ASolid Technology Co., Ltd.

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

ASolid Technology Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter of the Corporation's financial statements for the year ended December 31, 2020 is stated as follows:

Key Audit Matters－The authenticity of sales revenue

The sales amount of integrated circuits is significant, the relevant revenue recognition policies and information please refer Note 4 and Note 20. For the year end December 31, 2020, sales revenue decreased from the previous two years due to the impact of COVID-19, but sales revenue for some major unlisted cabinet customers increased significantly. Thus, the authenticity of sales revenue has been identified as a key audit matter.

Our audit procedure for this includes checking above customers' orders, sales invoices and account receipts and other relevant documents for the sale transactions of the aforementioned customers and sending correspondence to confirm the authenticity of the occurrence of income.

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

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

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

Those charged with governance, including the supervisors, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Su-Li Fang and Tung-Hui Yeh

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 19, 2021

Notice to Readers

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

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

ASOLID TECHNOLOGY CO., LTD.

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

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 4、6 and 27)	$ 510,699	41	$ 478,385	36
Financial assets at amortized cost--current (Notes 4,7,27 and 29)	25,049	2	25,029	2
Accounts Receivable				
Non-related parties (Note 4,8,20 and 27)	215,776	17	235,207	18
Related parties (Notes 4,8 and 27)	52,411	4	-	-
Other receivables from related parties (Note 8,27 and 28)	-	-	73,129	5
Tax assets (Notes 4 and 22)	-	-	35	-
Inventories (Note 4,5 and 9)	306,360	24	388,808	29
Prepayments	4,699	1	3,209	-
Other current assets(Note 14)	332	-	1,310	-
Total current assets	1,115,326	89	1,205,112	90
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Note 4 and 10)	378	-	595	-
Property, plant and equipment (Note 4,11 and 29)	88,565	7	88,094	7
Intangible assets (Note 4 and 13)	36,729	3	31,363	2
Deferred tax assets (Note 4 and 22)	16,435	1	14,875	1
Guarantee deposits paid(Note 27)	1,846	-	1,042	-
Total non-current assets	143,953	11	135,969	10
TOTAL ASSETS	$ 1,259,279	100	$ 1,341,081	100

	2020		2019	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term borrowings (Note 15,27 and 29)	126,450	10	149,900	11
Contract liability-current(Note 20)	7,077	1	2,571	-
Notes payable				
Non related parties(Note 16 and 27)	1,181	-	-	-
Accounts payable				
Non related parties(Note 16 and 27)	68,579	6	144,682	11
Other payables (Note 17 and 27)	61,008	5	65,912	5
Tax payable (Note 4 and 22)	4,786	-	11,426	1
Other current liabilities (Note 17)	1,782	-	456	-
Total current liabilities	270,863	22	374,947	28
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 4 and 22)	3,115	-	3,449	-
Guarantee deposits received(Note 27)	114	-	114	-
Total non-current liabilities	3,229	-	3,563	-
Total liabilities	274,092	22	378,510	28
EQUITY (Note 4 and 19)				
Share capital				
Common shares	393,835	31	393,835	29
Capital surplus				
Additional paid-in capital	390,344	31	390,344	29
Employee share options	27,549	2	17,609	2
Total capital surplus	417,893	33	407,953	31
Retained earnings				
Legal reserve	55,219	4	49,104	4
Unappropriated earnings	118,230	10	111,668	8
Total retained earnings	173,449	14	160,772	12
Other equity	10	-	11	-
Total equity	985,187	78	962,571	72
TOTAL LIABILITIES AND EQUITY	$ 1,259,279	100	$ 1,341,081	100

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

ASOLID TECHNOLOGY CO., LTD.

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

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Note 4,20 and 28)	$ 921,051	100	$ 1,033,219	100
OPERATING COSTS(Note 9)	(464,386)	(50)	(499,717)	(48)
GROSS PROFIT	456,665	50	533,502	52
OPERATING EXPENSES (Note 21 and 28)				
Selling and marketing	(65,822)	(7)	(73,778)	(7)
General and administrative	(66,483)	(7)	(66,029)	(6)
Research and development	(287,385)	(31)	(276,487)	(27)
Expected credit loss	(8,000)	(1)	(16,000)	(2)
Total operating expenses	(427,690)	(46)	(432,294)	(42)
OPERATING INCOME	28,975	4	101,208	10
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 21)	165	-	425	-
Other income (Note 21,25 and 28)	16,285	2	970	-
Other gains and losses (Note 21)	4,104	-	(8,401)	(1)
Financial costs (Note 4 and 21)	(3,290)	-	(5,529)	-
Share of losses of subsidiaries and associates	(6,750)	(1)	(9,979)	(1)
Total non-operating income and expenses	10,514	1	(22,514)	(2)
PROFIT BEFORE INCOME TAX	39,489	5	78,694	8
INCOME TAX (EXPENSE) (Note 4 and 22) BENEFIT	(7,120)	(1)	(17,550)	(2)
NET INCOME FOR THE YEAR	32,369	4	61,144	6
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF INCOME TAX				
Items that may be reclassified subsequently to profit or loss:				
Exchange Differences on Translation of Foreign Financial Statements	(1)	(-)	3	-
Other comprehensive income (loss) for the year, net of income tax s	(1)	(-)	3	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 32,368	4	$ 61,147	6
EARNINGS PER SHARE (Note 23)				
Basic	$ 0.82		$ 1.55	
Diluted	$ 0.82		$ 1.54	

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

ASOLID TECHNOLOGY CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation							
	Share Capital				Retained Earnings		Other Equity	
	Shares (In thousands)	Capital Share	Additional Paid-in Capital	Employee Share Options (Note 23)	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total Equity
BALANCE, JANUARY 1, 2019	34,223	$ 342,231	$ 389,626	$ 12,515	$ 41,593	$ 109,369	$ 8	$ 895,342
Appropriations of 2018 earnings								
Legal reserve	-	-	-	-	7,511	(7,511)	-	-
Share dividends distributed by the Corporation	5,134	51,334	-	-	-	(51,334)	-	-
Net profit for the year ended December 31, 2019	-	-	-	-	-	61,144	-	61,144
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	3	3
Total comprehensive income (loss) for the ended DECEMBER 31, 2019	-	-	-	-	-	61,144	3	61,147
Other changes in capital surplus ：								
Recognition of employee share options by the Corporation	-	-	-	5,094	-	-	-	5,094
Issue of ordinary shares under employee share options	27	270	718	-	-	-	-	988
BALANCE AT DECEMBER 31, 2019	39,384	393,835	390,344	17,609	49,104	111,668	11	962,571
Appropriations of 2019 earnings								
Legal reserve	-	-	-	-	6,115	(6,115)	-	-
Share dividends distributed by the Corporation	-	-	-	-	-	(19,692)	-	(19,692)
Net profit for the year ended December 31, 2020	-	-	-	-	-	32,369	-	32,369
Other comprehensive loss for the year ended December 31, 2020, net of income tax	-	-	-	-	-	-	(1)	(1)
Total comprehensive income (loss) for the ended DECEMBER 31, 2020	-	-	-	-	-	32,369	(1)	32,368
Other changes in capital surplus ：								
Recognition of employee share options by the Corporation	-	-	-	9,940	-	-	-	9,940
BALANCE AT DECEMBER 31, 2020	39,384	$ 393,835	$ 390,344	$ 27,549	$ 55,219	$ 118,230	$ 10	$ 985,187

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

ASOLID TECHNOLOGY CO., LTD.

STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	$ 39,489	$ 78,694
Adjustments for：		
Depreciation expenses	7,661	7,432
Amortization expense	23,289	25,114
Expected credit losses	8,000	16,000
Finance costs	3,290	5,529
Interest income	(165)	(425)
Compensation cost of employee share options	9,940	5,094
Share of losses of subsidiaries and associates	6,750	9,979
Investment loss recognized under equity method	5,139	9,371
Loss for market price decline and obsolete and slow-moving inventories	15,351	15,000
Net loss (gain) on foreign currency exchange	8,639	(6,815)
Net changes related to operating assets and liabilities		
Notes receivable	-	9
Accounts receivable	(50,794)	23,734
Other receivables	68,589	(33,607)
Inventories	67,097	42,329
Prepayments	(1,490)	11,499
Other current assets	979	2,085
Contract liabilities	4,505	(5,314)
Notes payable	1,181	-
Accounts payable	(75,652)	(80,378)
Other payables	(4,903)	9,095
Other current liabilities	1,326	299
Cash generated from operations	138,221	134,724
Interest paid	(3,290)	(5,529)
Income tax paid	(15,618)	(9,884)
Net cash (used in) generated from operating activities	119,313	119,311
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(20)	(19,941)
Payment for property, plant and equipment	(8,133)	(5,596)

(Continued)

	2020	2019
Increase in refundable deposits	(804)	(98)
Payment for intangible assets	(28,655)	(28,700)
Interest received	165	410
Net cash used in investing activities	(37,447)	(53,925)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	818,427	826,642
Decrease in short-term loans	(841,375)	(767,852)
Cash dividends	(19,692)	-
Exercise of employee share options	-	988
Net cash generated from (used in) financing activities	(42,640)	59,778
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(6,912)	6,352
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	32,314	131,516
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	478,385	346,869
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 510,699	$ 478,385

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

ASOLID TECHNOLOGY CO., LTD.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

ASOLID TECHNOLOGY CO., LTD. (the “Corporation”) was incorporated on February 2008 under the Company Act of the Republic of China (“ROC”). The Corporation mainly designs and sells flash memory controllers and peripheral system applications.

The Corporation’s shares have been traded on the Taipei Exchange since November, 2015.

The financial statements are presented in the Corporation’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’s board of directors on March 19, 2021.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China. Whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Corporation’s accounting policies:

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

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the TemporaryExemption from Applying IFRS 9”	Effective from the date of publication
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform-Phase 2”	Effective after January 1, 2021
Amendments to IFRS 16 “Covid-19-Related Rent Concessions”	Effective after June 1, 2020

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

New IFRSs	Effective Date Announced by IASB (Note1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022（Note 2）
Amendments to IFRS 3 “Updating a Reference to the Conceptual Framework”	January 1, 2022（Note 3）

New IFRSs	Effective Date Announced by IASB (Note1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current	January 1, 2023
Amendments to IAS 1"Disclosure of Accounting Policy"	January 1, 2023（Note 6）
Amendments to IAS 8 ”Definition of Accounting Estimates”	January 1, 2023（Note 7）
Amendments to IAS 16 ”Property, Plant and Equipment: Proceeds before Intended Use”	January 1, 2022（Note 4）
Amendments to IAS 37 ”Onerous Contracts—Cost of Fulfilling a Contract”	January 1, 2022（Note 5）

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

Note 2： The amendments to IFRS 9 apply to exchanges or terms of financial liabilities that occur during the reporting period of the year beginning January 1, 2022;；The IAS 41 "Agriculture" amendment applies to fair value measurements for the period beginning January 1, 2022；The amendment to IFRS 1 “First Adoption of IFRSs” applies retroactively to the annual reporting period beginning after 1 January 2022.

Note 3： The Corporation shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 and to asset acquisitions that occur on or after the beginning of that period.

Note 4： The Corporation shall apply these amendments to plant, property and equipment that have been in the necessary location and status for the expected mode of operation of management after 1 January 2021.

Note 5： The Corporation shall apply these amendments to contracts that have not fulfilled all obligations at 1 January 2022.

Note 6： The Corporation shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7： The Corporation shall apply these amendments to changes in accounting estimates and changes in accounting policies that occurred during the annual reporting period beginning on January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The parent Corporation only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations").

b. Basis of Preparation

The financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing its parent Corporation only financial statements, the Corporation used the equity method to account for its investments in subsidiaries, associates and joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent Corporation only financial statements to be the same as the amounts attributable to the owners of the Corporation in its consolidated financial statements, adjustments arising from the differences in the accounting treatment between the parent Corporation only basis and the consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries and share of other comprehensive income of subsidiaries, as appropriate, in the parent Corporation only financial statements.

c. Classification of Current and Non-current Assets and Liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

All other assets and liabilities are classified as non-current.

d. Foreign Currencies

In preparing the Corporation's financial statements, transactions in currencies other than the Corporation's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated. ◦

e. Inventories

Inventories consist of raw materials, semi-finished goods, work-in-process and finished goods, which are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at their weighted-average costs on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment in a subsidiary is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

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

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

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

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

g. Property, Plant and Equipment

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

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

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

h. Intangible Assets

1) Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Internal generation - research and development expenses
Research and development expenses are recognized as costs at the time of occurrence

3) Derecognition

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

i. Impairment of Tangible, Intangible Assets (Other Than Goodwill), and Assets Related to Contract Costs

At the end of each reporting period, the Corporation reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial Instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI. i. Financial assets measured at amortized cost

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

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

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

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

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

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

ii) Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such a financial asset.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) at the end of each reporting period.

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For other financial assets, when the credit risk has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to the expected credit losses resulting from possible default events of the financial instruments within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to the expected credit losses resulting from possible default events over the expected life of the financial instruments.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. The portion of expected credit losses that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date are 12-month expected credit losses. Lifetime expected credit losses are the expected credit losses that arise if debtors default on their obligations at some time during the life of a financial instrument.

For internal credit risk management purposes, the Corporation determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Corporation):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset is overdue unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

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

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Recognition and measurement

All financial liabilities are measured at amortized cost determined by the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Revenue Recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods comes from the sale of electronic products. Sales of the aforementioned goods are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables are recognized concurrently. When the customer initially purchases the goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Corporation does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of the materials' ownership.

l. Leases

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

1) The Corporation as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Corporation as lessee

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

m. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The investment income earned from a temporary investment made before the capital expenditure of a qualifying requirement is subtracted from the cost of borrowing subject to capitalization

Other than the borrowing costs described above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred. 。

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognized in profit or loss in the period in which they become receivable.

o. Employee Benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

p. Employee Share Options

The fair value at the grant date of employee share options is expensed on a straight-line basis over the vesting period, based on the Corporation's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

At the end of each reporting period, the Corporation revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

q. Taxation

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

1) Current tax

The Corporation shall determine the current income (loss) in accordance with the regulations established by each income tax reporting jurisdiction, on the basis of which the income tax payable (recoverable) shall be calculated.

