange profits and losses of monetary items

The exchange rate information of the conversion (loss) profit (including realized and unrealized) of the monetary items of the Company into the functional currency NTD (that is, the expression currency of the merged company) is as follows:

	2020		2019	
Functional Currency	**Exchange (loss) profit**	**Average exchange rate**	**Exchange (loss) profit**	**Average exchange rate**
NTD	$ (32,554)	1	(17,305)	1

4. Interest rate analysis

The Company does not undertake debts with floating interest rate, while the financial assets with floating interest rate are bank deposits. It is assessed that the cash flow risk caused by the change of market interest rate is not significant, so sensitivity analysis is not conducted.

5. Fair value information

(1) Types and fair value of financial instruments

The book value and fair value of the financial assets and financial liabilities of the Company (including fair value grade information, but the book amount of financial instruments not measured at fair value is a reasonable approximation of fair value is not required to disclose fair value information) are listed as follows:

	2020.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss-current	$ 3,814	-	-	3,814	3,814
Financial assets measured at amortized cost:					
Cash and equivalent cash	$ 618,726				
Accounts receivable (including related parties)	898,886				
Other receivables	9,866				
Restricted bank deposits	3,744				
Deposit paid	15,077				
Subtotal	$ 1,546,299				
Financial liabilities measured at amortized cost:					
Notes and accounts payable (including related parties)	$ 274,518				
Expenses payable and other payables	130,601				
Subtotal	$ 405,119				

	2019.12.31				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through profit or loss-current	$ 7,676	-	-	7,676	7,676
Financial assets measured at amortized cost:					
Cash and equivalent cash	$ 326,491				
Accounts receivable (including related parties)	1,099,696				
Other receivables	13,282				
Deposit paid	20,072				
Subtotal	$ 1,459,541				
Financial liabilities measured at amortized cost:					
Notes and accounts payable (including related parties)	$ 351,217				
Expenses payable and other payables	138,267				

Subtotal	$ 489,484

(2) The fair value evaluation technology of financial instruments measured by fair value

The fair value of derivatives is priced by public quotation. When the public quotation cannot be obtained, the fair value of the contract is calculated based on the spot exchange rate and exchange points on the respective maturity dates.

(3) The Company did not have any fair value level transfer from January 1 to December 31, 2020 and 2019.

(4) List of changes in the Level 3

	Financial assets measured at fair value through profit or loss
January 1, 2020	$ 7,676
Purchase/Disposition/Liquidation	(7,676)
Recognized in profit or loss	3,814
December 31, 2020	**$ 3,814**
January 1, 2019	$ 492
Purchase/Disposition/Liquidation	(492)
Recognized in profit or loss	7,676
December 31, 2019	**$ 7,676**

The above total benefits or losses are reported in series as "other benefits and losses". Among them, the assets or liabilities still held in December 31, 2020 and 2019are as follows:

	2020.12.31	**2019.12.31**
Total benefit and loss		
Recognized in profit or loss (reported in "other benefits and losses")	**$ 3,814**	**7,676**

(5) Quantitative information on fair value measurement of significant unobservable input values (Level 3)

The fair value measurement of the Company is classified into the Level 3, which is the financial assets and liabilities measured at fair value through profit or loss-derivative financial instruments. The fair value is quoted by the third party, so it is not intended to disclose the sensitivity analysis of significant unobservable input values.

(XVII) Financial risk management

1. Summary

The Company is exposed to the following risks due to the use of financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

Please refer to Note 6 (16) for the critical information of the above risks, the objectives, policies and procedures of the Company for measuring and managing risks, and further quantitative disclosure.

2. Risk management structure

The risk management policy of the Company is established to identify and analyze the risks faced by the Company, set appropriate risk limits and controls, and supervise the compliance of risks and risk limits. Risk management policies and systems are regularly reviewed to reflect market conditions and changes in the operation of the Company. The Company develops a disciplined and constructive control environment through training, management standards and operating procedures, so that all employees can understand their roles and obligations.

The board of directors of the Company supervises how the management level monitors the compliance of the risk management policies and procedures of the Company, and reviews the appropriateness of the relevant risk management structure of the merged company for the risks it faces. Internal auditors assist the board of directors of the Company to play a supervisory role. These personnel conduct regular and exceptional reviews of risk management controls and procedures, and report the review results to the Board of Directors.

