English Translation of Financial Statements and A Report Originally Issued in Chinese

Ticker: 6182

WAFER WORKS CORP.
PARENT-COMPANY-ONLY FINANCIAL STATEMENTS
WITH A REPORT OF INDEPENDENT AUDITORS
AS OF DECEMBER 31, 2020 AND 2019
AND FOR THE YEARS THEN ENDED

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

English Translation of Financial Statements and a Report Originally Issued in Chinese

Parent-company-only financial statements

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English Translation of Financial Statements and a Report Originally Issued in Chinese

AUDIT REPORT OF INDEPENDENT AUDITORS

To: the Board of Directors and Shareholders of
Wafer Works Corp.

Opinion

We have audited the accompanying parent-company-only balance sheets of Wafer Works Corp. (the "Company") as of December 31, 2020 and 2019, and the related parent-company-only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent-company-only financial statements, including the summary of significant accounting policies (together "the parent-company-only financial statements").

In our opinion, based on the results of our audits and the reports of other auditor (please refer to the Other Matter – Making Reference to the Audit of a Component Auditor section of our report), the parent-company-only financial statements referred to above present fairly, in all material respects, the parent-company-only financial position of the Company as of December 31, 2020 and 2019, and their parent-company-only financial performance and cash flows for the years then ended, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of parent-company-only financial statements for the year ended December 31, 2020.

These matters were addressed in the context ofour audit of the parent-company-only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other non-current assets – valuation on prepayment for purchasing materials

As of December 31, 2020, prepayment for purchasing materials in amount of NT$276,707 thousand was accounted for under the caption of other non-current assets, representing 2% of total assets. The prepayment was executed under purchasing agreement entered into with certain material suppliers for the purpose to stabilize the sources of multi-Si materials. However, due to rapid change in related industry and economy, significant drop in material price, and long-term unbalance in demand and supply, the management estimates that the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. This estimation involved the significant judgement from management. We decide it to be one of our key audit matters and our audit procedures therefore have been prescribed to include, but not limit to, obtaining an understanding regarding the management's procedure to assess the impairment loss (including how to identify the unavoidable cost and the economic benefits to be received), review purchase agreements and any amendments or additions related, verifying the actual execution of the contracts for confirming the reasonableness of the management's accrual, and re-calculating the loss amounts for its accuracy. Meanwhile, we have evaluated the appropriateness of the related disclosure in Note 5 and 9 to the parent-company-only financial statements.

Provision against inventory

We determine that provision against inventory is also one of the key audit matters. The Company and its subsidiaries' inventory in amount of NT$1,197,507 thousand, representing 9% of parent-company-only total assets, as of December 31, 2020 is significant to the Company's financial statements. Due to material price being influenced by market demand and supply, the prices of inventory tend to change rapidly. The determination of inventory's net realizable value involved the significant judgement from management. We decide it to be one of our key audit matters and our audit procedures therefore have been prescribed to include, but not limit to, assessing the appropriateness of the Company's inventory provision policy (including how the management estimates the net realizable value of inventory in considering of expecting demand and market values), testing the effectiveness of internal control system and execution regarding inventory management, evaluating the accuracy of the inventory's net realizable value applied by management (including sale price), test samples, etc. Also, we have evaluated the appropriateness of the related disclosure in Note 5 and 6 to the parent-company-only financial statements.

Other Matter – Making Reference to the Audit of a Component Auditor

We did not audit the financial statements of Helitek Company Ltd., an indirectly invested associate accounted for under the equity method by the Company. The financial statements of Helitek Company Ltd. as of December 31, 2020 and 2019, and for the years then ended were audited by other auditors, whose reports thereon have been furnished to us. Our audit, insofar as it related to the investment in the associate accounted for under the equity method amounting to NT$147,515 thousand and NT$157,012 thousand as of December 31, 2020 and 2019 representing 1.14% and 1.16% of the Company's total assets, the related shares of income before tax from the associate under the equity method for the year then ended amounting to NT$(1,704) thousand and NT$3,562 thousand representing (0.28)% and 0.29% of the Company's income before tax, are based solely on the audit reports of other auditors.

Responsibilities of Management and Those Charged with Governance for the Parent-Company-Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent-company-only financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of parent-company-only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent-Company-Only Financial Statements

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

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

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

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such

disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent-company-only financial statements, including the accompanying notes, and whether the parent-company-only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 parent-company-only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Lo, Hsiao-Chin

Lo, Hsiao-Chin

Hong, Mao-Yi

Hong, Mao-Yi

Ernst & Young
March 25, 2021
Taipei, Taiwan,
Republic of China

Notices to Readers

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

Accordingly, the accompanying parent-company-only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

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

Wafer Works Corp.

Parent-Company-Only Balance Sheets

As of December 31, 2020 and 2019

(Amounts Expressed in Thousands of New Taiwan Dollars)

Assets			2020		2019	
Code	Accounts	Notes	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6(1)	$1,859,490	15	$2,282,061	17
1110	Financial assets at fair value through profit or loss	4, 6(2)	9,171	-	8,370	-
1136	Financial assets measured at amortized cost	4, 6(3),8	7,003	-	-	-
1170	Accounts receivable, net	4, 6(4)	554,349	4	811,702	6
1180	Accounts receivable - related parties, net	4, 6(4), 7	643,520	5	449,722	3
1200	Other receivables		25,205	-	339,081	3
1210	Other receivables - related parties	7	122,380	1	61,695	-
1310	Inventories, net	4, 6(5)	1,197,507	9	1,292,773	10
1410	Prepayments		185,996	2	175,164	1
1470	Other current assets		3,137	-	38,303	-
11XX	Total current assets		4,607,758	36	5,458,871	40
	Non-current assets					
1536	Financial assets carried at amortized cost	4, 6(3),8	9,967	-	9,967	-
1550	Investment accounted for under equity method	4, 6(6)	3,995,680	31	3,556,997	26
1600	Property, plant and equipment, net	4, 6(7),7,8,9	3,845,943	30	3,812,595	29
1755	Right-of-use asset	4, 6(17)	54,527	-	76,403	1
1780	Intangible assets, net	4, 6(8)	6,667	-	6,393	-
1840	Deferred tax assets	4, 6(21)	37,873	-	37,873	-
1915	Prepayment for equipment		99,995	1	156,044	1
1920	Refundable deposits	8,9	26,972	-	62,266	-
1990	Other non-current assets	7,9	276,707	2	352,210	3
15XX	Total non-current assets		8,354,331	64	8,070,748	60
1XXX	Total Assets		$12,962,089	100	$13,529,619	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

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

Wafer Works Corp.

Parent-Company-Only Balance Sheets (Continued)

As of December 31, 2020 and 2019

(Amounts Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity			2020		2019	
Code	Accounts	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(9)	$504,339	4	$579,606	4
2130	Contract liability	4, 6(15)	593	-	1,263	-
2170	Accounts payable		358,259	3	514,115	4
2180	Accounts payable - related parties	7	127,419	1	275,956	2
2200	Other payables	6(10)	517,267	4	513,025	4
2220	Other payables - related parties	7	451	-	249	-
2230	Current income tax liabilities	4	88,298	1	48,987	-
2281	Lease liabilities	4, 6(17)	5,542	-	6,899	-
2322	Current portion of long-term loans	6(12),8	5,242	-	186,000	1
2399	Other current liabilities	6(11)	2,479	-	3,582	-
21XX	Total current liabilities		1,609,889	13	2,129,682	15
	Non-current liabilities					
2527	Contract liability	4, 6(15)	527,989	4	588,531	4
2540	Long-term loans	6(12),8	1,611,704	13	1,364,000	10
2581	Lease liabilities	4, 6(17)	49,637	-	70,413	1
2630	Long-term deferred revenue		2,055	-	-	-
2640	Accrued pension liabilities	4, 6(13)	58,888	-	57,911	-
2645	Deposits received		16,476	-	38,066	-
25XX	Total non-current liabilities		2,266,749	17	2,118,921	15
2XXX	Total liabilities		3,876,638	30	4,248,603	30
3100	Capital	6(14)				
3110	Common stock		5,108,984	39	5,108,984	38
3200	Capital surplus	6(14)	2,641,147	20	2,641,147	20
3300	Retained earnings	6(14)				
3310	Legal reserve		341,802	3	218,582	2
3320	Special reserve		593,580	5	428,317	3
3350	Unappropriated earnings		783,831	6	1,477,566	11
3400	Other components of equity		(383,893)	(3)	(593,580)	(4)
3XXX	Total equity		9,085,451	70	9,281,016	70
	Total liabilities and equity		$12,962,089	100	$13,529,619	100

(The accompanying notes are an integral part of the parent-company-only financial statements.)

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

Wafer Works Corp.

Parent-Company-Only Statements of Comprehensive Income

For the Years Ended December 31, 2020 and 2019

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

Code	Accounts	Notes	2020		2019	
			Amount	%	Amount	%
4000	Operating revenues	4, 6(15), 7	$5,135,703	100	$6,820,930	100
5000	Operating costs	7	(4,179,902)	(81)	(4,803,258)	(70)
5900	Gross profit from operations		955,801	19	2,017,672	30
5910	Unrealized gross profit (loss) from sales		32,000	1	(42,000)	(1)
5950	Gross profit from operations		987,801	20	1,975,672	29
6000	Operating expenses					
6100	Selling		(156,738)	(4)	(160,548)	(2)
6200	General and administrative		(229,610)	(4)	(232,020)	(3)
6300	Research and development		(122,334)	(2)	(66,199)	(1)
6450	Expected credit gains (losses)	4, 6(16)	-	-	248	-
	Operating expenses total		(508,682)	(10)	(458,519)	(6)
6900	Operating income		479,119	10	1,517,153	23
7000	Non-operating income and expenses					
7010	Other income	6(19)	48,219	1	27,067	-
7020	Other gains and losses	6(19), 7	(37,017)	(1)	(136,591)	(1)
7050	Finance costs	6(19)	(39,589)	(1)	(60,863)	(1)
7070	Share of profit or loss of subsidiaries, associates and joint ventures	4, 6(6)	166,785	3	19,910	-
	Non-operating income and expense total		138,398	2	(150,477)	(2)
7900	Income before income tax		617,517	12	1,366,676	21
7950	Income tax benefit	4, 6(21)	(98,799)	(2)	(134,475)	(2)
8200	Net income		518,718	10	1,232,201	19
8300	Other comprehensive income (loss)	6(20)				
8310	Item that not be reclassified subsequently to profit or loss					
8311	Actuarial gain (loss) on defined benefit plans		(4,353)	-	(4,732)	-
8320	Unrealized gains or losses on financial assets at fair value through other comprehensive income (loss)		172,834	3	(8,112)	-
8360	Items that may be reclassified subsequently to profit or loss					
8370	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures		36,853	1	(157,151)	(2)
	Total other comprehensive income, net of tax		205,334	4	(169,995)	(2)
8500	Total comprehensive income (loss)		$724,052	14	$1,062,206	17
9750	Earnings per share - basic (in NT$)	6(22)	$1.02		$2.41	
9850	Earnings per share - diluted (in NT$)	6(22)	$1.01		$2.40	

(The accompanying notes are an integral part of the parent-company-only financial statements.)

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

Wafer Works Corp.

Parent-Company-Only Statements of Changes in Equity

For the Years Ended December 31, 2020 and 2019

(Amounts Expressed in Thousands of New Taiwan Dollars)

	Items	Capital	Capital Surplus	Retained Earnings			Other Components of equity		Total Equity
				Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences arising on translation of foreign operations	Unearned Employee Benefit	
Code		3100	3200	3310	3320	3350	3410	3490	3XXX
A1	Balance as of January 1, 2019	$5,108,984	$2,541,916	$27,697	$224,987	$1,921,558	$(152,074)	$(276,243)	$9,396,825
	Appropriation and distribution of 2018 earnings:								
B1	Legal reserve			190,885		(190,885)			-
B3	Special reserve				203,330	(203,330)			-
B5	Cash dividends - common shares					(1,277,246)			(1,277,246)
E1	Share of changes in net assets of associates and joint ventures accounted for using the equity method		99,231						99,231
D1	Net income for 2019					1,232,201			1,232,201
D3	Other comprehensive income (loss) for 2019					(4,732)	(157,151)	(8,112)	(169,995)
D5	Total comprehensive income (loss)	-	-	-	-	1,227,469	(157,151)	(8,112)	1,062,206
Z1	Balance as of December 31, 2019	$5,108,984	$2,641,147	$218,582	$428,317	$1,477,566	$(309,225)	$(284,355)	$9,281,016
A1	Balance as of January 1, 2020	$5,108,984	$2,641,147	$218,582	$428,317	$1,477,566	$(309,225)	$(284,355)	$9,281,016
	Appropriation and distribution of 2019 earnings:								
B1	Legal reserve			123,220		(123,220)			-
B3	Special reserve				165,263	(165,263)			-
B5	Cash dividends - common shares					(919,617)			(919,617)
D1	Net income for 2020					518,718			518,718
D3	Other comprehensive income (loss) for 2020					(4,353)	36,853	172,834	205,334
D5	Total comprehensive income (loss)	-	-	-	-	514,365	36,853	172,834	724,052
Z1	Balance as of December 31, 2020	$5,108,984	$2,641,147	$341,802	$593,580	$783,831	$(272,372)	$(111,521)	$9,085,451

(The accompanying notes are an integral part of the parent-company-only financial statements.)

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

Wafer Works Corp.