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent Corporation only financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

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

3) Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Corporation shall determine the current income (loss) in accordance with the regulations established by each income tax reporting jurisdiction, on the basis of which the income tax payable (recoverable) shall be calculated. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Write-down of inventories

The net realizable value of inventory is its estimated selling price in the ordinary course of business less its estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash on hand	$ 1,522	$ 1,448
Checking accounts and demand deposits	509,177	476,937
	$ 510,699	$ 478,385

The interest rate range for bank deposits at the balance sheet date is as follows：

	December 31, 2020	December 31, 2019
Bank deposits	0.00%~0.35%	0.06%~0.35%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2020	December 31, 2019
Current		
Time deposits with original maturities of less than 3 months	$ 5,099	$ 5,088
Restricted demand deposits	19,950	19,941
	$ 25,049	$ 25,029

Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

8. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2020	December 31, 2019
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 233,101	$ 253,207
Less: Loss allowance	(17,325)	(18,000)
	$ 215,776	$ 235,207
Accounts receivable-Related parties		
At amortized cost		
Gross carrying amount	$ 60,217	$ -
Less：The credit balance of Investments accounted for using the equity method	(7,806)	-
	$ 52,411	$ -
Other receivables		
Other receivables-Related parties	$ -	$ 73,129

a. Trade Receivables

The average credit period of sales of goods was 60 to 90 days and interest-free. The Corporation adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from independent rating agencies where available or, if not available, the Corporation uses other publicly available financial information or its own trading records to rate its major customers. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Corporation applies the simplified approach to allowing for expected credit losses prescribed by IFRS 9, which permits the use of a lifetime expected credit losses allowance for all trade receivables. The expected credit losses on trade receivables are estimated using an allowance matrix by reference to past default experience with the respective debtors and an analysis of each debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Corporation's historical credit losses experience does not show significantly different loss patterns for different customer segments, the loss allowance, which is based on the past due status of receivables, is not further distinguished according to different segments of the Corporation's customer base.

The Corporation writes off a trade receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, e.g. the earlier of either when the debtor has been placed under liquidation or when the trade receivables are over two years past due. For trade receivables that have been written off, the Corporation continues to engage in enforcement activity to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes receivables and trade receivables based on the Corporation's allowance matrix.

December 31, 2020

	Not Past Due	Less than 1-120days	Less than 121-180 days	Less than 181-365 days	Over 365 days	Total
Gross carrying amount	$286,282	$ 7,034	$ 2	$ -	$ -	$293,318
Loss allowance (lifetime expected credit losses)	(10,289)	(7,034)	(2)	-	-	(17,325)
Amortized cost	$275,993	$ -	$ -	$ -	$ -	$275,993

December 31, 2019

	Not Past Due	Less than 1-120days	Less than 121-180 days	Less than 181-365 days	Over 365 days	Total
Gross carrying amount	$164,132	$ 35,099	$ 53,354	$ -	$ 622	$253,207
Loss allowance (lifetime expected credit losses)	-	(12,045)	(5,333)	-	(622)	(18,000)
Amortized cost	$164,132	$ 23,054	$ 48,021	$ -	$ -	$235,207

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

	2020	2019
Balance, beginning of period	$ 18,000	$ 2,000
Add: Provision of loss allowance	8,000	16,000
Less: Amounts written off	(8,675)	-
Balance, end of period	$ 17,325	$ 18,000

9. INVENTORIES

	December 31, 2020	December 31, 2019
Finished goods	$ 115,781	$ 149,421
Work in process	12,661	7,363
Raw materials	114,234	128,270
Merchandise	63,684	103,754
	$ 306,360	$ 388,808

The nature of the cost of sales is as follows：

	For the Year Ended December 31	
	2020	2019
The cost of inventory sold	$ 449,035	$ 484,717
Loss for market price decline and obsolete and slow-moving inventories	15,351	15,000
	$ 464,386	$ 499,717

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31, 2020	December 31, 2019
Investments in subsidiaries	$ 378	$ 595

a. Investments in subsidiaries

	December 31, 2020	December 31, 2019
Unlisted shares		
Advanced Memory Technology Co., Ltd.	$ 378	$ 595
The credit balance of Investments accounted for using equity method		
Innostor Technology Corporation	$ 12,346	$ 673
Less：The credit balance of Investments accounted for using equity method has been adjusted to Other receivable-related parties	(4,540)	(673)
Less：The credit balance of Investments accounted for using equity method has been adjusted to Accounts receivable-related parties	(7,806)	-
	$ -	$ -

	The proportions of ownership and voting rights in subsidiaries held by the Corporation	
Name of Subsidiaries	December 31, 2020	December 31, 2019
Advanced Memory Technology Co., Ltd	37.12%	37.12%
Innostor Technology Corporation	69.74%	69.74%

Advanced Memory Technology Co., Ltd was established in Taiwan in April 2014, mainly engaged in projects including data storage media manufacturing and reproduction, electronic components manufacturing and computer and peripheral equipment manufacturing business. For the years ended December 31, 2014 and 2017, the Corporation increased its investment in Advanced Memory Technology Co., Ltd for the amount of $21,500 thousand and $360 thousand. As of December 31, 2020, the Corporation's cumulative original investment cost was $21,860 thousand.

Innostor Technology Corporation was established in Taiwan on May 27, 2008. The main business projects are information software services, information software and electronic materials wholesale and retail and product design industry. For the year ended December 31, 2016, the Corporation increased its investment in Innostor Technology Corporation for the amount of $59,281 thousand. As of December 31, 2020, the Corporation's cumulative original investment cost was $59,281 thousand.

Innostor Technology Corporation is accounted for using the equity method., because its products are not well sold in the market, resulting in a recoverable amount less than the amount of the Corporation's investment, the Corporation was recognized investment losses of $5,139 thousand and $9,371thousand for the years ended December 31, 2020 and 2019, respectively. For details of investment companies held indirectly by the Corporation, please refer to Note 31. ◦

The calculation of the investments accounted for using the equity method and the Corporation's share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2020 and 2019 were based on financial statements that have been audited.

11. PROPERTY, PLANT AND EQUIPMENT

	December 31, 2020	December 31, 2019
Assets used by the Corporation	$ 88,565	$ 88,094

	Land	Buildings	Research and development equipment	Other Equipment	Total
Cost					
Balance at January 1, 2020	$ 44,592	$ 42,008	$ 15,360	$ 18,173	$ 120,133
Additions	-	-	5,234	2,899	8,133
Disposals	-	-	-	(344)	(344)
Balance at December 31,2020	$ 44,592	$ 42,008	$ 20,594	$ 20,728	$ 127,922
Accumulated depreciation					
Balance at January 1, 2020	$ -	$ 6,651	$ 12,167	$ 13,221	$ 32,039
Depreciation	-	1,901	2,355	3,405	7,661
Disposals	-	-	-	(343)	(343)
Balance at December 31,2020	$ -	$ 8,552	$ 14,522	$ 16,283	$ 39,357
Balance at December 31,2020, net	$ 44,592	$ 33,456	$ 6,072	$ 4,445	$ 88,565
Cost					
Balance at January 1, 2019	$ 44,592	$ 42,008	$ 13,246	$ 14,977	$ 114,823
Additions	-	-	2,175	3,421	5,596
Disposals	-	-	(61)	(225)	(286)
Balance at December 31,2019	$ 44,592	$ 42,008	$ 15,360	$ 18,173	$ 120,133
Accumulated depreciation					
Balance at January 1, 2019	$ -	$ 4,750	$ 10,064	$ 10,079	$ 24,893
Depreciation	-	1,901	2,164	3,367	7,432
Disposals	-	-	(61)	(225)	(286)
Balance at December 31,2019	$ -	$ 6,651	$ 12,167	$ 13,221	$ 32,039
Balance at December 31,2019, net	$ 44,592	$ 35,357	$ 3,193	$ 4,952	$ 88,094

The above items of property, plant and equipment are depreciated on a straight-line basis over their following estimated useful lives as follows:

Buildings	10-35 years
Research and development equipment	1-3 years
Other Equipment	1-2 years

For the amount of property, plant and equipment set as collateral for borrowings, please refer to Note 29.

