Stock Code: 6531

AP Memory Technology Corporation

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

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS'S REPORT

The Board of Directors and Stockholders
AP Memory Technology Corporation

Opinion

We have audited the accompanying parent company only financial statements of AP Memory Technology Corporation (hereinafter referred to as the Corporation), which comprise the parent company only balance sheet ("parent company only balance sheet") as of December 31, 2020 and 2019, and the parent company only statements of comprenehsive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2020 and 2019, and its parent company only financial performance and its parent company only 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 Parent company only 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 judgement, were of the most significance in our audit of the Corporation's parent company only financial statements for the year ended 2020. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of Allowance for Inventory Falling Price Loss

As of December 31, 2020, the carrying amount of the Corporation's inventories was $624,852,000, which is a significant amount that accounts for 16% of the Corporation's total assets. As determining related allowance for inventory falling price loss is subject to management's judgement and the management of physical inventories as described in Note 4 (5) and Note 5 of the Corporation's Parent company only Financial Statements, plus market competition can affect the estimation of the net realizable value of inventory, we considered the allowance for inventory falling price loss as a key audit matter.

Our main audit procedures performed in response to the key audit matter described above were as follows:

1. Understand inventory management related internal control systems and evaluate the design and implementation thereof.
2. Observe the annual inventory count to understand the status of slow-moving and damaged inventory; and further confirm whether to set relative loss of inventory falling price aside.
3. A test is carried out with the "Inventory Aging Report" and "Net Realizable Value of Inventories Report" used for the assessment. The test includes the verification of the report integrity and net realizable value; and recalculations for verifying the accuracy of related reports. In the meantime, a retrospective test is also carried out based on impairment loss incurred in the previous fiscal year and whether such loss will incur in the following years.

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

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the 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 audit committee, are responsible for overseeing the Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or

error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Corporation audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Corporation's parent company only financial statements for the year ended 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.