Parent-Company-Only Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

(Amounts Expressed in Thousands of New Taiwan Dollars)

Code	Items	2020	2019
AAAA	Cash flows from operating activities:		
A10000	Net income before tax	$617,517	$1,366,676
A20000	Adjustments:		
A20010	Profit or loss not effecting cash flows:		
A20400	Net loss (gain) of financial assets (liabilities) at fair value through profit or loss	(801)	(1,494)
A21200	Interest income	(7,131)	(12,223)
A20900	Interest expense	39,589	60,863
A20100	Depreciation	580,749	554,419
A20200	Amortization	5,966	3,152
A20300	Expected credit losses (gain on recovery)	-	(248)
A22500	Gain on disposal of property, plant and equipment	-	(142)
A22400	Share of profit or loss of subsidiaries, associates and joint ventures	(1,378)	-
A21900	Cost of share based payment	(166,785)	(19,910)
A23700	Impairment loss on non-financial assets	4,000	113,553
A24000	Unrealized (gains) losses	(32,000)	42,000
A22600	Reclassification of property, plant and equipment to expense	270	-
A29900	Loss (gain) on government grants	(144)	-
A29900	Loss (gain) on lease modification	(1,365)	-
A30000	Changes in operating assets and liabilities:		
A31115	Financial assets at fair value through profit or loss	-	142
A31150	Accounts receivable	257,353	287,932
A31160	Accounts receivable - related parties	(193,798)	275,053
A31180	Other receivable	313,804	111,242
A31190	Other receivable - related parties	(60,685)	191,457
A31200	Inventories	95,266	(271,731)
A32125	Contract liabilities	(61,212)	(170,577)
A31230	Prepayment	64,671	368,601
A31240	Other current assets	35,166	(21,061)
A32130	Notes payable	-	(1,415)
A32150	Accounts payable	(155,856)	(165,376)
A32160	Accounts payable - related parties	(148,537)	(311,141)
A32180	Other payable	(22,290)	(19,834)
A32190	Other payable - related parties	202	(7,681)
A32230	Other current liabilities	(1,494)	2,058
A32240	Net defined benefit liability	(3,376)	(3,072)
A33000	Cash generated from operations	1,157,701	2,371,243
A33200	Interest received	7,203	12,074
A33300	Interest paid	(39,082)	(58,557)
A33500	Income tax paid	(59,488)	(111,251)
AAAA	Net cash provided by (used in) operating activities	1,066,334	2,213,509

Code	Items	2020	2019
BBBB	Cash flows from investing activities:		
B00040	Disposal (acquisition) of financial assets at amortised cost	(7,003)	262
B01800	Acquisition of investment accounted for under equity method	(30,211)	(328,616)
B02700	Acquisition of property, plant and equipment	(553,888)	(470,172)
B02800	Proceeds from disposal of property, plant and equipment	26,674	-
B03800	Decrease (increase) in refundable deposits	35,294	39,348
B04500	Acquisition of intangible assets	(6,240)	(9,193)
BBBB	Net cash provided by (used in) investing activities	(535,374)	(768,371)
CCCC	Cash flows from financing activities:		
C00100	Increase in (repayment of) short-term loans	(75,267)	72,411
C01600	Increase in long-term loans	120,300	-
C01700	Repayment of long-term loans	(50,967)	(8,353)
C03000	Increase in guarantee deposits received	(21,590)	(38,922)
C04020	Payments of lease liabilities	(6,390)	(8,736)
C04500	Payment of cash dividends	(919,617)	(1,277,246)
CCCC	Net cash provided by (used in) financing activities	(953,531)	(1,260,846)
EEEE	Net Increase (decrease) in cash and cash equivalents	(422,571)	184,292
E00100	Cash and cash equivalents at beginning of period	2,282,061	2,097,769
E00200	Cash and cash equivalents at end of period	$1,859,490	$2,282,061

(The accompanying notes are an integral part of the parent-company-only financial statements.)

1. History and organization

Wafer Works Corp. (the "Company") was incorporated on July 24, 1997. The Company's major business activities are as follows:

(1)R&D, design, manufacturing, trading or the distribution of semiconductor materials;
(2)R&D, design, manufacturing, trading, and the processing of semiconductor wafer and one-step service;
(3)Technique transfer and consulting business for above items.

The Company's common shares were publicly listed on the Taiwan Gre Tai Securities Market on May 13, 2002. The Company's registered office is at No.1, Pingguo Rd., Yang Mei Dist, Taoyuan City, Taiwan, R.O.C. The Company's main business address is at No.100, Longyuan 1st Rd., Longtan Science Park, Taoyuan City, Taiwan, R.O.C.

2. Date and procedures of authorization of financial statements for issue

The financial statements of the Company were authorized to be issued in accordance with a resolution of the Board of Directors' meeting on March 25, 2021.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time the International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2020. Apart from the nature and impact of the new standard and amendment is described below, the remaining new standards and amendments had no material impact on the company.

(a) Covid-19-Related Rent Concessions (Amendments to IFRS 16)

The Company elected to early apply Covid-19-Related Rent Concessions (Amendment to IFRS 16) which is recognized by FSC for annual periods beginning on or after January 1, 2020, and in accordance with the requirements of the transition. For the rent concession arising as a direct consequence of the covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. Please refer to Note 6 for disclosure related to the lessee which required by the amendment.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021

(a) Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

I. A company will not have to derecognize or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;

II. A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and

III. A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2021 have no material impact on the Company.

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

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
d	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022
e	Disclosure Initiative – Accounting Policies – Amendments to IAS 1	January 1, 2023
f	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023

(a)IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b)IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

I.Estimates of future cash flows;
II.Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
III.A risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c)Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d)Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

I.Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

II.Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognize such sales proceeds and related cost in profit or loss.

III.Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

IV. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments

The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases

The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41

The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

(e) Disclosure Initiative – Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(f) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company assesses all standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1)Statement of compliance

The Company's parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (Regulations).

(2)Basis of preparation

The Company prepared parent-company-only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent-company-only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent-company-only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent-company-only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent-company-only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3)Foreign currency transactions

The Company's parent-company-only financial statements are presented in its functional currency, New Taiwan Dollars (NTD). Items included in the parent-company-only financial statements are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a)Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b)Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instrument.

(c)Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and eclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4)Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and the income and expenses are translated at an average exchange rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Company: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(5)Current and non-current distinction for assets and liabilities

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Company holds the asset primarily for the purpose of trading
(c) The Company expects to realize the asset within twelve months after the reporting period
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Company expects to settle the liability in its normal operating cycle
(b) The Company holds the liability primarily for the purpose of trading
(c) The liability is due to be settled within twelve months after the reporting period
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6)Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7)Financial instruments

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

The Company determines the classification of its financial assets at initial recognition. In accordance with IFRS 9 and the Regulations, financial assets of the Company are classified as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets measured at amortized cost and notes, accounts and other receivables. All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the income statement.

A. Financial assets: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) The Group’s business model for managing the financial assets and
(b) The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognise the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

(a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

(b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

(a) A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

I. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

II. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company is recognized a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) The time value of money; and

(c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follows:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.

(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

(d) For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, theCompany needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

Financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred

(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

(a) It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(b) On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
(c) It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

(a) It eliminates or significantly reduces a measurement or recognition inconsistency; or
(b) A group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8)Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials –By actual purchase cost with weighted average method.
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IFRS 10 "Consolidated Financial Statements" and the different IFRSs adopted from different reporting entity's perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate or investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	5~55 years
Machinery	1~15 years
Transportation	5 years
Office equipment	2~7 years
Other equipment	2~20 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The property, plant and equipment's residual values, useful lives and methods of depreciation are reviewed at each financial year. If the expected values differ from the estimates, the differences are recorded as a change in accounting estimate.

(12) Leases

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

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A.fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B.variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C.amounts expected to be payable by the lessee under residual value guarantees;
D.the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E.payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A.the amount of the initial measurement of the lease liability;
B.any lease payments made at or before the commencement date, less any lease incentives received;
C.any initial direct costs incurred by the lessee; and
D.an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Company applied the practical expedient to all rent concessions that meet the conditions for it.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (2 to 3 years).

A summary of the policies applied to the Group's intangible assets is as follows:

	Computer software
Useful lives	Limited
Amortization method used	Amortized on a straight-line basis over the estimated useful life
Internally generated or acquired	Acquired

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15)Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

The Company mainly manufactures and sells of its products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is Poly-Silicon and revenue is recognized based on the consideration stated in the contract. The remaining sales transactions are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the products expected to be returned.

The credit period of the Company's sale of goods is from 60 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers therefore there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

(16) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(17) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(18) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the Company’s consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Income taxes

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred income tax is a temporary difference between the tax bases of assets and liabilities and their carrying amounts in balance sheet at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized according.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Company's parent-company-only financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a)Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example, the discounted cash flows model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b)Accounts receivables–estimation of impairment loss

TheCompany estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(c)Inventory

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(d)Post-employment benefits

The cost of post-employment benefit pension plan and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the change in the discount rate and expected salary level. The assumptions used for measuring pension cost and defined benefit obligation are disclosed in Note 6.

(e)Onerous contract

An onerous contract is defined as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The Company makes provisions for onerous contracts based on the unavoidable costs under a contract. Any changes in the contracts may influence the provision.

(f)Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

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

Deferred tax assets are recognized for all carry forward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2020	2019
Cash on hand	$258	$232
Checking and savings	673,046	754,389
Time deposits	1,136,186	1,427,440
Resale agreements collateralized by corporate bonds	50,000	100,000
Total	$1,859,490	$2,282,061

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

	As of December 31,	
	2020	2019
Mandatorily measured at fair value through profit or loss:		
Convertible bond	$9,171	$8,370

Financial assets at fair value through profit or loss were not pledged.

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

(3) Financial assets measured at amortized cost

	As of December 31,	
	2020	2019
Certificate of deposit – restricted	$16,970	$9,967
Current	$7,003	$-
Non-current	9,967	9,967
Total	$16,970	$9,967

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(4) Accounts receivable and accounts receivable - related parties, net

(a)Accounts receivable, net:

	As of December 31,	
	2020	2019
Accounts receivable, gross	$643,022	$900,375
Less: loss allowance	(88,673)	(88,673)
Net of allowances	554,349	811,702
Accounts receivable - related parties, gross	643,520	449,722
Less: loss allowance	-	-
Net of allowances	643,520	449,722
Total accounts receivable, net	$1,197,869	$1,261,424

(b)Accounts receivable were not pledged.

(c)Accounts receivable are generally on 60 to 90 day terms. The total carrying amount for the years ended December 31, 2020 and 2019, are NT$1,286,542 thousand and NT$1,350,097 thousand, respectively. Please refer to Note 6(16) for more details on loss allowance of accounts receivable for year ended December 31, 2020 and 2019. Please refer to Note 12 for more details on credit risk management.

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

(5) Inventories

(a)Inventories consist of the following:

	As of December 31,	
	2020	2019
Raw materials	$259,455	$385,822
Supplies & parts	165,885	143,320
Work in progress	553,161	586,190
Finished goods	219,006	177,441
Total	$1,197,507	$1,292,773

(b)The cost of inventories recognized in expenses amounted to NT$4,179,902 thousand and NT$4,803,258 thousand for the years ended December 31, 2020 and 2019, respectively. The following losses were included in cost of sales :

	For the year ended December 31,	
Item	2020	2019
Loss from inventory market decline	$10,530	$14,180
Loss from inventory write-off obsolescence	185	1,713
Total	$10,715	$15,893

(c)Inventories were not pledged.

(6) Investments accounted for under the equity method

	As of December 31,			
	2020		2019	
Investee companies	Amount	Percentage of Ownership	Amount	Percentage of Ownership
Investments in subsidiaries:				
Wafer Works Investment Corp.	$3,951,113	100%	$3,553,800	100%
Heli-Vantech Corp.	4,717	100%	3,197	100%
Huaxin (Shanghai) Technology Co. Ltd	39,850	100%	-	100%
Total	$3,995,680		$3,556,997	

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

A. Investments in subsidiaries were present in the parent-company-only financial statements under the caption of investments accounted for under equity method or credit for investment accounted for the equity method. Valuation adjustment is made if deemed necessary.

B. The Company, for the purpose of long-term business expansion strategy, was approved by the Board in a meeting held on December 26, 2018 to acquire the preferred B of Silicon Technology Investment (Cayman) Corp., one of the Company's subsidiaries, within the limit of 3,500,000 shares, the purchase price at USD3.6 per share and total acquisition cost of USD12,600,000. The Company's acquisition costs were USD10,591,400 and the additional equity percentage acquired 6.22%. As a result, the Company's ownership interest in Silicon Technology Investment (Cayman) Corp. increases to 85.38%. The legal registration procedures are completed as of December 31, 2019.

C. The board of directors decided to set up Huaxin (Shanghai) Technology Co. Ltd which is 100% held by the Company at November 5, 2019. The registration was completed during 2020.

D. The Company's investments accounted for under the equity method were not pledged.

(7) Property, plant and equipment

	Land	Buildings	Machinery	Transportation	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2020	$259,131	$1,320,845	$8,322,314	$10,952	$174,458	$222,385	$178,181	$10,488,266
Additions	-	-	-	-	-	-	637,604	637,604
Disposals	-	-	(94,360)	(545)	(7,113)	(24,958)	(28,918)	(155,894)
Other changes	-	157,956	193,178	-	17,716	290	(369,410)	(270)
As of December 31, 2020	$259,131	$1,478,801	$8,421,132	$10,407	$185,061	$197,717	$417,457	$10,969,706
Depreciation and impairment:								
As of January 1, 2020	$-	$346,386	$5,957,253	$10,117	$152,908	$209,007	$-	$6,675,671
Depreciation	-	37,080	523,741	309	9,756	3,804	-	574,690
Impairment losses	-	-	4,000	-	-	-	-	4,000

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

Disposals	-	-	(97,988)	(545)	(7,107)	(24,958)	-	(130,598)
As of December 31, 2020	$-	$383,466	$6,387,006	$9,881	$155,557	$187,853	$-	$7,123,763

	Land	Buildings	Machinery	Transportation	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2019	$259,131	$1,320,845	$7,714,499	$10,952	$165,873	$222,158	$352,785	$10,046,243
Additions	-	-	-	-	-	-	517,593	517,593
Disposals	-	-	(67,924)	-	(3,512)	(4,134)	-	(75,570)
Other changes	-	-	675,739	-	12,097	4,361	(692,197)	-
As of December 31, 2019	$259,131	$1,320,845	$8,322,314	$10,952	$174,458	$222,385	$178,181	$10,488,266
Depreciation and impairment:								
As of January 1, 2019	$-	$309,269	$5,447,738	$9,752	$149,598	$209,167	$-	$6,125,524
Depreciation	-	37,117	498,501	365	6,822	3,974	-	546,779
Impairment losses	-	-	78,938	-	-	-	-	78,938
Disposals	-	-	(67,924)	-	(3,512)	(4,134)	-	(75,570)
As of December 31, 2019	$-	$346,386	$5,957,253	$10,117	$152,908	$209,007	$-	$6,675,671
Net carrying amount as of:								
December 31, 2020	$259,131	$1,095,335	$2,034,126	$526	$29,504	$9,864	$417,457	$3,845,943
December 31, 2019	$259,131	$974,459	$2,365,061	$835	$21,550	$13,378	$178,181	$3,812,595

(a)The Group recognized an impairment loss amounting to NT$4,000 thousand and NT$78,938 thousand on certain real estate to an extent of the recoverable value in 2020 and 2019, respectively.The impairment loss has been recorded in the Company's statements of comprehensive incomes.