12. LEASE ARRANGEMENTS

a. Other lease information

	For the Year Ended December 31	
	2020	2019
Short-term rental expenses	$ 5,862	$ 3,842
The total amount of cash (outflow) from the lease	($ 5,862)	($ 3,842)

The Corporation leases certain office equipment which qualify as short-term leases and parking space and certain office equipment. The Corporation has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. OTHER INTANGIBLE ASSETS

	Photomask	Computer Software	Technology Licensing	Total
Cost				
Balance at January 1, 2020	$ 62,076	$ 5,846	$ 79,370	$ 147,292
Additions	-	902	27,753	28,655
Disposal	-	(115)	-	(115)
Balance at December 31,2020	$ 62,076	$ 6,633	$ 107,123	$ 175,832
Accumulated amortization				
Balance at January 1, 2020	$ 54,827	$ 4,271	$ 56,831	$ 115,929
Amortization	5,479	1,393	16,417	23,289
Disposal	-	(115)	-	(115)
Balance at December 31,2020	$ 60,306	$ 5,549	$ 73,248	$ 139,103
Balance at December 31,2020, net	$ 1,770	$ 1,084	$ 33,875	$ 36,729
Cost				
Balance at January 1, 2019	$ 53,580	$ 5,295	$ 59,717	$ 118,592
Additions	8,496	551	19,653	28,700
Balance at December 31,2019	$ 62,076	$ 5,846	$ 79,370	$ 147,292
Accumulated amortization				
Balance at January 1, 2019	$ 46,534	$ 2,840	$ 41,441	$ 90,815
Amortization	8,293	1,431	15,390	25,114
Balance at December 31,2019	$ 54,827	$ 4,271	$ 56,831	$ 115,929
Balance at December 31,2019, net	$ 7,249	$ 1,575	$ 22,539	$ 31,363

The above items of intangible assets are amortized on a straight-line basis over the following estimated useful lives of the assets:

Photomask	1~3 years
Computer Software	1~3 years
Technology Licensing	3 years

14. OTHER ASSETS

	December 31, 2020	December 31, 2019
Current		
Temporary payments	$ 325	$ 610
Payment on behalf of others	7	700
	$ 332	$ 1,310

15. LOANS

Short-Term Loans

	December 31, 2020	December 31, 2019
Unsecured loans		
Credit Limit loans(a)	$ 126,450	$ 149,900

(a) As of December 31, 2020 and 2019, the interest rates on bank credit limit loans were 0.91% to 1.03% and 2.92% to 3.03%, respectively.

16. NOTES AND ACCOUNTS PAYABLE

	December 31, 2020	December 31, 2019
Notes payable		
Arising from operating activities	$ 1,181	$ -
Accounts payable		
Arising from operating activities	$ 68,579	$ 144,682

17. OTHER LIABILITIES

	December 31, 2020	December 31, 2019
Current		
Other payables		
Salaries and bonuses payable	$ 27,982	$ 33,912
Employees' compensation and remuneration of directors payable	8,820	12,401
Labor and health insurances payable	6,235	5,864
Others	17,971	13,735
	$ 61,008	$ 65,912

	December 31, 2020	December 31, 2019
Other Liabilities		
Receipts under custody	$ 317	$ 246
Temporary receipts	-	210
Refund liabilities	1,465	-
	$ 1,782	$ 456

18. RETIREMENT BENEFIT PLANS

Defined contribution plan

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

19. EQUITY

a. Common shares

	December 31, 2020	December 31, 2019
Number of shares authorized (in thousands)	50,000	50,000
Shares authorized	$ 500,000	$ 500,000
Number of shares issued and fully paid (in thousands)	39,384	39,384
Shares issued	$ 393,835	$ 393,835

Fully paid issued common shares, which have a par value of NT$10, carry one vote per share and carry a right to dividends.

The main changes in the Corporation's share capital are shareholders' share dividends and employee share options.

Of the Corporation’s authorized capital shares, 5,000 thousand shares were both reserved for the issuance of employee share options as of December 31, 2020 and 2019.

b. Capital surplus

	December 31, 2020	December 31, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of common shares	$ 374,602	$ 374,602
May only be used to offset a deficit		
Employee share options have been adjusted to issuance of common shares	15,742	15,742
Not for any purpose		
Employee share options	27,549	17,609
	$ 417,893	$ 407,953

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

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years (including adjustment of the unappropriated earnings amount), setting aside as legal reserve 10% of the remaining profit; However, this shall not be the case when the accumulated accumulation of statutory surpluses has reached the total amount of capital received by the Corporation. Then setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, refer to Note 21(g) "employees' compensation and remuneration of directors and supervisors".

The Corporation's dividend distribution policy takes into consideration the current and future investment environment, capital requirements, domestic and international competition, capital budget plans, shareholders' interests, cash dividends should be at least 10% of the total dividends distributed. However, the Corporation may adjust the principle of distribution of cash dividends and stock dividends as necessary, depending on economic conditions, industrial development and capital needs

A legal reserve shall be charged until its balance amounts to the total amount of the Corporation's paid-in share capital. A legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Corporation appropriates or reverses a special reserve in accordance with Rule No. 1010012865、1010047490、1030006415 issued by the Financial Supervisory Commission and a question-and-answer question on the application of a special reserve after the adoption of IFRSs

The appropriations of earnings for the years ended December 31 2019 and 2018 were approved in the shareholders' meeting on June 19, 2020 and June 20, 2019, respectively, and were as follows:

	For the Year Ended December 31	
	2019	**2018**
Legal reserve	$ 6,115	$ 7,511
Cash dividends	$ 19,692	$ -
Share dividends	$ -	$ 51,334
Cash dividends per share (NT$)	$ 0.50	$ -
Share dividends per share (NT$)	$ -	$ 1.50

20. REVENUE

	For the Year Ended December 31	
	2020	**2019**
Revenue from contracts with customers		
Merchandise sales revenue	$ 921,051	$ 1,033,219

a. Contract balances

	December 31, 2020	December 31, 2019	January 1,2019
Accounts Receivable(Note 8)	$ 268,187	$ 235,207	$ 278,676
Contract Liability-current			
Merchandise sales	$ 7,077	$ 2,571	$ 7,885

The change in contractual liabilities is mainly due to the difference between the point at which the performance obligation is met and the point at which the customer pays.