(XVIII) Investment management

It is the policy of the Board of Directors to maintain a sound capital base to maintain the confidence of investors, creditors and the market and support the development of future operations. Capital includes the company's share capital, capital surplus, retained earnings and other equity.

The capital management objective of the Company is to guarantee the ability to continue to operate, to provide shareholders' remuneration and other stakeholders' benefits continuously, and to maintain the best capital structure to reduce the cost of capital. The debt ratios on December 31, 2019 and 2020 were 23% and 18% respectively.

As of December 31, 2020, the way of capital management of the Company has not changed.

(XIX) Investment and financing activities in non-cash transactions

In 2020 and 2019, the Company did not have any changes in liabilities from financing activities.

VII. Related party transactions

(I) The name and relationship of the related party

During the period covered by this individual financial report, the related parties who had transactions between the Company and its subsidiaries are as follows:

The name of the related party	**Relationship with the Company**
Jinrong Investment Co., Ltd. (Jinrong Investment)	The Company and Subsidiaries
Power Up Tech Co., Ltd. (Power Up)	〃
Wuxi Super GEM Micro Electric Co., Ltd (Wuxi Super GEM)	〃
Super Group Semiconductor Co., Ltd. (Super Group Semiconductor)	Substantial related party
Caifeng Investment Co., Ltd. (Caifeng Investment)	〃
Green Solution Technology Co., Ltd. (Green Solution Technology)	Affiliated enterprise
WUXI U-NIKC-Semiconductor Corp. Ltd. (Wuxi U-NIKC-Semiconductor)	〃
WUXI U-NIKC-Semiconductor (HK) Corp. Ltd. (Wuxi U-NIKC-Semiconductor (HK))	〃

(II) Significant transactions with related parties

1. Selling goods to related party

The major sales amount and outstanding balance of the Company to related parties are as follows:

	Sales		Accounts receivable from related parties	
	2020	**2019**	**2020.12.31**	**2019.12.31**
Affiliated enterprise:				
Other affiliated enterprise	$ 189,553	402,169	76,130	67,234
Reduce: allowance loss			(152)	(135)
	$ 189,553	402,169	75,978	67,099

There is no significant difference between the sales conditions of the Company and the general sales price. In 2020 and 2019, the payment conditions were 90 days for monthly close, and the average customer was about 30 days for monthly close to 120 days for the next monthly close.

2. Buy goods from related parties

The purchase amount and outstanding balance of the Company from related parties are as follows:

	Purchase		Bill and account receivable	
	2020	**2019**	**2020.12.31**	**2019.12.31**
Affiliated enterprise:				
Green Solution Technology	$ 42,855	205,219	1,333	14,436
Other affiliated enterprise	-	470	-	344
	$ 42,855	205,689	1,333	14,780

In order to provide customers with a complete power management solution, the Company purchases customized products from related parties, and the purchase price of the same products is incomparable with that of ordinary manufacturers. The payment terms in 2020 and 2019 are all 30 days for monthly close, while the payment terms of ordinary manufacturers are about 30 days to 90 days for monthly close.

3. Purchase labor services from related parties

	Transaction amount		Expenses payable and other payables	
	2020	**2019**	**2020.12.31**	**2019.12.31**
Subsidiary:				
Power Up -handles after-sales service and quality control expenditure of products	$ 39,052	53,543	1,396	2,938
Affiliated enterprise:				

Green Solution Technology - Project cost of product development	-	1,810	-	-
Green Solution Technology - Cost of developing material	-	617	-	-
Other related party:				
Super Group Semiconductor Co., Ltd. - Project cost of product development	16,400	16,100	3,780	4,300
Super Group Semiconductor Co., Ltd. - Cost of product maintenance	1,759	2,031	150	179
Super Group Semiconductor Co., Ltd. - Authorization fee of product	55,690	63,659	4,130	5,651
	$ 112,901	137,760	9,456	13,068

As of December 31, 2020 and 2019, please refer to Note 9 for the outstanding contractual commitments of the new product development contracts and outsourcing design contracts signed between the Company and its related parties because they have not reached the agreed development and design stage.