(b)Please refer to Note 8 for more details on property, plant and equipment under pledge.

(c)Significant components of PPE are depreciation over their useful lives.

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

(8) Intangible assets

	Computer software
Cost:	
As of January 1, 2020	$9,298
Additions – acquired separately	6,240
Derecognized upon retirement	(456)
As of December 31, 2020	$15,082
As of January 1, 2019	$799
Additions – acquired separately	9,193
Derecognized upon retirement	(694)
As of December 31, 2019	$9,298
Amortization and Impairment:	
As of January 1, 2020	$2,905
Amortization	5,966
Derecognized upon retirement	(456)
As of December 31, 2020	$8,415
As of January 1, 2019	$447
Amortization	3,152
Derecognized upon retirement	(694)
As of December 31, 2019	$2,905
Carrying amount, net:	
As of December 31, 2020	$6,667
As of December 31, 2019	$6,393

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

Amortization expense of intangible assets under the statement of comprehensive income:

	For the year ended December 31,	
	2020	2019
Operating costs	$481	$373
General and administrative	5,264	2,645
Research and development	221	134
Total	$5,966	$3,152

(9)Short-term loans

		As of December 31,	
	Interest Rate (%)	2020	2019
Unsecured financial structure loans	0.7015%~3.65%	$504,339	$579,606

The Company’s unused short-term lines of credits amounted to NT$2,775,662 thousand and NT$3,100,395 thousand as of December 31, 2020 and 2019, respectively.

(10)Other payables

	As of December 31,	
	2020	2019
Accrued expense	$385,585	$407,875
Payable on equipment	130,388	102,721
Accrued interest payable	1,294	2,429
Total	$517,267	$513,025

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

(11)Other current liabilities

A. Details of other current liabilities

	As of December 31,	
	2020	2019
Other current liabilities	$2,088	$3,582
Deferred government grants income	391	-
Total	$2,479	$3,582

B. The changes in the Company's balances of deferred government grants income for the year ended December 31, 2020 are as follows:

Beginning balance	$-
Received during the period	2,590
Released to the statement of comprehensive income	(144)
Ending Balance	$2,446
Current	$391
Non-current	$2,055

C. Please refer to Note 6(12) for more details on interest rate of deferred government grants income.

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

(12)Long-term loans

Details of long-term loan as of December 31, 2020 and 2019 are as follows:

Debtor	As of December 31, 2020	Maturity and Terms
Secured Long-Term Joint guarantee Loan from Land Bank of Taiwan and others	$1,500,000	Effective March 23, 2020 to March 23, 2025. Grace period is 2 years from the initial draw-down date. The initial draw-down date is considered the 1st term and the following terms are defined as every 3 months since then. The remaining principal is repaid in installments of equal amount for 13 terms. Interest shall be paid monthly. The 1st to 4th payments will each repay 3% of the principal, 5th to 8th payments will be 5% each, 9th to 12th payments will be 7% each and the remaining principal will be repaid up at maturity.
Credit Long- from Land Bank of Taiwan	89,251	Effective July 9, 2020 to July 9, 2027. Interest payments are due monthly for the first three years. Principal is prepaid form the fourth year monthly on the 15th day of each month. Interest will be paid on the 15th of each month.
Credit Long- from Taiwan Cooperative Bank	27,695	Effective October 19, 2020 to October 19, 2025. The principal will be paid monthly on the 15th day of each month and interest shall be paid monthly.
Total	1,616,946	
Less: current portion	(5,242)	
Non-current portion	$1,611,704	

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

Debtor	As of December 31, 2019	Maturity and Terms
Secured Long-Term Joint guarantee Loan from Land bank and others	$1,200,000	Effective Mar 30, 2018 to Mar 30, 2023. Grace period is 2 years from the initial draw-down date. the initial draw-down date is considered the 1st term and the following terms are defined as every 3 months since then. The principal is repayable in installments of equal amount for 13 terms. Interest shall be paid monthly.
Secured Long-Term Joint credit Loan from Land Bank of Taiwan and others	350,000	Effective May 2, 2019 to March 30, 2023. The credit period is five years, and the utilization period is cyclically used. Interest shall be paid monthly. It can apply for repayment or settlement when due. However, the expiry date of each loan does not exceed the credit period of the item C, and all outstanding principals and the interest balance should be fully pay off on the credit expiry date of item C.
Total	1,550,000	
Less: current portion	(186,000)	
Non-current portion	$1,364,000	

(a) Please refer to Note 8 for more detail of assets pledged as collaterals.

(b) As of December 31, 2020 and 2019, the interest rate intervals for long-term loans were 0.70%~1.80% and 2.38%~2.43%, respectively

(c) The Company received a low-interest government loan from the Ministry of Economic Affairs in the amounting NT$120,300 thousands with a term of 5~7 years and annual interest rates of 0.70% payable monthly on the 15th day each month. The loan was recorded under other liabilities-deferred government grants income. The Company shall recognize the government grant income when it is reasonably assured that the Company meets all the terms of the government grant agreement.

(d) On January 16, 2018, the Company has entered into a 5-year agreement of syndicated loans, with credit line of NT$2,600,000 thousand, with Land Bank of Taiwan and other banks for the purpose of settling the unpaid loan balance, acquiring machinery and replenishing operating capital.

On December 25, 2019, the Company has entered into a 5-year agreement of syndicated loans in credit line of NT$3,000,000 thousand, with Land Bank of Taiwan and 7 other banks for the purpose of settling the unpaid loan balance mentioned above and replenishing operating capital.

(13) Post-employment benefits

Defined contribution plan

The Company adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2020 and 2019 are NT$33,418 thousand and NT$32,962 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$3,988 thousand to its defined benefit plan during the 12 months beginning after 31 December 2020.

As of December 31, 2020 and 2019, the maturities of the Company's defined benefit plan were expected in 2037 and 2036.

Pension costs recognized in profit or loss for the years ended December 31, 2020 and 2019:

	For the year ended December 31,	
	2020	2019
Current period service costs	$131	$187
Net interest of defined benefit	481	652
Previous period service cost	-	-
Settlement	-	-
Total	$612	$839

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	Dec. 31, 2020	Dec. 31, 2019	Jan. 1, 2019
Defined benefit obligation	$90,364	$88,214	$84,523
Plan assets at fair value	(31,476)	(30,303)	(28,272)
Other non-current liabilities – net defined benefit liability on the consolidated balance sheets	$58,888	$57,911	$56,251

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

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability (asset)
As of January 1, 2019	$84,523	$(28,272)	$56,251
Current period service costs	187	-	187
Net interest expense (revenue)	980	(328)	652
Past service cost, gain/loss arising from settlements	-	-	-
Subtotal	1,167	(328)	839
Remeasurement of net defined benefit liability/asset			
Actuarial gains and losses arising from changes in demographic assumptions	1,013	-	1,013
Actuarial gains and losses arising from changes in financial assumptions	4,698	-	4,698
Experience adjustments	(37)	-	(37)
Re-measurement on defined benefit assets	-	(942)	(942)
Subtotal	5,674	(942)	4,732
Payments from the plan	(3,150)	3,150	-
Contributions by employer	-	(3,911)	(3,911)
Effect of exchange rates	-	-	-
As of December 31, 2019	88,214	(30,303)	57,911
Current period service costs	131	-	131
Net interest of defined benefit	732	(251)	481
Past service cost, gains and losses arising from settlements	-	-	-
Subtotal	863	(251)	612
Remeasurement of net defined benefit liability(asset):			
Actuarial gains and losses arising from changes in demographic assumptions	7	-	7
Actuarial gains and losses arising from changes in financial assumptions	5,744	-	5,744
Experience adjustments	(398)	-	(398)

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

Re-measurement on defined benefit assets	-	(1,000)	(1,000)
Subtotal	5,353	(1,000)	4,353
Payments from the plan	(4,066)	4,066	-
Contributions by employer	-	(3,988)	(3,988)
Effect of exchange rates	-	-	-
As of December 31, 2020	$90,364	$(31,476)	$58,888

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2020	2019
Discount rate	0.43%	0.83%
Expected rate of salary increases	3.00%	3.00%

Sensitivity analysis:

	Effect on the defined benefit obligation			
	2020		2019	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	$-	$(343)	$-	$(7,079)
Discount rate decrease by 0.5%	410	-	7,828	-
Future salary increase by 0.5%	69	-	7,616	-
Future salary decrease by 0.5%	-	(63)	-	(6,970)

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

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

(14)Equity

(a)Common stock

As of December 31, 2020 and 2019, the Company's authorized capital were both NT$6,000,000 thousand, each share at par of NT$10. The Company's paid-in capital were both NT$5,108,984 thousand, divided into 510,898 shares. Each share has one voting right and a right to receive dividends.

(b)Additional paid-in capital

	As of December 31,	
	2020	2019
Additional paid-in capital	$1,784,270	$1,784,270
All changes in interests in subsidiaries	825,638	825,638
Other	31,239	31,239
Total	$2,641,147	$2,641,147

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the Company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made either in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c)Retained earnings and dividend policies

(1)Distribution of earnings

The Articles of Incorporation, current year's earnings , if any, shall be distributed in the following order:

i Payment of all taxes and dues;
ii Offset prior years' operation losses;

iii Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;

iv The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

(2)Dividend policy

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets, as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting for final approval. And by the Company's policy, the portion of cash dividend shall not be less than 10% of total shareholders' bonus.

(3)Legal reserve

According to the Company Act, the Company has to set aside an amount for legal reserve from current year's earnings until such legal reserve reaches the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital either by shares or by cash.

(4)Special reserve

Following the adoption of T-IFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the T-IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the T-IFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to “other net deductions from shareholders’ equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed.

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

As of December 31, 2020 and 2019, special reserve set aside for the first-time adoption of T-IFRS amounted to NT$175,749 thousand.

The appropriations of earnings for the years 2020 and 2019 were approved through the Board of Directors’ meetings and shareholders’ meetings held on March 25, 2021 and June 22, 2020, respectively. The details of the distributions are as follows:

	Appropriation of earnings		Dividend per share (in NT$)	
	2020	2019	2020	2019
Legal reserve	$51,437	$123,220		
Special reserve	(209,687)	165,263		
Common stock－cash dividend	561,988	919,617	1.1	1.8
Total	$403,738	$1,208,100		

Please refer to 6(18) for detail on employees’ compensation and remuneration to directors and supervisors.

(15)Operating revenue

	For the year ended December 31,	
Revenue from customer contracts	2020	2019
Sale of goods	$5,115,451	$6,772,041
Revenue arising from rendering of services	20,252	48,889
Total	$5,135,703	$6,820,930

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

Analysis of revenue from contracts with customers during the years ended December 31, 2020 and 2019 are as follows:

(a)Disaggregation of revenue

Analysis of revenue from contracts with customers during the years ended December 31, 2020 are as follows:

	Semi-conductor business	Solar business	Total
Sale of goods	$5,115,451	$-	$5,115,451
Rendering of services	20,252	-	20,252
Total	$5,135,703	$-	$5,135,703
The timing for revenue recognition：			
At a point in time	$5,135,703	$-	$5,135,703

Analysis of revenue from contracts with customers during the years ended December 31, 2019 are as follows:

	Semi-conductor business	Solar business	Total
Sale of goods	$6,772,041	$-	$6,772,041
Rendering of services	48,889	-	48,889
Total	$6,820,930	$-	$6,820,930
The timing for revenue recognition：			
At a point in time	$6,820,930	$-	$6,820,930

(b)Contract balances

A. Contract liabilities

As of	2020.12.31	2019.12.31	2019.01.01
Sales of goods	$528,582	$589,794	$760,371

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

The changes in the Company's balances of contract liabilities for the year ended 31 December 2020 are as follows:

	Sales of goods
The opening balance transferred to revenue	$(71,206)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	9,994

The changes in the Company's balances of contract liabilities for the year ended December 31, 2019 are as follows:

	Sales of goods
The opening balance transferred to revenue	$(211,807)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	41,230

(16)Expected credit losses (gains)

	For the year ended December 31,	
	2020	2019
Operating expenses – Expected credit losses (gains)		
Account receivables	$-	$(248)

Please refer to Note 12 for more details on credit risk.