b. Segmentation of revenue from contracts with customers

	For the Year Ended December 31	
	2020	2019
The type of product		
Flash Controller	$ 838,156	$ 927,498
Packaged Controller	33,647	59,703
Others	49,248	46,018
	$ 921,051	$ 1,033,219
Major regional markets		
Taiwan	$ 478,126	$ 411,016
China	334,518	418,883
Others	108,407	203,320
	$ 921,051	$ 1,033,219

21. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2020	2019
Bank deposits	$ 165	$ 425

b. Other income

	For the Year Ended December 31	
	2020	2019
Government subsidies (Note 25)	$ 15,426	$ -
Others	859	970
	$ 16,285	$ 970

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net foreign exchange gains	$ 9,243	$ 2,893
Investment losses（Note 10）	(5,139)	(9,371)
Others	-	(1,923)
	$ 4,104	($ 8,401)

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 3,290	$ 5,529

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating expenses	$ 7,661	$ 7,432
An analysis of amortization by function		
Operating expenses	$ 5,759	$ 8,356
Research and development expenses	17,530	16,758
	$ 23,289	$ 25,114

f. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plan	$ 10,856	$ 9,813
Other employee benefits	262,676	261,759
Total employee benefits	$ 273,532	$ 271,572

	For the Year Ended December 31	
	2020	2019
Employee benefits		
Recognized in operating expenses	$ 273,532	$ 271,572

g. Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at the rates of 7%-17% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2020 and 2019, which have been approved by the Corporation's board of directors on March 19, 2021 and March 20, 2020, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Employees' compensation	10.05%	9.96%
Remuneration of directors	1.79%	1.00%

Amount

	For the Year Ended December 31			
	2020		2019	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Employees' compensation	$ 4,500	$ -	$ 8,800	$ -
Remuneration of directors	800	-	880	-

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

c. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	$ 35,560	$ 34,881
Foreign exchange losses	(26,317)	(31,988)
Net (losses) gains	$ 9,243	$ 2,893

22. INCOME TAXES

a. Income tax recognized in profit or loss:

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 7,193	$ 16,370
Adjustments for prior periods	1,821	1,350
	9,014	17,720
Deferred tax		
In respect of the current year	(1,894)	(170)
Income tax expense recognized in profit or loss	$ 7,120	$ 17,550

A reconciliation of accounting profit and income tax expense for 2020 and 2019 is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax from continuing operations	$ 39,489	$ 78,694
Income tax expense calculated at the statutory rate	$ 7,898	$ 15,739
Nondeductible expenses in determining taxable income	94	1,996
Tax-exempt income	(3,085)	-
Unrecognized deductible temporary differences	392	(1,535)
Adjustments for prior years	1,821	1,350
Income tax benefit recognized in profit or loss	$ 7,120	$ 17,550

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. The Corporation has already deducted the amount of capital expenditure from the unappropriated earnings that was reinvested when calculating the tax on unappropriated earnings.

b. Current tax assets and liabilities

	December 31, 2020	December 31, 2019
Current tax assets		
Prepaid income tax	$ -	$ 35
Current tax liabilities		
Income tax payable	$ 4,786	$ 11,426

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Allowance to reduce inventory to market	$ 13,917	($ 162)	$ 13,755
Allowance for uncollectible accounts exceeds the limits	150	327	477
Unrealized exchange losses	808	1,395	2,203
	$ 14,875	$ 1,560	$ 16,435
Deferred tax liabilities			
Temporary differences			
Unrealized exchange gains	$ 3,449	($ 334)	$ 3,115

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Allowance to reduce inventory to market	$ 13,917	$ -	$ 13,917
Allowance for uncollectible accounts exceeds the limits	308	(158)	150
Unrealized exchange losses	36	772	808
	14,261	614	14,875
Loss carryforwards	605	(605)	-
	$ 14,866	$ 9	$ 14,875
Deferred tax liabilities			
Temporary differences			
Unrealized exchange gains	$ 2,828	$ 621	$ 3,449
Investment gains	757	(757)	-
	$ 3,585	($ 136)	$ 3,449

d. The deductible temporary differences for which no deferred income tax assets have been recognize

	For the Year Ended December 31	
	2020	2019
Deductible temporary differences	$ 47,085	$ 44,658

e. Income tax assessments

Income tax returns through 2018 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings per share	$ 0.82	$ 1.55
Diluted earnings per share	$ 0.82	$ 1.54

The earnings and weighted-average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2020	2019
Earnings used in the computation of basic earnings per share		
Profit for the period attributable to owners of the Corporation	$ 32,369	$ 61,144
Earnings used in the computation of diluted earnings per share		
Profit for the period attributable to owners of the Corporation	$ 32,369	$ 61,144

Shares	**(In Thousands of Shares)**	
	For the Year Ended December 31	
	2020	**2019**
Weighted-average number of common shares used in the computation of basic earnings per share	39,384	39,366
Effect of potentially dilutive common shares:		
Employees' compensation	326	301
Weighted-average number of common shares used in the computation of dilutive earnings per share	39,710	39,667

If the Corporation offered to settle compensation or bonuses paid to employees in cash or shares, the Corporation assumed the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The corporation's rights issue is not included in the diluted earnings per share due to the fact that the execution price is higher than the average market value of 2020 and 2019 shares.

24. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted share plan for employees

a. FY2017 share plan for employees

On May 17, 2017, the Corporation gave 2,500 units of equity to employees, each of which can subscribe for 1 share of common stock, to employees who include the Company's specific conditions. The retention period of the rights issue shall be 4 years, and the holder may exercise a certain proportion of the rights to be given to it from the date of the issuance of the certificate for 1 years. The above-mentioned employee warrants are declared effective by Rule No. 1060013848 issued by the Financial Supervisory Commission.

Information on share plan for employees was as follows:

	For the Year Ended December 31			
	2020		**2019**	
Share plan for employees	**Unit**	**Weighted average execution price**	**Unit**	**Weighted average execution price**
Balance at January 1	2,473	$ 36.58	2,500	$ 40.15
Executed	-	-	(27)	36.58
Balance at December 31	2,473	31.80	2,473	36.58
Balance at December 31 can be executed	1,848		1,223	

As of the balance sheet date, information on share plan for employees was as follows:

	December 31, 2020	December 31, 2019
The range of execution price(NT$)	$ 31.80	$ 36.58
Weighted average remaining contract terms（year）	2.37 years	3.37 years

In May 2017, the Corporation gave its employees a share issue using the Black-Scholes evaluation model, which uses the following input values:

	May 2017
Fair Value	40.15
The execution price	40.15
Expected volatility	25.12～27.25%
Period	2.5～4.5 years
Expected dividend rate	-
Risk-free interest rates	1.04～1.07%

The expected volatility is based on the standard deviation over the life of the simulated company's historical average stock price volatility over time and is annualized.
For the years ended December 31, 2020 and 2019, the compensation costs recognized were $2,098 thousand and $5,094 thousand, respectively.

b. FY2019 share plan for employees

On December 31, 2019, the Corporation gave 2,500 units of equity to employees, each of which can subscribe for 1 share of common stock, to employees who include the Company's specific conditions. The retention period of the rights issue shall be 6 years, and the holder may exercise a certain proportion of the rights to be given to it from the date of the issuance of the certificate for 2 years. The above-mentioned employee warrants are declared effective by Rule No. 1080339350 issued by the Financial Supervisory Commission.