Deloitte & Touche Taipei, Taiwan

CPA Chiu Cheng-chun CPA Wu Shih-tsung

Date: March 12, 2021

AP Memory Technology Corporation

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets				
1100	Cash (Notes 4 and 6)	$ 225,802	6	$ 217,164	7
1110	Valuation gain on financial assets at fair value through profit or loss - Current (Notes 4 and 7)	180,197	5	30,003	1
1136	Financial assets at amortized cost - Current (Notes 4, 8 and 29)	2,744	-	2,720	-
1170	Accounts receivable (Notes 4, 9 and 20)	556,225	15	452,060	14
1180	Accounts receivable from related parties (Notes 4, 9 and 28)	200,474	5	176,638	6
1220	Current tax assets	14,836	-	-	-
1200	Other receivables (Notes 4, 9 and 28)	401,081	10	53,310	2
1310	Inventories (Notes 4, 5 and 10)	624,862	16	975,852	31
1470	Other current assets (Note 15)	1,009	-	10,886	-
11XX	Total current assets	2,207,230	57	1,918,633	61
	Non-current assets				
1510	Valuation gain on financial assets at fair value through profit or loss- Non-current (Notes 4 and 7)	68,016	2	45,179	2
1550	Investments accounted for using equity method (Notes 4 and 11)	1,103,817	29	739,136	24
1600	Property, plant and equipment (Notes 4 and 12)	5,723	-	9,816	-
1755	Right-of-use assets (Notes 4 and 13)	40,955	1	9,542	-
1821	Other intangible assets (Notes 4 and 14)	13,973	-	28,858	1
1840	Deferred income tax assets (Notes 4 and 22)	78,811	2	74,075	2
1915	Prepayments for business facilities	1,869	-	2,250	-
1920	Refundable deposits (Note 17)	208,194	6	203,433	7
1990	Other non-current assets (Note 15)	122,764	3	103,221	3
15XX	Total non-current assets	1,644,122	43	1,215,510	39
1XXX	Total assets	$ 3,851,352	100	$ 3,134,143	100
Code	Liabilities and equity				
	Current liabilities				
2100	Short-term loans (Note 16)	$ 85,140	2	$ 200,000	7
2170	Accounts payable from non-related parties	228,188	6	243,722	8
2180	Accounts payable from related parties (Note 28)	-	-	166,474	5
2200	Other payables (Note 17)	305,268	8	133,797	4
2220	Other payables from related parties (Note 28)	15,843	1	16,566	1
2230	Current tax liabilities	71,602	2	-	-
2280	Lease liabilities－Current (Notes 4 and 13)	15,696	-	5,434	-
2300	Other current liabilities (Notes 17 and 20)	1,726	-	3,101	-
21XX	Total current liabilities	723,463	19	769,094	25
	Non-current liabilities				
2580	Lease liabilities - Non-current (Notes 4 and 13)	24,686	-	4,126	-
2570	Deferred tax liabilities(Notes 4 and 22)	233	-	3,602	-
2612	Long-term payables(Note 17)	-	-	194,764	6
25XX	Total non-current liabilities	24,919	-	202,492	6
2XXX	Total liabilities	748,382	19	971,586	31
	Equity (Notes 4, 19 and 24)				
	Share capital				
3110	Ordinary share	742,316	19	738,535	23
3140	Advance receipts for ordinary share	532	-	-	-
3100	Total shares	742,848	19	738,535	23
3200	Capital surplus	1,020,722	27	838,388	27
	Retained earnings				
3310	Legal reserve	282,992	8	282,992	9
3320	Special reserve	4,576	-	3,225	-
3350	Unappropriated retained earnings	1,053,036	27	316,359	10
3300	Total retained earnings	1,340,604	35	602,576	19
	Other equity interest				
3410	Exchange differences on translation of foreign financial statements	10,042	-	(4,576)	-
3490	Unearned compensation cost	-	-	(1,120)	-
3400	Total other equity interest	10,042	-	(5,696)	-
3500	Treasury shares	(11,246)	-	(11,246)	-
3XXX	Total equity	3,102,970	81	2,162,557	69
	Total liabilities and equity	$ 3,851,352	100	$ 3,134,143	100

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

AP Memory Technology Corporation

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars, except earning/ deficit per share)

Code		2020 Amount	2020 %	2019 Amount	2019 %
4100	Operating revenue (Notes 4, 20 and 28)	$ 3,535,263	100	$ 3,294,736	100
5110	Operating costs (Notes 10, 21 and 28)	2,549,684	72	3,000,251	91
5900	Gross profit	985,579	28	294,485	9
	Operating expense (Notes 4, 21, 24 and 28)				
6100	Selling expense	69,721	2	64,528	2
6200	Administrative expense	85,305	3	63,450	2
6300	Research and development expense	294,269	8	291,626	9
6400	Expected credit loss	2,086	-	-	-
6000	Total operating expense	451,381	13	419,604	13
6900	Net operating income (loss)	534,198	15	(125,119)	(4)
	Non-operating income and expense				
7070	Share of profit of subsidiaries and associates accounted for using equity method (Notes 4 and 11)	326,833	9	27,337	1
7100	Interest income (Note 4)	2,038	-	2,171	-
7190	Interest income (Notes 4, 21 and 28)	25,212	1	24,002	1
7225	Net loss on disposals of investments (Notes 7 and 25)	(5,078)	-	-	-
7230	Net foreign exchange loss (Notes 4, 21 and 30)	(44,017)	(1)	(8,708)	-