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

The Company measures the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. The assessment of the Company’s loss allowance as of December 31, 2020 and 2019 are as follow:

A. The Company needs to consider the grouping of trade receivables by counter-parties’ credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix. Details are as follow:

2020.12.31

		Past due					
	Neither past due (Note)	<=90 days	91-120 days	121-180 days	181-365 days	>=365 days	Total
Gross carrying amount	$1,184,951	$10,608	$3,382	$-	$-	$87,601	$1,286,542
Loss ratio	0.07%	1%	5%	-%	-%	100%	
Lifetime expected credit losses	(797)	(106)	(169)	-	-	(87,601)	(88,673)
Carrying amount of trade receivables	$1,184,154	$10,502	$3,213	$-	$-	$-	$1,197,869

2019.12.31

		Past due					
	Neither past due (Note)	<=90 days	91-120 days	121-180 days	181-365 days	>=365 days	Total
Gross carrying amount	$1,162,667	$99,755	$-	$-	$-	$87,675	$1,350,097
Loss ratio	-%	1%	-%	-%	-%	100%	
Lifetime expected credit losses	-	(998)	-	-	-	(87,675)	(88,673)
Carrying amount of trade receivables	$1,162,667	$98,757	$-	$-	$-	$-	$1,261,424

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

B. The movement in the provision for impairment of notes receivable and accounts receivable for the years ended December 31, 2020 and 2019 are as follows:

	Account receivables
Beginning balance as of January 1, 2020	$88,673
Addition (reversal) for the current period	-
Ending balance as of December 31, 2020	$88,673

	Account receivables
Beginning balance as of January 1, 2019	$88,921
Addition (reversal) for the current period	(248)
Ending balance as of December 31, 2019	88,673

(17)Leases

(a)Company as a lessee

The Company leases various properties, including real estate such as land. The lease terms range from 20 years. The Company is not allowed to loan, sublease or sell without obtaining the consent from the lessors.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

A. Amounts recognized in the balance sheet

(i)Right-of-use assets

	Land
Cost:	
2020.01.01	$84,043
Additions	-
Transfer	-

Disposals	(15,817)
2020.12.31	$68,226
2019.01.01	$84,043
Additions	-
Transfer	-
Disposals	-
2019.12.31	$84,043
Depreciation and impairment:	
2020.01.01	$7,640
Depreciation	6,059
Transfer	-
Disposals	-
2020.12.31	$13,699
2019.01.01	$-
Depreciation	7,640
Transfer	-
Disposals	-
2019.12.31	$7,640
Net carrying amount:	
2020.12.31	$54,527
2019.12.31	$76,403

(ii)Lease liabilities

	As of December 31,	
	2020	2019
Lease liabilities	$55,179	$77,312
Current	$5,542	$6,899
Non-current	49,637	70,413
Total	$55,179	$77,312

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

Please refer to Note 6 (19)(c) for the interest on lease liabilities recognized during the year ended 31 December 2020 and 2019 and refer to Note 12 (5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2020 and 2019.

B. Income and costs relating to leasing activities

	For the year ended December 31,	
	2020	2019
Short-term leased expense (rental expense)	$16,948	$14,599

The portfolio of short-term leases of the Company to which it is committed at the end of the reporting period is dissimilar to the portfolio of short-term leases to which the short-term lease expenses disclosed above, and the amount of its lease commitments is NT$0.

For the year ended December 31, 2020, the Company recognized NT$456 thousand as income to account the rent concession arising as a direct consequence of the covid-19 pandemic as a variable lease payment.

C. Cash outflow relating to leasing activities

	For the year ended December 31,	
	2020	2019
Cash outflow relating to leases amount	$23,338	$23,335

(18) Summary of employee benefits, depreciation and amortization by function is as follows:

	For the year ended December 31,					
	2020			2019		
	Cost of goods sold costs	Operating expense	Total	Cost of goods sold costs	Operating expenses	Total
Employee benefits						
Salaries & wages	$491,078	$122,170	$613,248	$501,490	$129,490	$630,980
Labor and health insurance	63,594	11,288	74,882	62,056	10,770	72,826

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

Pension	27,421	6,609	34,030	27,364	6,437	33,801
Directors' remuneration	-	5,300	5,300	-	7,300	7,300
Other employee benefits	168,882	18,893	187,775	152,352	17,555	169,907
Depreciation	541,990	38,759	580,749	516,198	38,221	554,419
Amortization	481	5,485	5,966	373	2,2779	3,152

Note:

1.The headcounts of the Company amounted to 1,139 and 1,106, respectively, as of December 31, 2020 and 2019. Among the Company's directors, there were 8 who were not the employees.

2.Companies who have been listed on Taiwan Stock Exchange or Taiwan Over-The Counter Securities Exchange should disclose the following information:

(1) Average employee benefits of 2020 and 2019 are NT$805 thousand and NT$827 thousand respectively.

(2) Average salaries of 2020 and 2019 are NT$542 thousand and NT$575 thousand respectively.

(3) Changes in average salaries are (6)%.

(4) In accordance with the regulations, the Company has established an audit committee to replace the supervisor, so the supervisor's remuneration has not been recognized.

(5) The salary and remuneration policy of the Company:

According to Articles 29 of the Company's Articles of Incorporation, not lower than 5% of profit of the current year is distributable as employees' compensation and no higher than 2% of profit of the current year is distributable as remuneration to directors. In addition to the basic salaries, employees' annual salaries are also adjusted based on the Company's performance to motivate and retain outstanding employees. In addition, according to Articles 25 of the Company's Articles of Incorporation, the Company pays remuneration to directors for performing duties whether the Company makes profit or not. The Company authorizes the Board of Directors to determine the remunerations which are allocated according to directors performance, level of contribution referencing the industry standards. In accordance with the regulations, the compensation committee will make recommendations on directors' remuneration and the salaries of managers, then submit the proposal to the Board of Directors for approval.

According to the resolution, no higher than 2% of profit of the current year is distributable as remuneration to directors and supervisors and no lower than 5% of profit of the current year is distributable as employees' compensation. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors' attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended 31 December 2020, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2020 to be 6.73% of profit of the current year and 0.94% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2020 amount to NT$45,000 thousand and NT$6,300 thousand, respectively. The Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2019 to be 5.17% of profit of the current year and 0.55% of profit of the current year, respectively, recognized as employee benefits expense.

A resolution was passed at a Board of Directors meeting held on March 25, 2021 to distribute NT$45,000 thousand and NT$6,300 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2020, respectively. Actual distribution of employees' compensation and remuneration to directors and supervisors of 2020 amount to NT$45,000 thousand and NT$6,300 thousand, respectively, whereas the estimated amount accrued in the financial statements for the year ended 31 December 2020 were NT$45,000 thousand and NT$6,300 thousand, respectively. No material differences exist between the estimated amount and the actual distribution of the employee bonuses and remuneration to directors for the year ended December 31, 2020.

Actual distribution of employees' compensation and remuneration to directors and supervisors of 2019 amount to NT$75,000 thousand and NT$7,000 thousand, respectively, whereas the estimated amount accrued in the financial statements for the year ended 31 December 2019 were NT$75,000 thousand and NT$8,000 thousand, respectively. Differences between the estimated amount and the actual distribution of the remuneration to directors and supervisors for the year ended 31 December 2019 are recognized in profit or loss of the subsequent year in 2020.

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

(19) Non-operating income and expenses

(a) Other income

	For the year ended December 31,	
	2020	2019
Financial assets measured at amortized cost		
Interest income	$7,131	$12,223
Other income – others	41,088	14,844
Total	$48,219	$27,067

(b) Other gains and losses

	For the year ended December 31,	
	2020	2019
Gains (losses) on disposal of property, plant and equipment	$1,378	$-
Gains on disposal of investments	-	142
Foreign exchange gains (losses), net	(22,256)	(10,882)
Others	(14,305)	(13,792)
Gains (losses) on financial assets at fair value through profit or loss	801	1,494
Gains on lease modification	1,365	-
Impairment loss on property, plant and equipment	(4,000)	(78,938)
Impairment loss on long-term prepayments for materials	-	(34,615)
Total	$(37,017)	$(136,591)

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

(c)Finance costs

	For the year ended December 31,	
	2020	2019
Interest on borrowings from bank	$38,150	$58,858
Interests on lease liabilities	1,439	2,005
Total	$39,589	$60,863

(20) Components of other comprehensive income

For the year ended December 31, 2020

	Arising during the period	Reclassification during the period	Other comprehensive income, pre-tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	$(4,353)	$-	$(4,353)	$-	$(4,353)
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	172,834	-	172,834	-	172,834
May be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for under equity method	36,853	-	36,853	-	36,853
Total of other comprehensive income	$205,334	$-	$205,334	$-	$205,334

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

For the year ended December 31, 2019

	Arising during the period	Reclassification during the period	Other comprehensive income, pre-tax	Tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit plans	$(4,732)	$-	$(4,732)	$-	$(4,732)
Unrealized gain (losses) from equity instruments investments measured at fair value through other comprehensive income	(8,112)	-	(8,112)	-	(8,112)
May be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates, and joint ventures accounted for under equity method	(157,151)	-	(157,151)	-	(157,151)
Total of other comprehensive income	$(169,995)	$-	$(169,995)	$-	$(169,995)

(21) Income tax

(a) The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the year ended December 31, 2020	For the year ended December 31, 2019
Current income tax expense (income):		
Current income tax charge	$98,799	$86,508
Adjustments in respect of current income tax of prior periods	-	47,967

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

Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	-	-
Total income tax expense	$98,799	$134,475

(b)A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the year ended December 31,	
	2020	2019
Accounting income before tax from continuing operations	$617,517	$1,366,676
Tax payable at the enacted tax rates	$123,503	$273,335
Tax effect of revenues exempt from taxation	968	12,121
Tax effect of expenses not deductible for tax purposes	(33,517)	(53,126)
Tax effect of deferred tax assets/liabilities	31,442	-
Surtax on undistributed earnings	(23,597)	(145,822)
Adjustments in respect of current income tax of prior periods	-	47,967
Total income tax expense recognized in profit or loss	$98,799	$134,475

(c)Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2020

	Beginning balance as Jan. 1, 2020	Deferred tax income (expense) recognized in P/L	Effect of tax rate change	Ending balance as of Dec. 31, 2020
Temporary differences				
Unrealized loss on inventory valuation	$23,720	$(1,001)	$-	$22,719
Unrealized exchange loss(gain)	1,764	(999)	-	765
Pension expense gain	1,967	-	-	1,967

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

Unrealised intragroup profits and losses	7,400	2,000	-	9,400
Unpaid liability transferred to revenue	275	-	-	275
Accumulated compensated absences expense	2,747	-	-	2,747
Deferred tax income/ (expense)		$-	$-	
Net deferred tax assets/(liabilities)	$37,873			$37,873
Reflected in balance sheet as follows:				
Deferred tax assets	$37,873			$37,873
Deferred tax liabilities	$-			$-

For the year ended December 31, 2019

	Beginning balance as Jan. 1, 2019	Deferred tax income (expense) recognized in P/L	Effect of tax rate change	Ending balance as of Dec. 31, 2019
Temporary differences				
Unrealized loss on inventory valuation	$25,809	$(2,089)	$-	$23,720
Unrealized exchange loss(gain)	(325)	2,089	-	1,764
Pension expense gain	1,967	-	-	1,967
Unrealised intragroup profits and losses	7,400	-	-	7,400
Unpaid liability transferred to revenue	275	-	-	275
Accumulated compensated absences expense	2,747	-	-	2,747
Deferred tax income/ (expense)		$-	$-	
Net deferred tax assets/(liabilities)	$37,873			$37,873
Reflected in balance sheet as follows:				
Deferred tax assets	$37,873			$37,873
Deferred tax liabilities	$-			$-

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

(d)Unrecognized deferred tax assets

As of December 31, 2020 and 2019, deferred tax assets that have not been recognized as they may not be used to offset future taxable profits amount to NT$157,675 thousand and NT$239,535 thousand, respectively.

(e)Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Company's overseas subsidiaries, as the Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As at December 31, 2020 and 2019, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liability has not been recognized, aggregate to NT$262,823 thousand and NT$224,023 thousand, respectively.

(f)The following table contains the information of unused tax losses of the Company:

	Unused tax losses		
Year	As of Dec. 31, 2020	As of Dec. 31, 2019	Maturity
2017	$-	$186,525	2027

(g)The assessment of income tax returns

As at December 31, 2020, the status of tax authority's assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2018

(22)Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

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

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting any influences) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the year ended December 31, 2020	For the year ended December 31, 2019
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$518,718	$1,232,201
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	510,898	510,898
Basic earnings per share (in NT$)	$1.02	$2.41
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$518,718	$1,232,201
Weighted average number of ordinary shares outstanding after dilution of the Company (in thousand shares)	$518,718	$1,232,201
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousand shares)	510,898	510,898
Effect of dilution:		
Employee bonus－stock (in thousand shares)	1,815	2,684
Weighted average number of ordinary shares outstanding after dilution (in thousand shares)	512,713	513,582
Diluted earnings per share (in NT$)	$1.01	$2.40

There were no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

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

7. Related party transactions

(1)Deal with related parties as of the end of the reporting period

Related parties and Relationship

Related parties	Relationship
Wafer Works Investment Corp.	Subsidiary
Heli-Vantech Corp.	Subsidiary
Huaxin (Shanghai) Technology Co. Ltd.	Subsidiary
Silicon Technology Investment (Cayman) Corp.	Subsidiary
Wafer Works (Shanghai) Corp.	Subsidiary
Wafer Works Epitaxial Corp.	Subsidiary
Wafer Works (Yangzhou) Corp.	Subsidiary
Wafer Works (Zhengzhou) Corp.	Subsidiary
Zhengzhou Airport Economy Zone WaferWorks Technology Corp.	Subsidiary
Sharp Right Limited	Subsidiary
Wafermaster Investment Corp.	Subsidiary
Helitek Company Ltd.	Subsidiary

(2)Significant transactions with related parties

A.Operating revenue

	For the year ended December 31,	
	2020	2019
Helitek Company Ltd.	$1,042,749	$1,307,552
Wafer Works Epitaxial Corp.	799,385	694,920
Huaxin (Shanghai) Technology Co. Ltd.	373,691	-
Subsidiaries	90,650	309,799
Total	$2,306,475	$2,312,271

The sales price to related parties was determined through mutual agreement based on market condition. The collection terms for related parties were 90 days from delivery by telegraphic transfer, similar to those for third parties.

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

For the years ended December 31, 2020 and 2019, the Company purchased raw materials on behalf of its subsidiaries totalling NT$162,199 thousand and NT$46,836 thousand, respectively.

B.Purchases

	For the year ended December 31,	
	2020	2019
Wafer Works Epitaxial Corp.	$289,975	$2,270,324
Wafer Works (Shanghai) Corp.	21,055	228,261
Huaxin (Shanghai) Technology Co. Ltd.	275,173	-
Wafer Works (Yangzhou) Corp.	286,329	236,428
Subsidiaries	83,756	117,581
Total	$956,288	$2,852,594

The purchase price to related parties was determined through mutual agreement based on market condition. The payment terms to related parties were 30~60 days from delivery by telegraphic transfer, similar to those for third parties.