4. Rental income

The rental income generated by the Company from renting offices to related parties is as follows:

	Transaction amount		Other receivables	
	2020	**2019**	**2020.12.31**	**2019.12.31**
Subsidiary:				
Jinrong Investment	$ 17	17	35	17
Affiliated enterprise:				
Green Solution Technology	2,857	2,571	250	250
Other related party:				
Other related party	17	17	11	11
	$ 2,891	2,605	296	278

(III) the main management personnel transactions

Remuneration of key management personnel includes:

	2020	**2019**
Short-term employee welfare	$ 23,587	24,004
Retirement welfare	477	390
Termination benefits	-	-
Other long-term welfares	-	-

Share-based payment	-	-
	$ 24,064	24,394

VIII Pledged assets

Details of the book value of assets provided by the Company as collateral are as follows:

Asset name	Pledge guarantee target	2020.12.31	2019.12.31
Restricted bank deposits-Current	Performance bond	$ 3,744	-
Property, plant and equipment – Land	Bank notes	97,394	144,182
-House and building	〃	48,763	74,021
Investment property - Land	〃	48,068	48,068
-House and building	〃	24,115	24,722
		$ 222,084	290,993

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) The amount of guarantee bill issued by the Company to suppliers as guarantee for payment of goods is as follows:

	2020.12.31	2019.12.31
Guaranteed bill	$ 10,000	10,000

(II) The amount of guaranteed promissory notes issued by the Company due to signing loan quota and financial commodity trading quota with financial institutions is as follows.

	2020.12.31	2019.12.31
Loan quota and financial commodity trading quota	$ 1,018,360	1,031,726

(3) On December 31, 2020 and 2019, the new product development contract and the outsourcing design contract signed by the Company had not been paid to the Company because they had not reached the agreed development and design stage, which was NT$ 29,200,000 and NT$ 33,900,000 respectively; In addition, the Company agreed in the new product development contract that when the product enters the mass production stage, it should pay royalties according to the purchase quantity of related wafers and the agreed price.

(4) On May 30, 2018, the Company signed a capacity guarantee purchase contract with the supplier, and the deposit should be paid due to the agreed minimum purchase quantity. As of December 31, 2020 and 2019, the deposit paid was NT$ 15,000,000 and NT$ 20,000,000 respectively.

X. Major disaster losses: None.

XI. Significant post-period events: None.

XII. Others

The functional classification of employee benefits, depreciation, depletion and amortization expenses are summarized as follows:

Functional classification / Natural classification	2020			2019		
	Belonging to the operating cost	Belonging to the operating expenses	Total	Belonging to the operating cost	Belonging to the operating expenses	Total
Salary Expense	42,663	137,319	179,982	38,531	140,417	178,948
Labor and health insurance expenses	3,509	7,894	11,403	3,426	7,625	11,051
Pension expense	1,682	4,744	6,426	1,647	4,554	6,201
Directors' remuneration	-	12,311	12,311	-	12,728	12,728
Other employee welfare expenses	2,239	4,836	7,075	2,274	5,147	7,421
Depreciation expense	7,071	11,673	18,744	6,099	7,307	13,406
Amortized expense	-	62	62	-	321	321

Additional information on the number of employees and employee welfare expenses of the Company in 2020 and 2019 is as follows:

	2020	2019
Number of employees	135	135
Number of directors who are not concurrently employees	3	3
Average employee welfare expenses	$ 1,552	1,543
Average employee salary expense	$ 1,364	1,356
Adjustment of average employee salary expenses	0.59%	-%
Supervisor remuneration	$ 6,410	6,968

The Company's salary and compensation policy (including directors and supervisors, managers and employees) is as follows:

1. Directors, supervisors and managers:

The remuneration policy of directors and supervisors is stipulated in Article 15 of the Articles of Association. The remuneration policy of managers is based on their academic experience and with reference to the salary level of peers, and evaluates their responsibilities, achievement of objectives and contribution to the company's positions. The operating results of the company in that year are submitted to the Salary and Compensation Committee for deliberation and then submitted to the Board of Directors for resolution.