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Code		2020 Amount	2020 %	2019 Amount	2019 %
7235	Net gains on financial assets at fair value through profit or loss (Note 4)	38,050	1	57	-
7020	Other loss (Note 17)	$ -	-	($ 342,309)	(11)
7510	Interest expense	(1,727)	-	(3,523)	-
7610	Loss on disposals of property, plant and equipment	(142)	-	-	-
7000	Total non-operating income and expense	341,169	10	(300,973)	(9)
7900	Income before tax	875,367	25	(426,092)	(13)
7950	Income tax expense recognized in profit or loss (Notes 4 and 22)	(63,657)	(2)	31,027	1
8200	Net profit (loss) for the year	811,710	23	(395,065)	(12)
	Other comprehensive income (Notes 4 and 19)				
8360	Items that may be reclassified subsequently to profit or loss::				
8361	Exchange differences on translating the financial statements of foreign operations	(1,832)	-	(1,977)	-
8380	Share of the other comprehensive income of subsidiaries accounted for using equity method	12,857	-	626	-
		11,025	-	(1,351)	-
8300	Other comprehensive income for the year (net of income tax)	11,025	-	(1,351)	-
8500	Total comprehensive income for the year	$ 822,735	23	($ 396,416)	(12)
	Earnings (losses) per share (Note 23)				
9750	Basic	$ 11.00		($ 5.33)	
9850	Diluted	$ 10.84		($ 5.33)	

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

AP Memory Technology Corporation

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

		Ordinary share (Notes 4, 19 and 24)				Capital surplus (Notes 4, 19	Retained earnings (Notes 4 and 19)				Other equity (Notes 4, 19 and 24)				
Code		Number of shares (in thousands)	Amount	Advance receipts for ordinary share	Total shares	and 24)	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translating the financial statements of foreign operations	Unearned compensation cost	Total	Treasury shares (Notes 4 and 19)	Total equity
A1	Balance at January 1, 2019	75,280	$ 752,805	$ -	$ 752,805	$ 851,282	$ 271,445	$ 5,594	$ 781,918	$ 1,058,957	($ 3,225)	($ 10,102)	($ 13,327)	($ 11,246)	$ 2,638,471
	Appropriation and distribution of earnings for the year 2018														
B1	Legal reserve	-	-	-	-	-	11,547	-	(11,547)	-	-	-	-	-	-
B3	Special reserve	-	-	-	-	-	-	(2,369)	2,369	-	-	-	-	-	-
B5	Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	(37,539)	(37,539)	-	-	-	-	(37,539)
T1	Compensation cost for employee share options	-	-	-	-	3,172	-	-	-	-	-	-	-	-	3,172
D1	Net profit for the year 2019	-	-	-	-	-	-	-	(395,065)	(395,065)	-	-	-	-	(395,065)
D3	Other comprehensive income after tax for the year 2019	-	-	-	-	-	-	-	-	-	(1,351)	-	(1,351)	-	(1,351)
D5	Total comprehensive income for the year 2019	-	-	-	-	-	-	-	(395,065)	(395,065)	(1,351)	-	(1,351)	-	(396,416)
N1	Issuance of ordinary shares under the employee share option plan	79	790	-	790	903	-	-	-	-	-	-	-	-	1,693
T1	Retirement of restricted stock awards (RSAs)	(6)	(60)	-	(60)	(421)	-	-	-	-	-	120	120	-	(361)
N1	Issuance of restricted stock awards (RSAs) by the Corporation	-	-	-	-	-	-	-	-	-	-	8,862	8,862	-	8,862
L1	Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	(55,325)	(55,325)
L3	Retirement of treasury shares	(1,500)	(15,000)	-	(15,000)	(16,548)	-	-	(23,777)	(23,777)	-	-	-	55,325	-
Z1	Balance at December 31, 2019	73,853	738,535	-	738,535	838,388	282,992	3,225	316,359	602,576	(4,576)	(1,120)	(5,696)	(11,246)	2,162,557
	Appropriation and distribution of earnings for the year 2019														
B3	Special reserve	-	-	-	-	-	-	1,351	(1,351)	-	-	-	-	-	-
B5	Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	(73,682)	(73,682)	-	-	-	-	(73,682)
T1	Compensation cost for employee share options	-	-	-	-	10,365	-	-	-	-	-	-	-	-	10,365
D1	Net profit for the year 2020	-	-	-	-	-	-	-	811,710	811,710	-	-	-	-	811,710
D3	Other comprehensive income after tax for the year 2020	-	-	-	-	-	-	-	-	-	11,025	-	11,025	-	11,025
D5	Total comprehensive income for the year 2020	-	-	-	-	-	-	-	811,710	811,710	11,025	-	11,025	-	822,735
M5	Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	-	-	153,042	-	-	-	-	3,593	-	3,593	-	156,635
M7	Changes in ownership interests in subsidiaries	-	-	-	-	401	-	-	-	-	-	-	-	-	401
N1	Issuance of ordinary shares under the employee share option plan	378	3,781	532	4,313	18,526	-	-	-	-	-	-	-	-	22,839
N1	Issuance of restricted stock awards (RSA) by the Corporation	-	-	-	-	-	-	-	-	-	-	1,120	1,120	-	1,120
Z1	Balance at December 31, 2020	74,231	$ 742,316	$ 532	$ 742,848	$ 1,020,722	$ 282,992	$ 4,576	$ 1,053,036	$ 1,340,604	$ 10,042	$ -	$ 10,042	($ 11,246)	$ 3,102,970