C.Accounts receivable - related parties

	As of December 31,	
	2020	2019
Wafer Works Epitaxial Corp.	$134,004	$157,186
Helitek Company Ltd.	165,620	180,074
Sharp Right Limited	40,312	42,435
Wafer Works (Shanghai) Corp.	(51)	68,226
Wafer Works (Yangzhou) Corp.	-	205
Wafer Works (Zhengzhou) Corp.	1,944	1,596
Huaxin (Shanghai) Technology Co. Ltd.	301,691	-
Subtotal	643,520	449,722
Less: loss allowance	-	-
Net	$643,520	$449,722

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

D.Other receivables

	As of December 31,	
	2020	2019
Sharp Right Limited	$46,453	$48,369
Wafer Works (Shanghai) Corp.	36	36
Wafer Works (Yangzhou) Corp.	7	7
Wafer Works Epitaxial Corp.	506	1,314
Helitek Company Ltd.	132	418
Wafer Works (Zhengzhou) Corp.	984	11,551
Zhengzhou Airport Economy Zone WaferWorks Technology Corp.	23,695	-
Huaxin (Shanghai) Technology Co. Ltd.	50,567	-
Total	$122,380	$61,695

E.Accounts payable - related parties

	As of December 31,	
	2020	2019
Wafer Works (Shanghai) Corp.	$-	$13,170
Wafer Works (Yangzhou) Corp.	42,084	40,874
Wafer Works Epitaxial Corp.	-	212,528
Helitek Company Ltd.	162	1,502
Wafer Works (Zhengzhou) Corp.	-	7,882
Huaxin (Shanghai) Technology Co. Ltd.	85,173	-
Total	$127,419	$275,956

F.Other payable

	As of December 31,	
	2020	2019
Helitek Company Ltd.	$369	$90
Wafer Works (Shanghai) Corp.	-	159

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

Huaxin (Shanghai) Technology Co. Ltd.	82	-
Total	$451	$249

G. Prepayment-non current

	As of December 31,	
	2020	2019
Wafer Works Epitaxial Corp.	$-	$74,185

H. Purchase of property, plant and equipment

Asset	Related parties	Purchase price	Reference basis for price decision
2020			
Machinery	Subsidiaries	$1,263	negotiation
2019			
Machinery	Subsidiaries	$26,908	negotiation

I. As of December 31, 2020 and 2019, the Company provided endorsement/guarantee to its Subsidiary in total of NT$405,020 thousand and NT$149,900 thousand, respectively.

J. Key management personnel compensation

	For the year ended December 31,	
	2020	2019
Short-term employee benefit	$31,753	$43,644
Post-employment benefit	651	648
Total	$32,404	$44,292

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

8. Assets pledged as collateral

	Carrying amount As of Dec. 31,		
Assets pledged for security	2020	2019	Secured liabilities
Refundable deposits	$3,872	$3,872	Litigation deposit
Financial assets measured at amortized cost-current	7,003	-	Long-term loans
Financial assets measured at amortized cost-noncurrent	9,967	9,967	Land leased
Property, plant and equipment – land	259,131	259,131	Long-term loans
Property, plant and equipment – buildings	937,379	974,459	Long-term loans
Property, plant and equipment – machinery and equipment	-	923,171	Long-term loans
Total	$1,217,352	$2,170,600	

9. Significant contingencies and unrecognized contract commitments

(a)As of December 31, 2020, outstanding contracts related to the purchased property, plant and equipment were as follows:

Type of Asset	Total Amount	Amount paid to date	Amount outstanding
Equipment	$583,909	$429,201	$154,708

(b)The Company entered into a purchase contract for material with Supplier A for the period from January 1, 2008 through December 31, 2018 for the purpose to stabilize material sources and to enhance the relationship with the supplier. As of December 31, 2020, the Company paid the supplier USD2,310 thousand as refundable deposits and recovered it.

(c)The Company entered into a nine-year material procurement agreement with an international supplier B for period from January 1, 2009 through December 31, 2017 for stabilizing material sources and to enhance the relationship with the supplier. On January 22, 2016, the agreement has been effectively extended for the maturity at July 31, 2019. Under the agreement, installment prepayments which are to be offset by the Company’s future purchase orders were agreed and paid by the Company.

The Company signed a 12-year and a 14-year purchase contracts with Supplier C for the period from January 1, 2009 through December 31, 2016 and January 1, 2008 through December 31, 2016 for stabilizing the material sources and to enhance the relationship with the supplier. On July 31, 2015, the agreements have been effectively extended for the maturities at December 31, 2020 and December 31, 2022, respectively. Under the agreements, installment prepayments which are to be offset by the Company's future purchase orders were agreed and paid by the Company.

The Company entered into a 3-year material procurement agreement with an international supplier D for period from September 1, 2015 through September 30, 2018 for stabilizing material source and to enhance the relationship with the supplier. Under the agreement, installment prepayments which are to be offset by the Company's future purchase orders were agreed and paid by the Company.

The total balance of prepayment for supplier B, C and D as of December 31, 2020 was NT$513,659 thousand. However, the Company, in assessing their future economy, has provided an impairment in amount of NT$236,952 thousand as of December 31, 2020 against the prepayment.

Supplier E filed a lawsuit against the Company and claimed NT$44,903 thousand for the damage alleging the Company failed to fulfill its obligation. On August 20, 2015, the Taiwan High Court decided that the Company shall pay supplier E NT$9,600 thousand plus interest calculated at 5% annual interest rate for the period from October 9, 2013 to the settlement date. However, both the Company and supplier E appealed. On January 10, 2018, the Taiwan High Court decided that the Company shall pay supplier E NT$7,680 thousand plus interest calculated at 5% annual interest rate for the period from October 9, 2013 to the settlement date. The Company has further filed an appeal to the Supreme Court on February 2, 2018. Meanwhile, supplier E has also filed a third instance appeal and claimed that the Company shall pay NT$27,132 thousand plus the statutory interest. On September 18, 2020, the Supreme Court decided that the Company shall pay supplier E NT$7,680 thousand plus interest calculated at 5% annual interest rate for the period from October 9, 2013 to the settlement date. The Company paid in full as of December 31, 2020.

(d)To extend long-term business, the Company co-operated with its customers via strategic alliances. During 2010, the Company signed a long-term sale contract with its customers A. The Company will provide the silicon wafer solar to its customers from August 22, 2010 to

August 1, 2018. The contract regulated the obligations that customers should fulfill orders and the Company could receive advance payment by installment. As customers fulfill an obligation of orders, and the Company could offset against sales by advance sales receipts. As of December 31, 2020, the outstanding balance of NT$18,185 thousand was showed as the contract liability.

To extend long-term business, the Company co-operated with its customers via strategic alliances. During 2008, the Company signed a long-term sale contract with its customers B. The Company will provide the silicon wafer solar to its customers from January 1, 2009 to September 30, 2017. The contract regulated the obligations that customers should fulfill orders and the Company could receive advance payment by installment. As customers fulfill an obligation of orders, and the Company could offset against sales by advance sales receipts. As of December 31, 2020, the outstanding balance of NT$457,865 thousand was showed as advance sales receipts.

However, during the contract period, customer B did not fulfill its obligation in accordance with the terms of the contract. On January 13, 2016, the Company therefore filed a damages claim to the Hsinchu District Court. On October 13, 2017, the Hsinchu District Court decided in favor of the Company that customer B shall pay to the Company NT$500,000 thousand plus the interest calculated at 5% annual interest rate for the period from December 23, 2015 to the settlement date in addition to a prepayment of US$16,240 thousand to be confiscated by the Company. Customer B appealed to the Taiwan High Court on October 31, 2017. On January 6, 2021, the Taiwan High Court dismissed the appeal. Nevertheless, the case has been appealed to the Supreme Court as of the issuance date of the financial statements.

To extend long-term business, the Company cooperated with its customers via strategic alliances. During 2011, the Company signed the long-term sale contract with its customers C. The contract regulated the obligations that customers should fulfill orders and the Company could receive advance payment by installment. As customers fulfill an obligation of orders, and the Company could offset against sales by advance sales receipts.

The Company has entered into a long-term sale agreement with its customer D in the term from January 1, 2018 to December 31, 2023 for developing long-term business and establishing long-term strategic alliances relation with downstream suppliers. The Company is entitled to receive in advance specific payments in an installment basis while customer D shall put its purchase orders in compliance with the regulation within the agreement by using its prepayment. As of December 31, 2020, the Company's advance sales receipts amounted to NT$27,115 thousand.

The Company has entered into a long-term sale agreement with its customer E in the term from July 1, 2017 to December 31, 2020 for developing long-term business and establishing long-term strategic alliances relation with downstream suppliers. The Company shall provide the semi-conductor products to customer E in accordance with the contract price and the agreed quantity set forth in the agreement.

The Company has entered into a long-term sale agreement with its customer F in the term from July 1, 2018 to March 31, 2021 for developing long-term business and establishing long-term strategic alliances relation with downstream suppliers. The Company is entitled to receive in advance specific payments in an installment basis while customer F shall put its purchase orders in compliance with the regulation within the agreement by using its prepayment.

The Company has entered into a long-term sale agreement with its customer G in the term from October 1, 2018 to September 30, 2021 for developing long-term business and establishing long-term strategic alliances relation with downstream suppliers. The Company is entitled to receive in advance specific payments in an installment basis while customer G shall put its purchase orders in compliance with the regulation within the agreement by using its prepayment. As of December 31, 2020, the Company's contract liabilities receipts amounted to NT$24,824 thousand.

(e) As of December 31, 2020, the Company granted a guarantee endorsement for Wafer Works Epitaxial Corp. and Zhengzhou Airport Economy Zone WaferWorks Technology Corp. amounting to NT$142,400 thousand and NT$ 262,620 thousand, respectively.

(f) As of December 31, 2020, the Group issued a tariff guarantee of NT$22,500 thousand to the bank for the purpose of importing goods.

10. Losses due to major disasters

None.

11. Significant subsequent events

For the purpose of enhancing the independence of the Company, reducing affiliated transactions , and avoiding industry competition, the board of directors of the subsidiary, Wafer Works (Shanghai) Corp., proposed in a board meeting held on March 3, 2021, to split and establish a new company. Wafer Works (Shanghai) Corp. will retain the management functions oh the headquarters and engage in the epitaxial integration business, while the newly established company plans to be responsible for the small-size polishing wafer and ingot business. After the split, the shareholding structure of the two companies is consistent with the Company's existing shareholding structure. As of the financial report date, the board of directors' and the shareholders' have not yet proposed a feasible plan.

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

12. Others

(1)Categories of financial instruments

	As of December 31,	
	2020	2019
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$9,171	$8,370
Financial assets measured at amortized cost		
Cash and cash equivalents	1,859,490	2,282,061
Certificate of deposit – restricted	16,970	9,967
Accounts receivables	554,349	811,702
Accounts receivables – related party	643,520	449,722
Other receivables	25,205	339,081
Other receivables – related party	122,380	61,695
Total	$3,231,085	$3,962,598

	As of December 31,	
	2020	2019
Financial liabilities measured at amortized cost:		
Short-term borrowings	$504,339	$579,606
Payables	1,003,396	1,303,345
Long-term borrowings (including current portion with maturity less than 1 year)	1,616,946	1,550,000
Lease liabilities	55,179	77,312
Total	$3,179,860	$3,510,263

(2)Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies, measures, and manages the aforementioned risks based on its policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk.

(3)Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rare that a single risk variable will change independently from other risk variable, i.e. there are usually interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

TheCompany's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency as certain foreign currency payables, therefore natural hedge is achieved. Therefore, hedge accounting is not adopted.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit/loss and equity is performed on significant monetary items denominated in foreign currencies as of the reporting period-end. The Company's foreign currency risk is mainly related to volatility in the exchange rates of US dollars. The information of the sensitivity analyses is as follows:

When NTD strengthens/weakens against USD by 1%, the profit for the years ended December 31, 2020 and 2019 is increased/decreased by NT$5,347 thousand and NT$7,224 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk relates primarily to the Company's investments with variable interest rates and bank borrowings with fixed interest rates and variable interest rates, which are all categorized as bank borrowings and receivables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2020 and 2019 to increase/decrease by NT$2,121 thousand and NT$2,130 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities, including fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

(4)Credit risk management

Credit risk is the risk that the counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2020 and 2019, receivables from the top ten customers were accounted for 74.42% and 70.34% of the Company's total accounts receivable, respectively. The concentration of credit risk is relatively not significant for the remaining receivables.

Credit risk from balances with banks, fixed-income securities and other financial instruments is managed by the Company's finance division in accordance with the Company's policy. The counterparties that the Company transacts with are determined by internal control procedures. They are banks with fine credit ratings and financial institutions, corporate and government agencies with investment-grade credit ratings. Thus, there is no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables is measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5)Liquidity risk management

The Company maintains financial flexibility through the use of cash and cash equivalents, highly-liquid marketable securities, bank loans, etc. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted interest payment relating to borrowings with variable interest rates is extrapolated based on the estimated yield curve as of the end of the reporting period.