If the Company's annual final accounts are profitable, the remuneration of directors and employees shall be calculated and allocated according to Article 19 of the Articles of Association, which shall be submitted to the Remuneration Committee for deliberation and recommendations based on the Company's operating performance and peer distribution, and then submitted to the board of directors for discussion and resolution, and reported to the shareholders' regular meeting.

2.Employee

(1) Salary

According to their academic experience, professional knowledge and technology, professional seniority experience, salary market, company operating conditions and organizational structure, and timely adjust according to market salary dynamics, changes in overall economic and industrial prosperity, and government laws and regulations.

(2) Year-end bonus

The year-end bonus is allocated according to the company's operating conditions, and the year-end bonus is issued according to the employee performance appraisal results.

(3) Annual salary adjustment

Carry out annual salary adjustment with reference to market and peer salary level, company operation and personal performance appraisal.

(4) Employee compensation

When the company makes a profit in the annual settlement, the part allocated according to Article 19 of the Articles of Association is the employee remuneration, which is distributed according to the employee unit, individual performance and length of service.

XIII. Matters disclosed in notes

(I) Relevant information on major transactions

In 2020, according to the establishment standards, the Company should disclose the following information about the major transactions:

1. Loaning funds to others: None.
2. Endorsement guarantee for others: None.
3. Securities held at the end of the period (excluding investment subsidiaries, affiliated enterprises and equity of joint ventures): None.
4. The cumulative amount of buying or selling the same securities reaches NT$ 300 million or more than 20% of paid-in capital: None.
5. The amount of property acquired is NT$ 300 million or more than 20% of paid-in capital: None.
6. The amount of property disposed of is NT$ 300 million or more than 20% of paid-in capital: None.
7. The amount of goods purchased or sold with related parties reaches NT$ 100 million or more than 20% of paid-in capital:

Unit: NT$ 1000

Companies that purchase (sell) goods	Transaction object	Relationship	Transaction situation				The circumstances and reasons for the difference between transaction conditions and general transaction		Notes and accounts receivable (payable)		Remarks
			Purchase (sell) goods	Amount	Proportion of total purchase (sales)	Credit period	Unit price	Credit period	Balance	Proportion of total notes and and accounts receivable (payable)	
The Company	WUXI U-NIKC-Semiconductor Corp. Ltd.	Affiliated enterprise	(Sell) goods	(136,404)	5.50 %	90 days for monthly close	-	30 days for monthly close ~ 120 days for next monthly close	62,445	6.94%	

8. Amounts due from related parties amount to NT$ 100 million or more than 20% of paid-in capital: None.
9. Engage in derivatives transaction: Please refer to Note 6(2) for details.

(II) Information related to joint venture:

In 2020, the company's joint venture information is as follows (excluding investee companies in China mainland):

Unit: NT$ 1000/share

Investment Company	Investee Company	Locate	Main business	Original investment amount		Ending holding			Investee Company	Recognition in current period
Name	Name	Region	Service Item	End of this period	End of last year	Number of shares	Rate	Book value	Current profit and loss	Investment profit and loss
The Company	Jinrong Investment Co., Ltd.	Taiwan	Holding Company	51,000	51,000	5,100,000	100.00%	72,205	5,201	5,392
〃	Power Up Tech Co., Ltd.	Samoa	Holding Company	30,744	30,744	1,930,000	100.00%	35,688	2,192	2,192
Jinrong Investment Co.,	Green Solution Technology Co., Ltd	Taiwan	Manufacturing and product	48,875	48,875	4,511,514	15.04%	72,322	46,180	6,945

Ltd.			design of electronic components							

(III) Investment information in China mainland:

1. Relevant information such as the name and main business items of the investee company in China mainland:

Unit: NT$ 1000

Investee Company in China Mainland	Main business	Paid-in income	Investment	Cumulative remittance from Taiwan at the beginning of current period	Amount of investment remitted or recovered in the current period		Cumulative remittance from Taiwan at the end of current period	Investee Company	Direct or indirect investment by the company	Investment recognized in current period	Ending investment book value	Remittance of the current period
Company name	Item	Capital amount	Method	Accumulated investment amount	Remit	Recovery	Accumulated investment amount	Current profit and loss	Shareholding ratio	Profit and loss (Note)	Value (Note)	Investment income
Wuxi Super GEM Micro Electric Co., Ltd	Manufacturing, development and sales of metal oxide semiconductors, providing product quality monitoring and testing services; Sell self-produced products	46,906	Note:	61,463	-	-	61,463	3,207	100.00%	3,207	18,978	-