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

AP Memory Technology Corporation

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars)

Code		2020	2019
	Cash flow from operating activities		
A10000	Income before tax for the year	$ 875,367	($ 426,092)
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	13,814	37,815
A20200	Amortization expense	16,403	15,482
A20300	Expected credit loss	2,086	-
A20400	Valuation gain on financial assets at fair value through profit or loss	(38,050)	(3)
A20900	Interest expense	1,727	3,523
A21200	Interest income	(2,038)	(2,171)
A21300	Dividend income	(155)	-
A21900	Cost of share-based payment	11,917	10,167
A22300	Share of profit (loss) of subsidiaries and associates accounted for using equity method	(326,833)	(27,337)
A22500	Loss on disposal and scrap of property, plant and equipment	142	-
A29900	Loss on disposal of subsidiaries accounted for using equity method	5,539	-
A23200	Gains on disposal of associates accounted for using equity method	(461)	-
A23700	Loss of inventory falling price and slow-moving inventory	26,333	2,209
A23900	Reversal of (reserve for) unrealized loss on transaction with associates	9,728	(9,728)
A24100	Unrealized foreign exchange loss	24,645	1,921
A29900	Reserve for customer complaint loss	-	342,309
A30000	Changes in operating assets and liabilities		
A31115	Decrease (increase) in financial assets mandatorily measured at fair value through profit or loss	(134,192)	(75,179)
A31150	Accounts receivable	(516,817)	(53,855)
A31180	Other receivables	(1,374)	(20,951)
A31200	Inventories	324,657	603,445
A31230	Prepayment	(7,847)	101,727
A31240	Other current assets	431	804
A31990	Refundable deposits	-	(200,000)
A32150	Accounts payable	(180,946)	(490,920)

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Code		2020	2019
A32180	Other payables	(24,147)	(113,043)
A32230	Other current liabilities	(1,375)	(13,761)
A33000	Cash inflow (outflow) generated from operations	78,554	(313,638)
A33100	Interest received	2,014	2,171
A33200	Dividend received	155	-
A33300	Interest paid	(1,806)	(3,318)
A33500	Income taxes paid	(160)	(15,553)
AAAA	Net cash inflow (outflow) generated from operating activities	78,757	(330,338)
	Cash flows from investing activities		
B02300	Proceeds from disposal of subsidiaries	6,946	-
B01800	Acquisition of investment accounted for using equity method	(500)	-
B00600	Acquisition of financial assets at amortized cost	-	(25)
B02700	Purchase of property, plant and equipment	(3,107)	(3,688)
B03700	Decrease (increase) in refundable deposits	(4,761)	1,307
B04500	Acquisition of intangible assets	(1,518)	(10,824)
B07100	Increase in prepayments for business facilities	(1,869)	-
B07600	Dividends received from associates and subsidiaries	107,740	122,108
BBBB	Net cash flows from investing activities	102,931	108,878
	Cash flows from financing activities		
C00200	Decrease in short-term loans	(114,860)	(100,000)
C04020	Payment of lease liabilities	(7,347)	(11,280)
C04500	Cash dividend paid	(73,682)	(37,539)
C04800	Exercise of employee share options	22,839	1,693
C04900	Payments to acquire or redeem entity's shares	-	(55,325)
C05400	Acquisition of ownership interests in subsidiaries (Note 11)	-	(7,685)
C05500	Disposal of ownership interests in subsidiaries	-	279,533
CCCC	Net cash flows from (used in) financing activities	(173,050)	69,397
EEEE	Net increase (decrease) in cash	8,638	(152,063)
E00100	Cash at the beginning of the year	217,164	369,227
E00200	Cash at the end of the year	$ 225,802	$ 217,164