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

Non-derivative financial instruments

	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over than 5 years	Total
As of Dec. 31, 2020							
Loans	$541,067	$215,359	$335,389	$456,564	$695,644	$-	$2,244,023
Payables	1,003,396	-	-	-	-	-	1,003,396
Lease Liabilities	6,846	6,846	6,846	6,846	6,846	27,384	61,614
As of Dec. 31, 2019							
Loans	$1,155,710	$342,598	$459,231	$284,917	$-	$-	$2,242,456
Payables	1,303,345	-	-	-	-	-	1,303,345
Lease Liabilities	8,736	8,736	8,736	8,736	8,736	43,680	87,360

(6)Movement schedule of liabilities arising from financing activities

Movement schedule of liabilities for the year ended December 31, 2020:

	Short-term borrowings	Long-term borrowings	Refundable deposits	Lease liabilities	Total liabilities from financing activities
As of January 1, 2020	$579,606	$1,550,000	$38,066	$77,312	$2,244,984
Cash flows	(75,267)	69,333	(21,590)	(6,390)	(33,914)
Non-cash changes					
Lease modification	-	-	-	(17,182)	(17,182)
Interest of lease liabilities	-	-	-	1,439	1,439
Other	-	613	-	-	613
As of December 31, 2020	$504,339	$1,619,946	$16,476	$55,179	$2,195,940

Movement schedule of liabilities for the year ended December 31, 2019:

	Short-term borrowings	Long-term borrowings	Refundable deposits	Lease liabilities (Note)	Total liabilities from financing activities
As of January 1, 2019	$507,195	$1,558,353	$76,988	$84,043	$2,226,579
Cash flows	72,411	(8,353)	(38,922)	(8,736)	16,400
Non-cash changes					
Interest of lease liabilities	-	-	-	2,005	2,005
As of December 31, 2019	$579,606	$1,550,000	$38,066	$77,312	$2,244,984

(7)Fair values of financial instruments

(a)The methods and assumptions applied in determining the fair value of financial instruments:

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

i. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their faire value.

ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.

iii. The fair value of derivative financial instrument is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.

iv. The fair value of other financial assets and liabilities is determined using discounted cash flow analysis. The interest rate and discount rate are selected with reference to those of similar financial instruments.

(b)Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

(c)Fair value measurement hierarchy for financial instruments

Please refer to Note 12.8 for fair value measurement hierarchy for financial instruments of the Group.

(8)Fair value measurement hierarchy

(a)Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b)Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Convertible bond	$9,171	$-	$-	$9,171

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

As of December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Convertible bond	$8,370	$-	$-	$8,370

Transfers between Level 1 and Level 2 during the period

During the Years ended December 31, 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

(9)Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As of December 31, 2020		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$40,106	28.48	$1,142,210
Non Monetary items:			
USD	$140,642	28.48	$4,005,481
Financial liabilities			
Monetary items:			
USD	$21,329	28.48	$607,459

	As of December 31, 2019		
	Foreign currencies	Foreign exchange rate	NTD
Financial assets			
Monetary items:			
USD	$60,882	29.98	$1,825,254

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

Non Monetary items:			
USD	$121,420	29.98	$3,640,168
Financial liabilities			
Monetary items:			
USD	$36,788	29.98	$1,102,897

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Company's functional currency is variety. It is impossible to disclose the foreign exchange gains or losses on monetary financial assets and financial liabilities with significant influence by each functional currency. The Foreign exchange gains or losses of the Company amounted to NT$(22,256) thousand and NT$(10,882) thousand respectively for the years ended December 31, 2020 and 2019.

(10) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Other disclosure

(1) The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Commission:

a. Financing provided to others for the year ended December 31, 2020: None.

b. Endorsement/Guarantee provided to others for the year ended December 31, 2020: Please refer to Attachment 1.

c. Securities held as of December 31, 2020 (excluding subsidiaries, associates and joint ventures): Please refer to Attachment 2.

d. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2020: None.

e. Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2020: None.

f. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2020: None.

g. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of capital stock for the year ended December 31, 2020: Please refer to Attachment 3.

h. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2020: Please refer to Attachment 4.

i. Financial instruments and derivative transactions: None.

(2) Information on investees:

A. Investees over whom the Company exercises significant influence or control (excluding investees in Mainland China): Please refer to Attachment 5.

B. Investeeover which the Company exercises control shall be disclosed of information under Note 13(1):

(a) Financing provided to others for the year ended December 31, 2020: Please refer to Attachment 6.

(b) Endorsement/Guarantee provided to others for the year ended December 31, 2020: Please refer to Attachment 1.

(c) Securities held as of December 31, 2020 (excluding subsidiaries, associates and joint ventures): Please refer to Attachment 7.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2020: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2020: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of capital stock for the year ended December 31, 2020: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of capital stock for the year ended December 31, 2020: Please refer to Attachment 8.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of December 31, 2020: Please refer to Attachment 9.

(i) Financial instruments and derivative transactions: None.

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

(3) Information on investments in Mainland China:

A. Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), book value of investments, cumulated inward remittance of earnings and limits on investment in Mainland China:

Amount in thousand; Currency denomination in NTD unless otherwise specified

Investee company	Main Business and Product	Total Amount of Pain-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of Jan. 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of Dec. 31, 2020	Net income(loss) of investee company	Percentage of Ownership	Investment income(loss) recognized	Carrying Value as of Dec. 31, 2020	Accumulated Inward Remittance of Earnings as of Dec. 31, 2020
					Outflow	Inflow						
Wafer Works (Shanghai) Corp. (Note10)	Wafer manufacturing industry	$2,458,462 (Note1&3)	-	$510,951	$-	$-	$510,951	$322,485	48.45%	$156,241 (Note3&4)	$3,688,831 (Note3&4)	$-
Wafer Works Epitaxial Corp.	Wafer manufacturing industry	$2,042,950 (Note3&6)	-	$516,782	$-	$-	$516,782	$372,570	48.45%	$372,570 (Note3&4)	$1,200,980 (Note3&4)	$-
Wafer Works (Yangzhou) Corp.	Wafer manufacturing industry	$475,766 (Note3&7)	Note 2	$-	$-	$-	$-	$41,911	48.45%	$41,911 (Note3&4)	$216,170 (Note3&4)	$-

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

Wafer Works (Zhengzhou) Corp.	Wafer manufacturing industry	$3,055,371 (Note3&8)	Note 8	$-	$-	$-	$-	$239,990	48.45%	$219,643 (Note3&4)	$1,478,218 (Note3&4)	$-
Zhengzhou Airport Economy Zone WaferWorks Technology Corp.	Wafer manufacturing industry	$654,722 (Note3&9)	Note 9	$-	$-	$-	$-	$(5,045)	48.45%	$(5,045) (Note3&4)	$314,656 (Note3&4)	$-
Huaxin (Shanghai) Technology Co. Ltd	Selling semiconductor materials	$30,211 (Note11)	Note 12	$-	$30,211	$-	$30,211	$8,778	100.00%	$8,778 (Note3&4)	$39,850 (Note3&4)	$-

Investee company	Accumulated Investment in Mainland China as of Dec. 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
Wafer Works (Shanghai) Corp.	$510,951	$681,037	Note 5
Wafer Works Epitaxial Corp.	$516,782	$1,484,699	Note 5
Wafer Works (Yangzhou) Corp.	$-	$-	Note 5
Wafer Works (Zhengzhou) Corp.	$-	$-	Note 5
Zhengzhou Airport Economy Zone WaferWorks Technology Corp.	$-	$-	Note 5
Huaxin (Shanghai) Technology Co. Ltd.	$30,211	$30,211	Note 5

Note 1: 56.7469% shares of Wafer Works (Shanghai) Corp. owned by Silicon Technology Investment (Cayman) Corp. But 85.3773% shares of Silicon Technology Investment (Cayman) Corp. owned by Wafer Works Investment Corp. Therefore, Wafer Works (Shanghai) Corp. indirectly invested by Wafer Works Corp.

Note 2: Wafer Works (Shanghai) Crop. invested directly to Wafer Works (Yangzhou) Crop.

Note 3: Foreign currencies were converted into New Taiwan dollars based on exchanged rate on December 31, 2020.

Note 4: The investment income (loss) recognized under equity method and by calculation was based on audited financial statements.

Note 5: The Company qualified and approved by Taiwan, R.O.C. government to be operation headquarter in Taiwan, thus there are no limitation of investee in mainland China.

Note 6: It was a wholly-owned subsidiary by the Company’s indirect subsidiary, Silicon Technology Investment (Cayman) Corp. The Company’s board in a meeting held on November 10, 2016 has resolved that Silicon Technology Investment (Cayman) Corp. participates in a cash addition conducted by Wafer Works (Shanghai) Corp. by using all ownership interest on Wafer Works Epitaxial Corp. As a result of the capital addition, Wafer Works (Shanghai) Corp. owns 100% interest of Wafer Works Epitaxial Corp.

Note 7: The Company’s board in a meeting held on November 10, 2016 resolved that Wafer Works (Shanghai) Corp. participates in a cash addition conducted by Wafer Works (Yangzhou) Corp. for 30% ownership interest.

Note 8: The Company’s board has resolved on February 16, 2017 Wafer Works (Zhengzhou) Corp. to be established through Wafer Works (Shanghai) Corp.’s investment.

Note 9: Zhengzhou Airport Economy Zone WaferWorks Technology Corp. has been established by Wafer Works (Shanghai) Corp. in November 2019.

Note 10: Wafer Works (Shanghai) Corp. applied for a shareholding restructuring to become a company limited by shares in September 2019. The registration procedures were completed on December 17, 2019.

Note 11: The paid-in capital is USD1,000 thousand, equivalent to NT$30,211 thousand.

Note 12: The Company invested directly to Huaxin (Shanghai) Technology Co. Ltd.

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

B. Significant transactions with the investees in mainland China:

(a) Purchase and accounts payable with the related parties:

	Purchase		Accounts payable	
	Amount	%	Amount	%
Wafer Works Epitaxial Corp.	$289,975	13.80%	$-	-%
Wafer Works (Shanghai) Corp.	21,055	1.00%	-	- %
Huaxin (Shanghai) Technology Co. Ltd.	275,173	13.09%	85,173	17.54%
Wafer Works (YangZhou) Corp.	286,329	13.62%	42,084	8.67%
Wafer Works (Zhengzhou) Corp.	58,368	2.78%	-	-%
Total	$930,900	44.29%	$127,257	26.21%

Purchasing prices of the Company to related parties have the same product prices as purchase to non-related parties. Payment terms are also similar to the ones for non-related parties, which is 30 to 60 days from delivery by telegraphic transfer.

(b) Sales and receivables with the related parties:

	Operating revenue		Accounts receivable	
	Amount	%	Amount	%
Wafer Works Epitaxial Corp.	$799,385	15.57%	$134,004	11.19%
Wafer Works (Shanghai) Corp.	82,276	1.60%	(51)	- %
Huaxin (Shanghai) Technology Co. Ltd.	373,691	7.28%	301,691	25.19%
Wafer Works (YangZhou) Corp.	1,017	0.02%	-	-%
Wafer Works (Zhengzhou) Corp.	7,357	0.14%	1,944	0.16%
Total	$1,263,726	24.61%	$437,588	36.54%

Sales of the Company to related parties have the same product prices as sales to non-related parties. Collection terms are also similar to the ones for non-related parties, which is 60 days from delivery by telegraphic transfer.

For the years ended December 31, 2020, the Company purchased raw materials on behalf of Wafer Works Epitaxial Corp., Huaxin (Shanghai) Technology Co. Ltd. and Wafer Works (Zhengzhou) Corp. totalling NT$1,507 thousand, NT$139,055 thousand and NT$21,319 thousand, respectively.

(c) The purpose and balance of a note guarantee and a guarantee endorsement or providing for secure: Please refer to Attachment 1.

(d) The amount of maximum financing, the balance interest rates, and lump sum interest expense: None.

(e) The other events' impact over current profit or loss or the significant influence of transaction events over the financial conditions:

a. For the year ended December 31,2020, the Company purchased raw materials on behalf of Wafer Works (Shanghai) Corp., Wafer Works Epitaxial Corp., Huaxin (Shanghai) Technology Co. Ltd., Wafer Works (YangZhou) Corp., Wafer Works (Zhengzhou) Corp. and Wafer Works Zhengzhou Airport Economy Zone WaferWorks Technology Corp. in the amount of NT$36 thousand, NT$506 thousand, NT$50,567 thousand, NT$7 thousand, NT$984 thousand and NT$23,695 thousand, respectively, which were recorded under other receivables.

b. As of December 31,2020, Huaxin (Shanghai) Technology Co. Ltd. made the advance for the Company in theamount of NT$82 thousand, which was recorded under other payable.

(4) Information on major shareholders:

None.

14. Segment information

The Company has provided the operating segments disclosure in the consolidated financial statements.

ATTACHMENT 1（Endorsement/Guarantee provided to others for the year ended December 31, 2020）

（All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified）

WAFER WORKS CORP.

No. (Note1)	Endorser/Guarantor	Receiving party: Company name	Receiving party: Relationship (Note2)	Limit of guarantee/endorsement amount for receiving party (Note3)	Maximum balance for the period	Ending balance	Actual amount provided	Amount of collateral guarantee/endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/endorsement amount (Note3)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
0	Wafer Works Corp.	Wafer Works Epitaxial Corp.	Affiliated Company	$3,634,180	$151,250	$142,400	$142,400	$-	1.57%	$3,634,180	Y	N	Y
0	Wafer Works Corp.	Wafer Works Zhengzhou Airport Economy Zone WaferWorks Technology Corp.	Affiliated Company	$3,634,180	$262,740	$262,620	$148,177	$-	2.89%	$3,634,180	Y	N	Y
1	Wafer Works (Shanghai) Corp.	Wafer Works (ZhengZhou) Corp.	Affiliated Company	$3,634,180	$2,862,488	$2,350,449	$1,927,155	$-	25.87%	$3,634,180	N	N	Y
1	Wafer Works (Shanghai) Corp.	Wafer Works Zhengzhou Airport Economy Zone WaferWorks Technology Corp.	Affiliated Company	$3,634,180	$394,110	$393,930	$222,266	$-	4.34%	$3,634,180	N	N	Y

Note1：Wafer Works Corp. and its subsidiaries are coded as follows:

1.Wafer Works Corp. is coded "0".

2.The subsidiaries are coded consecutively beginning from "1" in the order presented in the above table.

Note2：The relationship between the guarantor of the endorsement and the object to be guaranteed is as follows:

1.The company with business contacts.

2.The company directly and indirectly holds more than 50% of the shares with voting rights.

3.Companies that directly and indirectly holds more than 50% of the shares of the company with voting rights.

4.The company directly and indirectly holds more than 90% of the shares with voting rights.

5.Where a public company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry.