Note: indirect investment is made through the third land of Power Up Tech Co., Ltd

2. Investment limit in China mainland:

At the end of this period, the accumulated investment amount remitted from Taiwan to the China mainland was accumulated	Investment amount approved by Investment Review Committee of Ministry of Economic Affairs	According to the regulations of the Investment Review Committee of the Ministry of Economic Affairs, the investment limit in China mainland
61,463	61,463	1,212,895

3. Significant transactions with investee companies in China mainland:

Wuxi Super GEM Microelectronics Co., Ltd. was entrusted by the Company through Power Up Tech Co., Ltd to handle products after-sales service, quality control and warehouse management services. The related expenditures in 2020 and 2019 were NT$ 38,342,000 and NT$ 52,801,000 respectively.

(IV) Information of major shareholders:

Share Information of major shareholder	Number of shareholding	Shareholding ratio
Liangjia Investment Co., Ltd.	3,220,257	5.25%

XIV. Department information

Please refer to the consolidated financial report of 2020.

Niko Semiconductor Co., Ltd.

Detail table of cash and equivalent cash

Balance on December 31, 2020 **Unit: NT$ 1000**

Item	Abstract	Amount
Cash on hand and petty cash		$ 102
Check and demand deposit	Deposit at NT$	586,317
	Deposit at foreign currency - USD 1,134,000, exchange rate 28.480	32,307
		$ 618,726

Detail table of account receivable

Customer name	Abstract	Amount
Account receivable:		
Pegatron Corporation	Operating income of non-related parties	$ 102,671
Micro-Star International Co., Ltd	〃	101,763
Wistron (Zhongshan) Limited	〃	88,605
Hong Kong FoxPort Technology Co., Ltd	〃	56,765
Asustek Computer Co., Ltd.	〃	52,280
Dafeng (Chongqing) PC Limited	〃	49,548
Huaqin Telecom Hong Kong Limited	〃	43,996
Other (Note)		328,244
Subtotal		823,872
Reduce: allowance loss		(964)
Net amount of account receivable		**$ 822,908**

Note: The balance of each household does not exceed 5% of the amount of this account, so it is not listed separately.

Niko Semiconductor Co., Ltd.

Detail table of inventory

Balance on December 31, 2020 **Unit: NT$ 1000**

Item	Amount: Cost	Amount: Net realized value
Finished products and goods	$ 175,464	
Reduce: Allowance for falling prices and slow losses	(22,191)	
	153,273	205,876
Work-in-progress and semi-finished products	257,185	
Reduce: Allowance for falling prices and slow losses	(37,935)	
	219,250	293,045
Raw material	56,887	
Reduce: Allowance for falling prices and slow losses	(7,366)	
	49,521	49,521
Net amount	$ 422,044	548,442

Detail table of other current assets

Item	Abstract	Amount
Restricted bank deposits		$ 3,744
Prepayment	Labor costs, insurance premiums and rental of parking spaces for official vehicles, etc.	1,354
Temporary payments	Temporary travel expenses of employees, etc	98
		$ 5,196

Niko Semiconductor Co., Ltd.

Detail table of investment changes

using equity method

January 1 to December 31, 2020

Unit: NT$ 1000 / 1000 shares

Investee Company	Beginning balance		Current increase		Current reduce		Other transaction		Period-end balance			Market price or Total amount of net value	Provide surety Or pledge situation
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount (Note)	Number of shares	Shareholding ratio	Amount		
Jinrong Investment Co., Ltd.	5,100	$ 66,051	-	-	-	-	-	6,154	5,100	100%	72,205	72,773	None
Power Up Tech Co., Ltd.	1,930	33,762	-	-	-	-	-	1,926	1,930	100%	35,688	35,688	None
		$ 99,813		**-**		**-**		**8,080**			**107,893**	**108,461**	

Note: Investment profit and loss, unrealized gross profit of sales and accumulated translation adjustment are recognized.