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

AP Memory Technology Corporation

Notes to the Parent company only financial statements

For the years ended December 31, 2020 and 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. General Information

AP Memory Technology Corporation (hereinafter referred to as "the Corporation") was incorporated on August 4, 2011, upon approval of the Ministry of Economic Affairs. The Corporation mainly engages in the research, development, production and sale of various integrated circuit (IC) products; and provides technical services related to the product design, research and development.

Upon approval of Taipei Exchange (TPEx) in June 2015, the Corporation started trading on TPEx's Emerging Stock Board; and then trading on Taiwan Stock Exchange (TWSE) on May 31, 2016.

The parent company only financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

2. Approval of Financial Statements

The individual financial statements were approved by the Corporation's board of directors on March 12, 2021.

3. Application of New Amended and Revised Standards and Interpretation

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

Whenever applied, the initial applications of the amendments to IFRSs endorsed by FSC would not have any material impact on the Corporation's accounting policy.

b. Applicable IFRSs endorsed by FSC

Newly released, amended or revised standards and interpretations	Effective date issued by IASB
Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)	Effective on the date of promulgation
Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS)	Effective for annual reporting periods beginning on or after January 1, 2022
Covid-19-Related Rent Concessions (Amendment to IFRS 16)	Effective for annual reporting periods beginning on or after June 1, 2022

According to the Corporation's evaluation, amendments to the above standards and interpretations would not cause significant changes to the Corporation's accounting policies.

c. IFRSs that have been issued by International Accounting Standards Board (IASB) without being endorsed and issued into effect by FSC

Newly released, amended or revised standards and interpretations	Effective date issued by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendment to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendment to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Undefined
"Insurance Contract" of IFRS 17	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IAS 1 "Classifying liabilities as current or non-current"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendment to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendment to IAS 16 "Property, plant and equipment Proceeds before intended use"	January 1, 2022 (Note 4)
Amendment to IAS 37 "Onerous Contracts — Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Except for separate notes, the above newly released, amended or revised standards or interpretations shall become effective for annual reporting periods beginning on or after the specified dates.

Note 2: Amendments to IFRS 9 are applicable to exchanges or modified terms of financial liabilities incurred during annual reporting period beginning on or after January 1, 2022; amendments to "IAS 41 Agriculture" are applicable to fair value measurements incurred during annual reporting period beginning on or after January 1, 2022; and amendments to "First-time adoption of International Financial Reporting Standards (IFRS)" are applied retrospectively during annual reporting period beginning on or after January 1, 2022.

Note 3: The Corporation shall apply the amendment 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.

Note 4: The Corporation shall apply the amendment retrospectively only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the first annual reporting period beginning on or after January 1, 2021.

Note 5: The Corporation shall apply the amendment to contracts for which the Corporation has not yet fulfilled all its obligations at the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 6: The effective date of the amendment shall be delayed to annual reporting periods beginning on or after January 1, 2023.

Note 7: The Corporation shall apply the amendment to changes in accounting estimates and accounting policy at the beginning of the annual reporting period beginning on or after January 1, 2023.

As of the issue date of the parent company only financial statements, the Corporation still continuously evaluate the impact of the aforesaid standard and interpretation amendments to the Corporation's financial position and financial performance. Relevant effects will be exposed upon completion of the evaluation.