6.A company whose co-investment relationship is endorsed by all shareholders in proportion to their shareholding ratio.

Note3：According to the procedures of Endorsement and Guarantee, the limitation of endorsement or guarantee for other subsidiaries shall not exceed 40% of the current net value of the Company. Also, the limitation of endorsement or guarantee for one of the subsidiaries shall not exceed 10% of the current net value of Company, but the limitation of endorsement or guarantee for the Company shall be up to 40% of the current net value of one of subsidiaries.

ATTACHMENT 2 (Securities held as of December 31, 2020) (excluding subsidiaries, associates and joint ventures)

（All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified）

WAFER WORKS CORP.

				As at 31 December 2020				
Holding Company	Securities Type and Name	Relationship	Financial Statement Account	Shares/Units	Book Value	Percentage of ownership (%)	Fair value	Note
Wafer Works Corp.	Convertible Bond — Ideal Bike Corporation	-	Financial assets at fair value through profit or loss,current	90	$9,000	-%	$9,171	
	Add: Valuation adjustments of financial assets at fair value through profit or loss,current				171			
	Total				$9,171			

ATTACHMENT 3（Related party transactions for purchases and sales amounts exceeding the lower of 100 million dollars or 20 percent of capital stock for the year ended December 31, 2020）

（All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified）

WAFER WORKS CORP.

				Transactions			Details of non-arm's length transaction		Notes and accounts receivables(payable)		
Company	Related party	Relationship	Purchases (Sales)	Amount	Percentage of total purchases (sales)(%)	Term	Unit Price	Term	Balance	Percentage of total receivables(%)	Note
Wafer Works Corp.	Helitek Company Ltd.	Affiliated Company	Sales	$1,042,749	20.30%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$165,620	13.83%	
Wafer Works Corp.	Wafer Works Epitaxial Corp.	Affiliated Company	Sales	$799,385	15.57%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$134,004	11.19%	
Wafer Works Corp.	Huaxin (Shanghai) Technology Co. Ltd	Affiliated Company	Sales	$373,691	7.28%	Received at 150 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$301,691	25.19%	
Wafer Works Corp.	Wafer Works Epitaxial Corp.	Affiliated Company	Purchases	$289,975	13.80%	Paid at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$-	-%	
Wafer Works Corp.	Wafer Works (YangZhou) Corp.	Affiliated Company	Purchases	$286,329	13.62%	Paid at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$(42,084)	(8.67)%	
Wafer Works Corp.	Huaxin (Shanghai) Technology Co. Ltd	Affiliated Company	Purchases	$275,173	13.09%	Paid at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$(85,173)	(17.54)%	

ATTACHMENT 4（ Receivables from related parties with amounts exceeding the lower of 100 million dollars or 20 percent of capital stock as of December 31, 2020）

（All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified）

WAFER WORKS CORP.

					Overdue receivables			
Company	Related party	Relationship with the Company	Ending Balance	Turnover rate(times)	Amount	Collection status	Amounts received in subsequent period	Allowance for doubtful accounts
Wafer Works Corp.	Helitek Company Ltd.	Affiliated Company	Accounts receivable $165,620	6.03	$-	-	$116,100	$-
Wafer Works Corp.	Wafer Works Epitaxial Corp.	Affiliated Company	Accounts receivable $134,004	5.49	$-	-	$103,662	$-
Wafer Works Corp.	Huaxin (Shanghai) Technology Co. Ltd.	Affiliated Company	Accounts receivable $301,691	2.48	$-	-	$128,393	$-

ATTACHMENT 5（If an investor has the ability to exercise significant influence on investee or has material controlling power on investee）（Not including investment in Mainland China）

（All the currencies are denominated in Thousands of New Taiwan Dollars, HKD, and USD unless otherwise specified）

WAFER WORKS CORP.

				Initial Investment		Investments as of 31 December 2020						
Investor Company	Investee Company	Address	Main businesses and products	Ending balance	Beginning balance	Number of shares		Percentage of ownership (%)	Book Value	Net income (loss)of investee company	Investment income (loss) recognized	Note
Wafer Works Corp.	Wafer Works Investment Corp.	P.O. Box 217 Apia, Samoa	Investment Holding Company	USD 62,766	USD 62,766		62,766,226	100.00%	$3,951,112	$158,007	$158,007	
Wafer Works Corp.	Heli-Vantech Corp.	No.1, Ln. 445, Sec. 2 , Meishih Rd., Yangmei Township , Taoyuan County, Taiwan	Design, trading and manufacturing of semiconductor materials.	5,000	5,000		500,000	100.00%	4,717	-	-	
Wafer Works Investment Corp.	Silicon Technology Investment (Cayman) Corp.	Scotia Centre 4th Floor, P.O.Box 2804, George town, Grand Cayman, Cayman Island	Investment Holding Company	USD 43,541	USD 43,541	Common stock Preferred stockA Preferred stockB	1 6,970,327 36,991,198	85.38%	3,638,116	187,103	159,744	
Wafer Works Investment Corp.	Wafermaster Investment Corp.	P.O. Box 217 Apia, Samoa	Investment Holding Company	USD 5,084	USD 5,084		5,083,900	100.00%	147,530	(1,711)	(1,711)	
Silicon Technology Investment (Cayman) Corp.	Sharp Right Limited Co., Ltd.	Rooms 2006-8.20/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong	Trading Company	HKD 10	HKD 10		-	100.00%	(88,042)	-	-	
Wafermaster Investment Corp.	Helitek Company Ltd.	47338 Fremont Blvd. Fremont.CA 94538	Manufacturing and trading of semiconductor materials.	USD 2,200	USD 2,200	 (Preferred stock	3,400,000 2,000,000)	100.00%	147,515	(1,704)	(1,704)	

ATTACHMENT 6（Financing provided to others for the year ended December 31, 2020）

（All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified）

WAFER WORKS CORP.

NO. (Note1)	Lender	Counter-party	Financial accounting account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 2)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Wafer Works Epitaxial Corp.	Wafe Works (ZhengZhou) Corp.	Other receivables -related parties	Yes	$153,265	$-	$-	5.4375%	2	$-	Business turnover	$-	-	$-	$495,761 (Note 3)	$495,761 (Note 3)
1	Wafer Works Epitaxial Corp.	Wafe Works Zhengzhou Airport Economy Zone WaferWorks Technology Corp.	Other receivables -related parties	Yes	$131,370	$131,310	$131,310	4.3500%	2	$-	Business turnover	$-	-	$-	$495,761 (Note 3)	$495,761 (Note 3)

Note 1: WAFER WORKS CO., Ltd. and subsidiaries are coded as follows:

1.WAFER WORKS CO., Ltd. is coded "0".

2.The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Nature of financing is coded as follows:

1.Need for operating is coded "1".

2.Need for short term financing is coded "2".

Note 3: Wafer Works Epitaxial Corp. limit of total financing amount shall not exceed 20% of net assets of value as of December 31, 2020.

Limit of financing amount for individual counter-party shall not exceed 10% of net assets and not exceed 20% of the lender's net assets value as of December 31.

ATTACHMENT 7 (Securities held as of December 31, 2020) (excluding subsidiaries, associates and joint ventures)

（All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified）

WAFER WORKS CORP.

				As of December 31, 2020			
Holding Company	Securities Type and Name	Relationship	Financial Statement Account	Shares/Units	Book Value	Percentage of ownership (%)	Fair value
Wafer Works Investment Corp.	Can Yang Investments Limited	-	Financial asset at fair value through OCI,noncurrent	153,488	$17,088	0.20%	$4,698
	Loss: financial assets at fair value through other comprehensive income,valuation adjustments				(12,390)		
	Net				$4,698		
Wafer Works Investment Corp.	Solargiga Energy Holdings Limited	-	Financial asset at fair value through OCI,noncurrent	195,194,822	$312,017	6.2089%	$215,085
	Loss: financial assets at fair value through other comprehensive income,valuation adjustments				(96,932)		
	Net				$215,085		
Heli-Vantech Corp.	New Solar Power Corp.	-	Financial asset at fair value through OCI,noncurrent	230,542	$5,484	0.01%	$3,285
	Loss: financial assets at fair value through other comprehensive income,valuation adjustments				(2,199)		
	Net				$3,285		

ATTACHMENT 8（Related party transactions for purchases and sales amount exceeding the lower of 100 million dollars or 20 percent of capital stock for the year ended December 31, 2020）

（All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified）

WAFER WORKS CORP.

				Transactions			Details of non-arm's length transaction		Notes and accounts receivables(payable)		
Purchase (sales) company	Counterparty	Relationship	Purchases (Sales)	Amount	Percentage of total purchases (sales) (%)	Term	Unit Price	Term	Balance	Percentage of total receivables(%)	Note
Wafer Works Epitaxial Corp.	Wafer Works Corp.	Affiliated Company	Sales	$289,975	8.76%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$-	-%	
Wafer Works (YangZhou) Corp.	Wafer Works Corp.	Affiliated Company	Sales	$286,329	97.26%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$42,084	64.84%	
Huaxin (Shanghai) Technology Co. Ltd	Wafer Works Corp.	Affiliated Company	Sales	$275,173	40.52%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$85,173	25.64%	
Wafer Works (Zhengzhou) Corp.	Wafer Works Epitaxial Corp.	Affiliated Company	Sales	$1,015,462	75.46%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$236,875	62.16%	
Wafer Works (Zhengzhou) Corp.	Huaxin (Shanghai) Technology Co. Ltd	Affiliated Company	Sales	$251,201	15.67%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$127,561	33.48%	
Wafer Works Epitaxial Corp.	Wafer Works (Zhengzhou) Corp.	Affiliated Company	Purchases	$1,015,462	42.27%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$(236,875)	(56.46)%	
Wafer Works Epitaxial Corp.	Wafer Works Corp.	Affiliated Company	Purchases	$799,385	33.28%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$(134,004)	(31.94)%	
Helitek Company Ltd.	Wafer Works Corp.	Affiliated Company	Purchases	$1,042,749	97.62%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$(165,620)	(99.23)%	
Huaxin (Shanghai) Technology Co. Ltd	Wafer Works Corp.	Affiliated Company	Purchases	$373,691	77.21%	Paid at 150 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$(301,691)	(70.34)%	
Huaxin (Shanghai) Technology Co. Ltd	Wafer Works (Zhengzhou) Corp.	Affiliated Company	Purchases	$251,201	51.09%	Received at 60 days after shipment arrival by using telegraphic transfer (T/T)	N/A	N/A	$(127,561)	(29.74)%	

ATTACHMENT 9（Receivable from related parties with amounts exceeding the lower of 100 million dollars or 20 percent of capital stock as of December 31, 2020）

（All the currencies are denominated in Thousands of New Taiwan Dollars unless otherwise specified）

WAFER WORKS CORP.

Company	Counterparty	Relationship	Ending Balance	Turnover Rate (times)	Overdue Receivables Amount	Overdue Receivables Actions taken	Subsequent collection	Allowance for doubtful accounts
Wafer Works (Zhengzhou) Corp.	Wafer Works Epitaxail Corp.	Affiliated Company	Accounts receivable $236,875	6.44	$-	-	$231,725	$-
Wafer Works (Zhengzhou) Corp.	Huaxin (Shanghai) Technology Co. Ltd	Affiliated Company	Accounts receivable $127,561	3.94	$-	-	$69,764	$-

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

Wafer Works Corp.

1. Statement of Cash and Cash Equivalents

As of December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Petty cash:		$258	1.Exchange Rate
Checking and savings accounts：			USD：NTD=28.48：1
Savings		469,705	JPY：NTD=0.2763：1
			EUR：NTD=35.02：1
			CNY：NTD=4.377：1
			2.Cash and Cash equivalents were not pledged.
Savings accounts：			
－USD		192,262	USD 6,751
－EUR		1,360	EUR 39
－JPY		9,190	JPY 33,262
－CNY		478	CNY 109
Checking		51	
Fixed-term deposits:			
Time deposits－NTD		1,080,000	
Time deposits－Foreign		56,186	
Resale agreements collateralized by corporate bonds		50,000	
Subtotal		1,859,232	
Total		$1,859,490	

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

Wafer Works Corp.

2. Statement of Financial Assets at Fair Value through Profit or Loss

As of December 31, 2020

(In Thousands of New Taiwan Dollars)

Financial Instruments	Shares	Par value(NTD)	Amount	Interest Rates	Acquisition costs	Fair Value		Note
						Unit price(NTD)	Amount	
Convertible Bond:								
Ideal Bike Corporation	90	100,000	$9,000	-	$9,000	101,900	$9,171	
Add: Valuation adjustments of financial assets held for trading					171			
Total					$9,171			

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

Wafer Works Corp.

3.Statement of Financial Assets Measured at Amortized Cost - Current

As of December 31, 2020

(In Thousands Of New Taiwan Dollars)

Item	Description	Shares/Units	Par Value	Amount	Interest Rate	Acquisition Cost	Note
Land Bank of Taiwan	Savings account	-	-	-	-	$7,003	Please refer to Note 8

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

Wafer Works Corp.

4. Statetment of Accounts Receivable, net

As of December 31, 2020

(In Thousands of New Taiwan Dollars)

Client Name	Amount	Note
Client A	$127,029	1.The amount of individual client included in others does not exceed 5% of the account balance.
Client B	53,217	2.Non related parties.
Client C	47,605	
Client D	37,737	
Client E	34,527	
Client F	34,310	
Others	308,597	
Subtotal	643,022	
Less: loss allowance	(88,673)	
Net	$554,349	

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

Wafer Works Corp.

5. Statement of Accounts Receivable from Related Parties

As of December 31, 2020

(In Thousands of New Taiwan Dollars)

Related Parties	Amount	Note
Huaxin (Shanghai) Technology Co. Ltd	$301,691	
Helitek Company Ltd.	165,620	
Wafer Works Epitaxial Corp.	134,004	
Sharp Right Limited	40,312	
Wafer Works (Zhengzhou) Corp.	1,944	
Wafer Works (Shanghai) Corp.	(51)	
Total	$643,520	

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

Wafer Works Corp.