Information on share plan for employees was as follows:

	For the Year Ended December 31			
	2020		2019	
Share plan for employees	Unit	Weighted average execution price	Unit	Weighted average execution price
Balance at January 1	2,500	$ 33.15	-	$ -
Executed	-	-	2,500	33.15
Balance at December 31	2,500	32.50	2,500	33.15
Balance at December 31 can be executed	-		-	
Weighted average fair value given to its equity rights in the current year	$ -		$ 6.19	

As of the balance sheet date, information on share plan for employees was as follows:

	December 31, 2020	December 31, 2019
The range of execution price(NT$)	$ 32.50	$ 33.15
Weighted average remaining contract terms（year）	5 years	6 years

In December 2019, the Corporation gave its employees a share issue using the Black-Scholes evaluation model, which uses the following input values:

	December 2019
Fair Value	33.15
The execution price	33.15
Expected volatility	33.21～37.07%
Period	2.5～4.5years
Expected dividend rate	-
Risk-free interest rates	0.55～0.58%

The expected volatility is based on the standard deviation over the life of the simulated company's historical average stock price volatility over time and is annualized.

For the year ended December 31, 2020, the compensation cost was recognized $7,842 thousand

25. GOVERNMENT SUBSIDIES

In June, 2020, the Corporation has applied salary payment support released by the Ministry of Economic Affairs, and the support period is from April 2020 to June 2020. The Corporation has received $15,560 thousand from the Ministry of Economic Affairs and recognized $15,426 thousand of other income for the year ended December 31, 2020.

26. CAPITAL MANAGEMENT

Based on the overall operating environment and the future development of the Corporation, and taking into account external competition and environmental changes and other related factors, the Corporation's capital structure is regularly reviewed by the main management, including consideration of the cost of various types of capital and related risks, in order to determine the appropriate capital structure of the Corporation. Objective to maintain the Corporation's working capital requirements, research and development costs and dividend expenses for the future period, and to ensure that the Corporation can continue to operate, give back to shareholders while taking into account the interests of other stakeholders, and maintain the best capital structure to enhance shareholder value in the long term.

The capital structure of the Corporation consists of net debts (borrowings offset by cash and cash equivalents) and equity (comprising share capital, capital surplus, retained earnings and other equities).

The Corporation is not subject to any externally imposed capital requirements.

Key management personnel of the Corporation review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Corporation may adjust the amount of dividends paid to shareholders and the amount of new debt issued or existing debt redeemed.

27. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	December 31, 2020	December 31, 2019
Financial assets		
Amortized cost (Note 1)	$805,781	$ 812,792
Financial liabilities		
Amortized cost (Note 2)	257,332	360,608

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

Note 2: Including short-term loans, accounts payable (including related parties), payables to contractors and equipment suppliers, cash dividends payable, accrued expenses and other current liabilities, bonds payable and guarantee deposits.

b. Financial risk management objectives and policies

The Corporation’s major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. The Corporation’s financial management department provides services to the business unit and coordinates access to domestic and international financial markets. The risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Corporation’s activities expose it primarily to the financial risks of changes in foreign currency rates (please refer below (a)) and interest rates. (please refer below b)) The Corporation engages in a variety of derivative financial instruments to manage the foreign currency exchange rate risks assumed.

The Corporation’s approach to the risk of market risks in financial instruments and the way in which they are managed and measured has not changed.

a) Foreign currency risk

The Corporation had foreign currency sales and purchases, which exposed the Corporation to foreign currency risk. About 100% of the Corporation's sales are not denominated in functional currencies, while about 92% of the cost amounts are not denominated in functional currencies. The Corporation's exchange rate risk management is within the scope of policy, the use of forward foreign exchange contracts to manage risk。

The book value of monetary assets and monetary liabilities denominated in non-functional currencies at the balance sheet date, as well as the book value of derivatives with exchange rate risk, please refer to Note 30.

Sensitivity analysis

The Corporation was mainly exposed to the US dollar.

The following table details the Corporation's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts its translation at the end of the reporting period for a 6% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit and other equity associated with the New Taiwan dollar strengthens 6% against the relevant currency. For a 6% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	Impact of USD	
	For the Year Ended December 31	
	2020	**2019**
Impact of USD	$ 1,270(i)	$ 1,589(i)

i. Mainly derived from the Corporation's balance sheet date is still in circulation and no cash flow risk aversion in U.S. dollar-denominated receivables and payables.

b) Interest rate risk

As the Corporation borrows funds at both fixed and floating rates, interest rate risk arises. The Corporation manages interest rate risk by maintaining an appropriate fixed and floating interest rate portfolio and by using interest rate swap contracts and forward rate contracts. The Corporation regularly evaluates risk aversion activities to bring them into line with interest rate perspectives and established risk appetites to ensure the most cost-effective risk aversion strategies are adopted.

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

	December 31,2020	**December 31,2019**
Fair value interest rate risk		
－Financial assets	$ 5,099	$ 25,029
Cash flow interest rate risk		
－Financial assets	529,127	476,937
－Financial liabilities	126,450	149,900

Sensitivity analysis

The following sensitivity analysis is based on the risk of interest rate risk at the balance sheet date for derivatives and non-derivatives. For floating rate assets, the analysis is based on the assumption that the amount of assets in circulation on the balance sheet day is in circulation during the reporting period. The rate of change used to report interest rates to key management within the Company increases or decreases by 25 basis points per year, which also represents management's assessment of the reasonable range of possible changes in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the_Corporation’s pre-tax profit for the years ended December 31, 2020 and 2019 would increase/decrease by $1,007 thousand and $818 thousand, respectively. The main reason is the net risk of the Company's interest-bearing bank deposits at variable interest rates.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Corporation. As at the end of the reporting period, the Corporation’s maximum exposure to credit risk, which would cause a financial loss to the Corporation due to a failure of counterparties to discharge an obligation and financial guarantees provided by the Corporation, comes from the carrying amounts of the respective recognized financial assets as stated in the parent company only balance sheets.
The Corporation’s credit risk is mainly concentrated in the Corporation’s top five customers, as of December 31, 2020 and 2019, the total accounts receivable from the aforementioned customers’ ratio of 67% and 75%, respectively.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation’s operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Corporation relies on bank borrowings as a significant source of liquidity. The Corporation’s available unutilized bank loan facilities please refer below b):

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following tables’ detail the Corporation’s remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay.

December 31, 2020

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Non-derivative financial liabilities					
Non-interest bearing liabilities					
Notes payable	$ -	$ 591	$ 590	$ -	$ -
Accounts payable	24,181	43,266	1,132	-	-
Other payables	17,502	2,704	-	-	-
Floating interest rate instruments	-	126,450	-	-	-
	$ 41,683	$ 173,011	$ 1,722	$ -	$ -

December 31, 2019

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	More than 5 Years
Non-derivative financial liabilities					
Non-interest bearing liabilities					
Notes payable	$ 81,898	$ 59,847	$ 2,937	$ -	$ -
Other payables	17,284	2,314	-	-	-
Floating interest rate instruments	-	149,900	-	-	-
	$ 99,182	$ 212,061	$ 2,937	$ -	$ -

Note: The amount of the above-mentioned other payables excludes accrued payroll, accrued pension, remuneration of directors and supervisors' payable and employees' compensation payable.