4. Summary of Significant Accounting Policies

a. Statement of compliance

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

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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 these parent company only financial statements, the Corporation used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit (loss) for the year, other comprehensive income for the year and total equity in these parent company only financial statements to be the same with the amounts attributable to the Corporation's consolidated financial statements, adjustments arising from the differences in accounting treatments between the individual basis and consolidated basis were made to "investments accounted for using equity method", "the share of profit or loss of subsidiaries and associates", "the share of other comprehensive income of subsidiaries and associates" and the related equity items, as appropriate, in the parent company 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.

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

d. Foreign currencies

In preparing the Corporation's parent company only financial statements, transactions in currencies other than the Corporation's functional currency (i.e. 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 measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are retranslated using the exchange rate at the date of the transaction.

For the purpose of presenting parent company only financial statements, the functional currencies of the Corporation and foreign operations (including the Corporation's subsidiaries that are located in a different country or use different currency) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

For the disposal of the Corporation's foreign ownership interests, the currency translation differences accumulated in equity will be reclassified to profit or loss.

e. Inventories

Inventories consist of raw materials, supplies, work-in-process and finished goods. 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. 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 calculated using the weighted average method.

f. Investments in subsidiaries

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

A subsidiary is an entity that is controlled by the Corporation.

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

Changes in the Corporation's ownership interest in subsidiary that do not result in the Corporation losing control of the subsidiary are equity transactions. The Corporation 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 Corporation's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further losses.

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

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

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements.

g. Investment in associates

An associate is an entity over which the Corporation has significant influence and which is neither a subsidiary.

The Corporation uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the Corporation's share of the equity of associates attributable to the Corporation.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate 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 Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Corporation shall cease the use of equity method from the date that significant influence or joint control ceases; and the ownership interests retained thereby in associates and joint ventures shall be measured at fair value. Any difference between the fair value, sales proceeds and the carrying amount of the investment on the date when the equity method ceases shall be recognized in profit or loss in the period.

When the Corporation transacts with its associate, profits and losses resulting from the transactions with the associate are recognized only in the parent company only financial statements only to the extent of interests in the associate that are not related to the Corporation.

h. Property, plant and equipment

Property, plant and equipment are 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 method are reviewed at the end of each reporting period, with the effects of any changes in the 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.

i. Intangible assets

1) Intangible assets 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. 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 estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

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.

j. Impairment of property, plant, equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant, equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. 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. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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 corresponding asset or cash-generating unit 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 for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized in parent company only balance sheet 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 categories

Financial assets possessed by the Corporation are classified into financial assets at fair value through profit or loss (FVTPL) and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include equity instrument investments that the Corporation has not specified to be Measured at FVTPL through other comprehensive income and investments in debt instruments that do not meet the amortized cost criteria or the fair value through other comprehensive income (FVTOCI) criteria.

Financial assets at FVTPL are subsequently measured at fair value, with dividends, interest and any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash, debt investments at amortized cost, accounts receivable (including those from related parties), other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

A financial asset is credit-impaired when the issuer or debtor suffers from a major financial difficulty; contract violation takes place; the debtor can possibly file for bankruptcy or financial organization; or the active market of financial assets disappears due to financial difficulty.

b) Impairment of financial assets

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

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

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

If the Corporation, oriented to the objective of internal credit risk management, determines that the debtor is incapable to pay off debts based on internal or external information without considering its possessed collaterals, it indicates that the financial asset has defaulted.

The Corporation recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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 in its entirety, the difference between the asset's carrying amount and the sum of the consideration received is recognized in profit or loss.

2) Equity instruments

Liability and equity instruments issued by the Corporation are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definition of financial liability and equity instruments.

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

The repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gin or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

l. Revenue recognition

The Corporation identifies contracts with 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 sales of integrated circuit (IC) products. Revenue and receivables from the sale of goods are recognized when trade terms are fulfilled 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 to sales to future customers and bears the risk of obsolescence.

The Corporation does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from providing design and R&D services in accordance with customer contract specifications and are recognized depending on the fulfillment of performance criteria.

m. Leases

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

The Corporation as lessee

Except for short-term leases and low-value asset leases which are recognized as expense on straight-line basis over the lease terms, the Corporation recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date. Subsequently, the right-of-use assets are measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in parent company only balance sheet.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprises fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If implicit rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in parent company only balance sheet.

n. 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 service.