Niko Semiconductor Co., Ltd.

Detail table of property, plant and equipment

January 1 to December 31, 2020 **Unit: NT$ 1000**

Please refer to Note 6(6) for information related to property, plant and equipment.

Detail table of investment property changes

Please refer to Note 6(7) for information related to investment property.

Niko Semiconductor Co., Ltd.

Detail table of account payable

Balance on December 31, 2020 **Unit: NT$ 1000**

Customer name	Abstract	Amount
Accounts payable:		
Supplier 23029	Purchase of related parties	$ 81,683
Supplier 21039	〃	32,589
Supplier 21015	〃	30,477
Supplier 13042	〃	28,547
Supplier 13003	〃	24,744
Supplier 21002	〃	24,267
Other (Note)		50,878
Total		$ 273,185

Note: The balance of each household does not exceed 5% of the amount of this account, so it is not listed separately.

Detail table of expenses payable and other payables

Item	Abstract	Amount
Expenses payable	Project development fee, maintenance fee, freight, insurance fee, labor fee and import declaration fee, etc.	$ 45,122
Salary payable and year-end bonus	Salary and year-end bonus	25,901
Remuneration payable to employees, directors and supervisors		59,578
		$ 130,601

Niko Semiconductor Co., Ltd.

Detail table of other noncurrent liabilities

Balance on December 31, 2020 **Unit: NT$ 1000**

Item	Abstract	Amount
Accrued pension liabilities		$ 7,301
Deferred income tax liabilities - Noncurrent		763
Other		5
Total		**$ 8,069**

Detail table of operating revenue

January 1 to December 31, 2020 **Unit: NT$ 1000**

Item	Quantity of sale goods (1000 pieces)	Amount
Power metal–oxide–semiconductor field-effect transistor	1,565,168	$ 2,393,743
Power supply management IC	32,962	62,547
Other	208,109	158,299
Subtotal		2,614,589
Reduce: Sales return and discount		134,190
Net amount of operating revenue		$ 2,480,399

Niko Semiconductor Co., Ltd.

Detail table of Operating cost

January 1 to December 31, 2020 **Unit: NT$ 1000**

Item	Amount
Beginning Raw Material	$ 67,648
Add: Purchase	235,891
Reduce: Research and development recipients	(3,622)
Scrapped raw material cost	(1,584)
Period-end Raw Material	(56,887)
Direct Raw Material	241,446
Manufacturing expense	1,493,714
Manufacturing cost	1,735,160
Add: Beginning work-in-progress and semi-finished products	295,061
Current purchased finished product	40,361
Reduce: Sell semi-finished product cost	(121,869)
Research and development recipients	(2,099)
Scrap semi-finished product cost	(3,400)
Period-end work-in-progress and semi-finished products	(257,185)
Finished product cost	1,686,029
Add: Beginning finished product	191,452
Current purchased finished product	80
Reduce: Sample recipient and other	(4,037)
Scrap finished product cost	(12,438)
Period-end finished product	(165,926)
Sales cost of finished product	1,695,160
Beginning goods	22,311
Add: Purchase	42,814
Reduce: Goods scrap	(3,938)
Other	(28)
Period-end goods	(9,538)
Sales cost of goods	51,621
Sales cost of semi-finished product	121,869
Other operating cost	7,670
Operating cost	**$ 1,876,320**

Niko Semiconductor Co., Ltd.

Detail table of selling , management and R&D expenses

January 1 to December 31, 2020 **Unit: NT$ 1000**

Item	Selling Expense	Management Expense	R&D Expense
Salary Expense	$ 36,288	72,511	40,831
Rental expense	11,631	819	-
Export expense	45,404	633	301
Labor cost	28,611	6,202	-
Indirect material	-	-	6,572
Trial manufacturing expense	-	-	20,221
Outsource project expense	-	-	16,975
Depreciation expense	9	5,105	6,559
Other expense (Individual amounts that are less than 5% of the account amount	9,826	24,642	17,884
Total	**$ 131,769**	**109,912**	**109,343**