The amount of the above-mentioned floating rate instruments for non-derivative financial assets and liabilities will vary depending on the variable rate and the interest rate estimated at the balance sheet date.

b) Bank loan facilities

	December 31, 2020	December 31, 2019
Uncollateralized Bank loan facilities		
－Utilized	$ 126,450	$ 149,900
－Unutilized	217,850	200,040
	$ 344,300	$ 349,940
Collateralized Bank loan facilities		
－Unutilized	$ 40,000	$ 40,000

28. RELATED PARTY TRANSACTIONS

Besides information disclosed elsewhere in the other notes, details of transactions between the Corporation and other related parties are disclosed below:

a. Related parties and their relationships

Related Party	Relationship
Advanced Memory Technology Co., Ltd	Subsidiary
Innostor Technology Corporation	Subsidiary

b. Operating revenue

Item	Related Party Categories	For the Year Ended December 31 2020	2019
Sales revenue	Subsidiary	$ 81,953	$ 96,379

The terms of sales to related parties were similar to those for third parties, the collection conditions shall be implemented in accordance with the Corporation's collection policy.

c. Receivables from related parties

Item	Related Party Categories	December 31, 2020	December 31, 2019
Accounts receivable	Subsidiary		
	Innostor Technology Corporation	$ 52,411	$ -
Other receivable	Subsidiary		
	Innostor Technology Corporation	$ -	$ 73,129

The collection conditions for the related parties shall be implemented in accordance with the Corporation's collection policy.

d. Rent income

Related Party Categories	For the Year Ended December 31 2020	2019
Subsidiary		
Innostor Technology Corporation	$ 268	$ 361

e. Other assets acquisition

Related Party Categories	Item	Amount For the Year Ended December 31 2020	2019
Subsidiary			
Innostor Technology Corporation	Intangible assets	$ 9,000	$ -

f. Other related party transactions

The Corporation has provided some management services to its subsidiary Innostor Technology Corporation, and recognized other income of $82 thousand and $59 thousand for the years ended December 31, 2020 and 2019, respectively.

The subsidiary has provided some management services to the Corporation, and recognized and paid management fee of $$6,600 thousand and $3,000 thousand for the years ended December 31, 2020 and 2019, respectively.

g. Others

Item	Related Party Categories	For the Year Ended December 31 2020	2019
Temporary payments	Subsidiary		
	Innostor Technology Corporation	$ 12,560	$ 18,969

h. Compensation of key management personnel

	For the Year Ended December 31 2020	2019
Short-term employee benefits	$ 15,683	$ 14,717

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the bank loan and tariff of imported raw materials:

	December 31, 2020	December 31, 2019
Financial assets at amortized cost - current	$ 25,049	$ 25,029
Land	44,592	44,592
Buildings	26,590	27,434
	$ 96,231	$ 97,055

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

	Foreign Currencies	Exchange Rates	Carrying Amount
Financial assets			
Monetary			
USD	$ 11,246	28.48	$ 320,286
CNY	161	4.377	705
KRW	1,492	0.0264	39
			$ 321,030
Financial liabilities			
Monetary			
USD	6,788	28.48	$ 193,322

December 31, 2019

	Foreign Currencies	Exchange Rates	Carrying Amount
Financial assets			
Monetary			
USD	$ 14,598	29.98	$ 437,648
CNY	131	4.305	564
KRW	1,492	0.0267	40
			$ 438,252
Financial liabilities			
Monetary			
USD	9,299	29.98	$ 278,784

Foreign exchange gain and loss (unrealized) towards each foreign currency with significant impact were as follows:

	For the Year Ended December 31			
	2020		2019	
Foreign Currencies	Exchange Rate	Net exchange gain and loss	Exchange Rate	Net exchange gain and loss
USD	28.48（USD:NTD）	($ 8,639)	29.98（USD:NTD）	$ 6,815

31. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

1) Financing provided to others. (None)

2) Endorsements/guarantees provided. (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (None).

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (None)

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)

9) Trading in derivative instruments. (None)

10) Information of investees. (Table 1)

b. Information on investment in mainland China

1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: (Table 2)

2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in mainland China on financial reports: (None).

c. Main Shareholder Information: Name of shareholders with an equity ratio of more than 5%, amount and proportion of shareholding. (Table 3)

ASOLID TECHNOLOGY CO., LTD.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Company Investee	Company Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
				December 31, 2020	December 31, 2019	Shares	%	Carrying Amount			
ASOLID TECHNOLOGY CO., LTD	Advanced Memory Technology Co., Ltd	6F., No. 1-1, Sec. 1, Chongqing N. Rd., Datong Dist., Taipei City	Integrated circuit design	$ 21,860	$ 21,860	2,450	37.12%	$ 378	($ 584)	($ 217)	–
ASOLID TECHNOLOGY CO., LTD	Innostor Technology Corporation	3F.-2, No. 83, Sec. 2, Gongdao 5th Rd., East Dist., Hsinchu City	Integrated circuit design	59,281	59,281	5,928	69.74%	(12,346)	3,651	(11,673)	–
Innostor Technology Corporation	Innostor Technology (Samoa) Limited	Samoa	Investment	2,626 (USD 80)	2,626 (USD 80)	80	100%	(64)	55	55	–

Note: Information on Investment in Mainland China, please refer to TABLE 2

ASOLID TECHNOLOGY CO., LTD.

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR YEAR ENDED DECEMBER 31, 2020
(Amounts in Thousands of New Taiwan Dollars/USD, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020	NOTE
					Outflow	Inflow							
Innostor Technology (Shenzhen) Ltd.	Consumer electronics, services business	$ 2,626 (USD 80)	Indirectly invested through companies registered in a third region	$ 2,626 (USD 80) (Note 2)	$ -	$ -	$ 2,626 (USD 80) (Note 2)	$ 55	69.74%	$ 55	($ 64)	$ -	Subsidiary

Accumulated Investments in Mainland China as of	Investment Amount Authorized by the Investment Commission, MOEA	Limit on Investments(Note 1)
$2,626 (USD80)	$2,626 (USD80)	$591,112

Note 1：In accordance with the Provisions on the Examination of Investment or Technical Cooperation in the Mainland Area as stipulated by the Investment Commission of the Ministry of Economic Affairs.

Note 2：The Company has acquired Innostor Technology Corporation since September 26, 2016, while indirectly holding Innostor Technology (Shenzhen) Ltd.

TABLE 3

ASOLID TECHNOLOGY CO., LTD

INFORMATION ON MAJOR SHAREHOLDER
December 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Kevin Liu	3,811,022	9.68%
KINGSTON TECHNOLOGY CORPORATION	2,868,127	7.28%

Note 1: The above table discloses the information on stockholders with over 5% ownership of ASolid Technology on the last business day as of the end of the reporting period. The percentage of ownership was calculated by the Taiwan Depository & Clearing Corporation (TDCC) based on the number of common stock and preferred stock, including treasury stock, registered by ASolid Technology through the delivering of non-physical securities to TDCC. The number of issued capital stock recorded in the financial statements may be different from the actual number of stock registered by ASolid Technology through the delivering of non-physical securities to TDCC due to the difference in the calculation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

ASOLID TECHNOLOGY CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Cash on hand and Petty cash	$ 1,522
Cash in banks	
Demand deposits	426,518
Foreign currency deposits（Note）	82,659
	$510,699

Note： Including US$2,942 thousand @28.48

ASOLID TECHNOLOGY CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Arising from operating activities and non-related parties	
Client A	$ 42,020
Client B	39,816
Client C	30,308
Client D	23,409
Client E	19,456
Client F	17,183
Client G	14,608
Others (Note)	46,302
	233,102
Less: Loss allowance	(17,325)
Related parties	52,411
	$268,188

Note: The amount of individual clients that are included in others does not exceed 5% of the account balance.