6.Statement of Other Receivables, net

As of December 31, 2020

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Insterest	$534	
Vat Refund	24,671	
Total	$25,205	

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

Wafer Works Corp.

7.Statement of Other Receivables From Related Parties

As of December 31, 2020

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Huaxin (Shanghai) Technology Co. Ltd.	$50,567	Mainly from sale of assets
Sharp Right Limited	46,453	and procurement on behalf
Wafer Works Zhengzhou Airport Economy Zone WaferWorks Technology Corp.	23,695	of others.
Wafer Works (Zhengzhou) Corp.	984	
Wafer Works Epitaxial Corp.	506	
Helitek Company Ltd.	132	
Wafer Works (Shanghai) Corp.	36	
Wafer Works (YangZhou) Corp.	7	
Total	$122,380	

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

Wafer Works Corp.

8. Statement of Inventories

As of December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount		Note
	Cost	Net Realizable Value	
Raw materials	$121,173	$100,746	1.Inventories are valued at lower of cost or net realizable value item by item.
Supplies & parts	235,728	232,604	2.Inventories were not pledged.
Work in progress	577,647	583,378	
Finished goods	240,656	275,323	
Merchandises	34,869	245	
Materials in transit	177,957	177,957	
Subtotal	1,388,030	$1,370,253	
Less: allowance for inventory valuation losses	(190,523)		
Net	$1,197,507		

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

Wafer Works Corp.

9.Statement of Prepayments

As of December 31, 2020

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Office supplies	$137,069	
Other prepaid expense	46,752	
Prepayment for purchases	2,137	
Others	38	
Total	$185,996	

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

Wafer Works Corp.

10.Statement of Other current Assets

As of December 31, 2020

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Payment on behalf of others	$3,137	

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

Wafer Works Corp.

11.Statement of Financial Assets Measured at Amortized Cost - Current - Non Current

As of December 31, 2020

(In Thousands Of New Taiwan Dollars)

Item	Description	Shares/Units	Par Value	Amount	Interest Rate	Acquisition Cost	Note
Mega International Commercial Bank	Time deposits	4	-	$9,967	0.0012% ~0.00815%	$9,967	Please refer to Note 8

Wafer Works Corp.

12. Statement of Changes in Long-term Investment Accounted for Under the Equity Method

For the Year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Investee companies	As of January 1, 2020		Additions		Decrease		As of December 31, 2020			Fair Value/Net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	%	Amount	Unit price (NTD)	Total amount		
Wafer Works Investment Corp.	62,766	$3,553,800	-	$397,313 (Note1)	-	$-	62,766	100.00%	$3,951,113	$63.82	$4,005,481	None	
Heli-Vantech Corp.	500	3,197	-	1,520 (Note2)	-	-	500	100.00%	4,717	9.43	4,717	None	
Huaxin (Shanghai) Technology Co. Ltd	-	-	-	39,850 (Note3)	-	-	-	100.00%	39,850	-	39,850	None	
Total		$3,556,997		$438,683		$-			$3,995,680		$4,050,048		

Note1: Including investment income recognized under equity method amounted to NT$158,007 thousand, unrealized gains or losses on financial assets at fair value through other comprehensive income (loss) amounted to NT$171,314 thousand, realized gross profit from sales NT$79,000 thousand, unrealized gross loss from sales NT$(47,000) thousand and foreign currency statements translation adjustments amounted to NT$35,992 thousand.

Note2: Including unrealized gains or losses on financial assets at fair value through other comprehensive income (loss) amounted to NT$1,520 thousand.

Note3: Including investment increased NT$30,211 thousand, investment loss recognized under equity method amounted to NT$8,778 thousand and foreign currency statements translation adjustments amounted to NT$861 thousand.

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

Wafer Works Corp.

13. Statement of Prepayment for equipment

As of December 31, 2020

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount	Note
Supplier G	$18,169	
Supplier H	15,125	
Supplier I	13,168	
Supplier J	11,479	
Supplier K	11,250	
Others	30,804	
Total	$99,995	

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

Wafer Works Corp.

14. Statement of Refundable deposits

As of December 31, 2020

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Security deposit to custom authority	$22,500	
Others	4,472	
Total	$26,972	

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

Wafer Works Corp.

15. Statement of Other non-current assets

As of December 31, 2020

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Supplier A	$479,044	
Supplier B	34,615	
Less：accumulated impairment	(236,952)	
Net	$276,707	

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

Wafer Works Corp.

16. Statement of Short-term Loans

As of December 31, 2020

(In Thousands of New Taiwan Dollars)

Description	Type	As of December 31, 2020	Contract Period	Interest Rates	Loan Commitments	Collateral	Note
First Bank	Credit loans	$23,338	2020.11.06-2021.01.18	Note	NTD 250,000	None	
Land Bank of Taiwan	Credit loans	140,970	2020.10.14-2021.03.19	Note	NTD 500,000	None	
Taiwan Business Bank	Credit loans	17,487	2020.11.23-2021.02.15	Note	NTD 200,000	None	
Bank of Taiwan	Credit loans	11,392	2020.12.09-2021.03.09	Note	NTD 200,000	None	
Taishin International Bank	Credit loans	64,544	2020.10.20-2021.02.08	Note	NTD 300,000	None	
Mega International Commercial Bank	Credit loans	30,075	2020.10.27-2021.03.16	Note	NTD 150,000	None	
Taiwan Corporative Bank	Credit loans	142,400	2020.11.05-2021.03.17	Note	NTD 400,000	None	
Bank of Panhsin	Credit loans	5,696	2020.11.24-2021.01.06	Note	NTD 200,000	None	
Hua Nan Bank	Credit loans	8,544	2020.11.24-2021.01.22	Note	NTD 200,000	None	
Shin Kong Bank	Credit loans	56,960	2020.10.06-2021.01.04	Note	NTD 300,000	None	
Chang Hwa Bank	Credit loans	2,933	2020.10.12.-2021.01.08				
Total		$504,339					

Note: As of December 31, 2020, the interest rate intervals for short-term loans were 0.7015%~3.6500%.

Wafer Works Corp.

17. Statement of Accounts Payable

As of December 31, 2020

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount	Note
Supplier C	$47,368	1.The amount of individual vendor included in "others" does not exceed 5% of the account balance.
Supplier D	24,539	2. All accounts are not related parties.
Supplier E	26,355	
Supplier F	22,417	
Others	237,580	
Total	$358,259	

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

Wafer Works Corp.

18. Statement of Payables to Related Parties

As of December 31, 2020

(In Thousands of New Taiwan Dollars)

Related Parties	Amount	Note
Huaxin (Shanghai) Technology Co. Ltd	$85,173	
Wafer Works (YangZhou) Corp.	42,084	
Helitek Company Ltd.	162	
Total	$127,419	

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

Wafer Works Corp.

19. Statement of Other Payables

As of December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Accrued Payroll	$126,761	
Employee Bonus	63,665	
Compensation Payable To Directors And Supervisors	6,300	
Accrued Utilities Expense	28,301	
Accrued Insurance	16,864	
Accrued Shipping Expenses	36,909	
Accrued Interest Payable	1,294	
Others	106,785	
Payables On Equipment	130,388	
Total	$517,267	

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

Wafer Works Corp.

20.Statement of Other Payables From Related Parties

As of December 31, 2020

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
Helitek Company Ltd.	$369	
Huaxin (Shanghai) Technology Co. Ltd	82	
Total	$451	

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

Wafer Works Corp.

21. Statement of Changes in Current Tax Liablities

For the Year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Balance as of January 1, 2020	$48,987	
Add: Income tax accrual for 2020	98,799	
Less：Income tax payment for 2020	(32,240)	
Interim temporary tax payment	(226)	
Income tax payment for 2019	(27,022)	
Balance as of December 31, 2020	$88,298	

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

Wafer Works Corp.

22.Statement of Lease Liabilities

As of December 31, 2020

(In Thousands Of New Taiwan Dollars)

Item	Period	Discount rate	Amount
Land	2020/5/15~2029/12/31	2.477%	$55,179
Less: Current portion of lease liabilities			(5,542)
Non-Current portion of lease liabilities			$49,637

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

Wafer Works Corp.

23. Statement of Other Current Liabilities

As of December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Temporary receipts & Receipts Under Custody	$2,088	
Deffered Revenue	391	
Total	$2,479	

Wafer Works Corp.

24. Statement of Contract liability

As of December 31, 2020

(In Thousands of New Taiwan Dollars)

Client Name	Amount	Note
Client G	$457,865	1.The amount of individual client included in others does not exceed 5% of the account balance.
Client A	27,115	
Others	43,009	
Total	$527,989	

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

Wafer Works Corp.

25. Statement of Long-Term Loans

As of December 31, 2020

(In Thousands of New Taiwan Dollars)

Lenders	Description	Year maturity	Interest Rates	Amount	Collateral	Note
Loan from Land Bank of Taiwan and others	Secured loans	2025.03.23	1.80%	$1,500,000	Please refer to Note 8	
Land Bank of Taiwan	Credit loans	2027.07.09	0.70%	89,251	None	
Taiwan Corporative Bank	Credit loans	2025.10.19	0.70%	27,695	None	
Total				1,616,946		
Less: Current portion of long-term loans				(5,242)		
Non-current portion of long-term loans				$1,611,704		

Note：The Company entered into an agreement of syndicated loans in amount of NT$3,000,000 thousand with Land Bank of Taiwan and 7 other banks on June 23, 2015. According to the agreement, the Company’s annual consolidated financial statements should meet certain criteria with respect to liquidatity ratio, liability ratio and interest expenditure coverage.

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

Wafer Works Corp.

26.Statement of Changes in Net Defined Benefit Liability

For the Year ended December 31, 2020

(In Thousands Of New Taiwan Dollars)

Item	Amount	Note
As of January 1, 2020	$57,911	
Add：Pension costs	612	
Less：Remeasurements of defined benefit plans	4,353	
Benefits paid	(3,988)	
As of December 31, 2020	$58,888	

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

Wafer Works Corp.

27.Statement of Deposits Received

As of December 31, 2020

(In Thousands Of New Taiwan Dollars)

Client Name	Amount	Note
Client H	$16,476	

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

Wafer Works Corp.

28. Statement of Operating Revenues

For the Year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Quanity	Amount	Note
Semiconductor wafer	7,802 thousands PCS	$5,112,997	
Service revenue		20,252	
Others		2,454	
Total net opearating revenues		$5,135,703	

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

Wafer Works Corp.

29. Statement of Operating Costs

For the Year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Direct Materials		
Beginning balance	$438,217	
Add: Raw materials purchased	595,046	
Others	267,025	
Less: Ending balance	(299,130)	
Sales	(6,778)	
Procurement	(161,784)	
Transfer	(21,940)	
Others	(154,291)	
Direct materials used	656,365	
Supplies and parts		
Beginning balance	191,347	
Add: Supplies and parts purchased	1,171,803	
Others	4,675	
Less: Ending balance	(235,728)	
Procurement	(7,123)	
Others	(70,224)	
Supplies and parts scrapped	(185)	
Supplies and parts used	1,054,565	
Direct labor	392,906	
Manufacturing overhead (Detailed list 30)	1,586,766	
Manufacturing cost	3,690,602	
Add: Work in process, beginning balance	601,595	
Transfer	154,291	
Transfer	1,109,144	
Less: Work in process, ending balance	(577,647)	
Sales	(22,766)	
Others	(10,680)	
Cost of finished goods	4,944,539	
Add: Finished goods, beginning balance	205,634	
Finished goods purchased	335,001	
Others	195	
Less: Finished goods, ending balance	(240,656)	
Transfer	(1,109,144)	
Others	(10,544)	
Cost of goods sold at normal production level	4,125,025	
Merchandise cost		
Beginning balance	35,973	
Less: Ending balance	(34,869)	
Others	(19)	
Cost of merchandise sold	1,085	
Cost of raw materials sold directly	29,544	
Other costs	13,533	
Loss from inventory valuation	10,530	
Loss from inventory scrapped	185	
Total	$4,179,902	

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

Wafer Works Corp.

30. Statement of Manufacting Overhead

For the Year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Indirect labor	$312,835	
Utilities	306,651	
Insurance	35,542	
Depreciation	541,990	
Amortization	481	
Meal expense	285	
Export freight	22,991	
Equipment maintenance expense	199,653	
Others	166,338	
Total	$1,586,766	

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

Wafer Works Corp.

31. Statement of Selling

For the Year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	$29,942	
Employee Bonus	2,123	
Depreciation	2,023	
Commission expenses	5,195	
Shipping	82,491	
Comsumption	15,100	
Sample fee	7,710	
Others	12,154	
Total	$156,738	

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

Wafer Works Corp.

32. Statement of General and Administrative

For the Year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	$66,358	
Employee Bonus	4,957	
Compensation to Directors And Supervisors	5,300	
Rent expense	14,553	
Utilities	12,341	
Depreciation	35,489	
Amortization	5,264	
Professional service fees	13,572	
Others	71,776	
Total	$229,610	

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

Wafer Works Corp.

33. Statement of Research and Development

For the Year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Salaries and wages	$41,356	
Employee Bonus	2,915	
Depreciation	1,247	
Amortization	221	
Materials utilized for testing	28,650	
Indirect materials	26,162	
Others	21,783	
Total	$122,334	

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

Wafer Works Corp.

34. Statement of Non-Operaring Incomes and Expenses

For the Year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Other incomes			
	Interest income	$7,131	
	Other income－others	41,088	
	Total	$48,219	
Other gains and losses			
	Foreign exchange losses, net	$(22,256)	
	Gain on disposal of property, plant and equipment	1,378	
	Other expenses	(14,305)	
	Gain of financial assets at fair value through profit or loss	801	
	Impairment loss on non-financial assets	(4,000)	
	Gain on lease modification	1,365	
	Total	$(37,017)	
Finance costs			
	Interest on borrowings from banks	$38,150	
	Interest on lease liabilities	1,439	
	Total	$39,589	
Share of profit or loss of subsidiaries, associates and joint ventures			
	Profit on investment	$166,785	