2) Retirement benefits

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

o. Share-based payment arrangements

1) Equity-settled employee share options offered to employees

The fair value at the grant date of the employee share options is expensed on the straight-line basis over the vesting period, based on the Corporation's best estimates of the number of options or options that are expected to ultimately vest, with a corresponding adjustment to capital surplus – employee share options or other equity

(unearned compensation cost). 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 and RSAs expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that cumulative expense reflect the revised estimate, with a corresponding adjustment to capital surplus – employee share options or capital surplus - RSAs.

2) Equity-settled employee share options offered to subsidiaries' employees

The fair value at the grant date of the equity-settled employee share options, which is deemed as the Corporation's investment in subsidiaries, is recognized as an increase in the carrying amount of investment in subsidiaries over the vesting period with a corresponding adjustment to capital surplus – employee share options.

p. Income taxes

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

1) Current tax

The laws of the Republic of China are adopted to conclude the Corporation's current income, on which the payable (recoverable) income tax is then calculated based.

According to the Republic of China Income Tax Law, an additional tax of unappropriated earnings is recognized in current tax in the year of approval by the shareholders' meeting resolution.

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 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 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 and interests 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 asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow 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 period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the 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 taxes for the year

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 taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

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

The 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.

Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and disposal. The estimation of net realizable value is based on current market conditions and historical experience with product sale 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	$ 30	$ 30
Demand deposits	225,772	217,134
	$ 225,802	$ 217,164

The interest rate intervals of the time deposits at the end of the reporting period were as follows:

	December 31, 2020	December 31, 2019
Bank deposit	0.001%-0.05%	0.01%-0.38%

7. Financial Instruments at FVTPL

	December 31, 2020	December 31, 2019
Financial Assets－ Current		
Non-derivative financial assets		
－Trust fund beneficiary certificates	$ 180,197	$ 30,003
Financial assets - Non-current		
Non-derivative financial assets		
－Domestic and foreign unlisted (non-OTC) stocks		
Haining Changmeng Tachnology Partnership Enterprise (Limited Partnership) (a)	$ 27,243	$ 30,029
Powerchip Semiconductor Manufacturing Corp.(b)	39,984	15,150
GeneASIC Technologies Corporation(c)	789	-
	$ 68,016	$ 45,179

a. The Corporation signed an investment agreement with Haining Changmeng Tachnology Partnership Enterprise (Limited Partnership) (hereinafter referred to as Haining Changmeng) in August 2019. With a total investment of RMB6,900 thousand (24.64%), the Corporation does not have the ability to influence relevant activities and therefore does not have relevant significant influence.

b. The Corporation acquired 1,500 thousand ordinary shares of Powerchip Semiconductor Manufacturing Corp. (hereinafter referred to as Powerchip), counting 0.048% of Powerchip's issued shares, in August 2019 at the price of $15,150 thousand. Later in June 2020, the Corporation sold 700,000 shares at $15,775 thousand, produced realized benefits of 8,705 thousand. As of December 31, 2020, the Corporation possesses 0.026% of Powerchip's issued shares.

c. In August 2020, the Corporation acquired 50 thousand ordinary shares of GeneASIC Technologies Corporation (hereinafter referred to as GeneASIC) with a in August 2020 at the price of $500 thousand. The shareholding ratio thereof is 20% and this investment is listed as investments accounted for using equity method. Nevertheless, as the Corporation failed to participate in GeneASIC's seasoned equity offering (SEO) in December 2020, its

shareholding ratio therefore dropped to 19.05%. As such change has affected the Corporation's significant influence over GeneASIC, investments to GeneASICs are measured at fair value and are recognized as financial assets at fair value through profit or loss. The difference with the carrying value is $461 thousand, which is recognized as gains on disposal of fixed assets.