ASOLID TECHNOLOGY CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net Realizable Value（Note）
Raw materials	$137,297	$123,725
Work in progress	12,661	12,661
Finished goods	172,703	281,815
Merchandise	67,473	67,605
	390,134	$485,806
Less: Allowance to reduce inventory to market	(83,774)	
	$306,360	

Note： Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale.

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ASOLID TECHNOLOGY CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

	Balance, January 1, 2020		Additions in Investment		Decrease in Investment		Balance, December 31, 2020			Market Value or Net Assets Value(Note 2)		
Investees	Shares	Amount	Shares	Amount	Shares	Amount(Note 1)	Share	%	Amount	Unit Price	Total Amount	Collateral
Investments account for using equity method												
Advanced Memory Technology Co., Ltd	2,450	$ 595	-	$ -	-	$ 217	2,450	37.12	$ 378	$ 0.15	$ 378	Nil
Innostor Technology Corporation	5,928	(673)	-	-	-	11,673	5,928	69.74	(12,346)	(2.08)	(12,346)	Nil
		($ 78)		-		$ 11,890			($ 11,968)		($ 11,968)	

Note 1：Total amount of decrease in investment $11,890 thousand, including share of losses of subsidiaries and associates of $6,750 thousand、investment losses of $5,139 thousand、exchange differences on translating foreign operations of $1 thousand。
Note 2：It is calculated by the financial statements of the invested company and the proportion of the company's shareholding.

STATEMENT 5

ASOLID TECHNOLOGY CO., LTD.

STATEMENT OF ACCOUNTS PAYABLES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Non-related parties	
Vendor H	$ 43,258
Vendor I	8,424
Vendor J	4,232
Others (Note)	12,665
	$ 68,579

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

STATEMENT 6

ASOLID TECHNOLOGY CO., LTD.

STATEMENT OF NET REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Shipments	Amount
Flash Controller	249,653	$ 838,156
Packaged Controller	3,730	33,647
Others	8	49,248
		$ 921,051

STATEMENT 7

ASOLID TECHNOLOGY CO., LTD.

STATEMENT OF OPERATING COST
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount
Raw materials, beginning of year	$ 128,270
Add: Raw material purchased	345,187
Less; Raw materials, end of year	(114,234)
Others	(1,117)
Raw material used	358,106
Less: Subcontract expenses	61,109
Manufacturing costs	419,215
Add: Work in progress, beginning of year	7,363
Less: Work in progress, end of year	(12,661)
Loss on physical inventory	(1,183)
Cost of finished goods	412,734
Add: Finished goods, beginning of year	149,421
Less: Transferred to operating expenses	(1,789)
Others	(8,419)
Finished goods, end of year	(115,781)
Cost of finished goods	436,166
Merchandise, beginning of year	103,754
Add: Merchandise purchased	24,970
Less: Transferred to Research and development expenses	(61)
Merchandise, end of year	(63,684)
Cost of Merchandise	64,979
Loss on physical inventory	1,183
Others	(37,942)
Total	$ 464,386

ASOLID TECHNOLOGY CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Item	Amount		
	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses
Payroll and related expenses	$ 23,288	$ 24,648	$ 143,020
Bonus expenses	3,900	2,941	34,514
Entertainment expenses	4,131	5,102	1,654
Various Amortization	-	5,759	17,530
Other(Note)	34,503	28,033	90,667
	$ 65,822	$ 66,483	$ 287,385

Note: The amount of each item in others does not exceed 5% of the account balance.

ASOLID TECHNOLOGY CO., LTD.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Classified as Operating Cost	Classified as Operating Expense	Total	Classified as Operating Cost	Classified as Operating Expense	Total
Labor cost						
Salary and bonuses	$ -	$231,511	$231,511	$ -	$231,420	$231,420
Pension	-	10,856	10,856	-	9,813	9,813
Remuneration of directors	-	11,402	11,402	-	11,026	11,026
Board compensation	-	800	800	-	880	880
Employee insurance	-	18,963	18,963	-	18,433	18,433
Total	$ -	$273,532	$273,532	$ -	$271,572	$271,572
Depreciation	$ -	$ 7,661	$ 7,661	$ -	$ 7,432	$ 7,432
Amortization	$ -	$ 23,289	$ 23,289	$ -	$ 25,114	$ 25,114

Note 1: As of December 31, 2020 and 2019, the Company had 264 and 261 employees, respectively, which included 3 non-employee directors for both years.

Note 2: Companies whose stocks are listed on the stock exchange or listed on the stock counter trading center should disclose the following information:

(1) The average employee welfare expense for the current year is 1,045 thousand (“Total employee welfare expenses for the current year-Total directors’ remuneration”/”Number of employees for the current year-Number of directors who are not concurrent employees“). The average employee welfare expense for the previous year is 1,049 thousand (“Total employee welfare expenses for the previous year-Total directors' remuneration“/“Number of employees for the previous year-Number of non-part-time directors“).

(2) The average employee salary expenses for the current year is 887 thousand (the total salary expenses for the current year/“the number of employees in the current year-the number of directors who are not part-time employees“). The average salary of the previous year is 897 thousand (the total salary expenses of the previous year/“the number of employees in the previous year-the number of directors who have not served concurrently as employees“).

(3) Changes in the average employee salary expense adjustment (1.11%) (“Average employee salary expense for the current year-Average employee salary expense for the previous year“/Average employee salary expense for the previous year).

(4) Please describe the Company's pay and compensation policy (including directors, supervisors, managers and employees).

A. The Company's Remuneration Committee is designed to assist the Board in implementing and evaluating the Company's overall compensation and benefits policy, as well as the remuneration of directors and managers. The Pay and Compensation Committee is made up of three independent directors and meets at least twice a year.

B. The Pay and Compensation Committee faithfully performs the following functions and powers with the attention of a good manager and submits the recommendations to the Board for discussion:

a. Establish and regularly review the policies, systems, standards and structure of directors' and managers' performance appraisals and remuneration.

b. Regularly assess and determine the remuneration of directors and managers.

C. In carrying out the aforementioned functions, the Remuneration Commission shall do in accordance with the following principles:

a. The performance appraisal and remuneration of directors and managers shall take into account the usual level of subdivision of the industry and consider the reasonableness of the relationship with personal performance, the company's operating performance and future risks.

b. Directors and managers should not be directed to engage in excess of the company's risk appetite in pursuit of remuneration.

c. The proportion of dividends paid to directors and senior managers for short-term performance and the timing of payment of part of the variable salary remuneration shall be determined taking into account the characteristics of the industry and the nature of the company's business.