8. Financial Assets at Amortized Cost

	December 31, 2020	December 31, 2019
Current		
Domestic investments		
Time deposits with the original maturity of more than 3 months.	$ 2,744	$ 2,720

Please refer to Note 29 for information relating to investments

9. Accounts Receivable and Other Receivables

	December 31, 2020	December 31, 2019
Accounts receivable (1)		
Measured at amortized cost		
Gross carrying amount	$ 558,311	$ 452,060
Less: Allowance for impairment loss	(2,086)	-
	$ 556,225	$ 452,060
Accounts receivable from related parties (a)		
Measured at amortized cost	$ 200,474	$ 176,638

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	December 31, 2020	December 31, 2019
Other receivables (b)		
Loans receivable		
Fixed interest rate	$ 381,523	$ -
Tax refund receivable	19,198	47,010
Management fee receivable	-	6,300
Others	360	-
	$ 401,081	$ 53,310

a. Accounts receivable

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

The Corporation measures the impairment loss allowance for accounts receivable at an amount equal to lifetime expected credit losses (ECLs). The ECLs on accounts receivable are estimated by reference to the past default experience of the debtor and an analysis of the 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 forecast direction of economic conditions at the reporting date. As the Corporation's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for impairment loss allowance based on past due status is not further distinguished according to the Corporation's different customer base.

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

The following table details the impairment loss allowance of accounts receivable based on the Corporation's assessment.

December 31, 2020

	Not past due	Due in 1 – 30 days	Due in 31 – 60 days	Due in 61 – 90 days	Due in 91 – 180 days	Due in 181 – 360 days	Due in more than 360 days	Total
Gross carrying amount	$ 681,610	$ 39,298	$ 35,075	$ -	$ 2,802	$ -	$ -	$ 758,785
Impairment loss allowance (lifetime ECL)	-	-	-	-	(2,086)	-	-	(2,086)
Amortized cost	$ 681,610	$ 39,298	$ 35,075	$ -	$ 716	$ -	$ -	$ 756,699

December 31, 2019

	Not past due	Due in 1 – 30 days	Due in 31 – 60 days	Due in 61 – 90 days	Due in 91 – 180 days	Due in 181 – 360 days	Due in more than 360 days	Total
Gross carrying amount	$ 566,242	$ 33,635	$ 24,265	$ 4,556	$ -	$ -	$ -	$ 628,698
Impairment loss allowance (lifetime ECL)	-	-	-	-	-	-	-	-
Amortized cost	$ 566,242	$ 33,635	$ 26,265	$ 4,556	$ -	$ -	$ -	$ 628,698

The movements in the impairment loss allowance of accounts receivable are as follows (Year 2019: None) :

	2020
Balance at the beginning of the year	$ -
Add: Impairment loss recognized for the year	2,086
Cash at the end of the year	$ 2,086

b. Other receivables－Loans receivable

The interest rate exposure and contract expiry date of the Corporation's fixed-rate loans receivable are as follows (December 31, 2019: None) :

	December 31, 2020
Fixed-rate loans receivable	
No more than 1 year	$ 381,523

The Corporation's contractual interest rate on loans receivable is 0.37%. For more information, please refer to "Financing Provided to Others" in Appendix 1.

10. Inventories

	December 31, 2020	December 31, 2019
Finished goods	$ 156,371	$ 329,048
Work-in-process goods	263,186	309,790
Raw materials	205,305	337,014
	$ 624,862	$ 975,852

The costs of inventories recognized as cost of goods sold for the year ended December 31, 2020 and 2019 were $2,549,684 thousand and $3,000,251 thousand, respectively.

The costs of goods sold, including loss on disposal and scrap of property, plant and equipment, for the year ended December 31, 2020 and 2019 were $26,333 thousand and $2,209 thousand, respectively.

11. Investments Accounted for Using Equity Method

	December 31, 2020	December 31, 2019
Investments in subsidiaries	$ 1,023,912	$ 656,611
Investments in associates	79,905	82,525
	$ 1,103,817	$ 739,136

a. Investments in subsidiaries

	December 31, 2020	December 31, 2019
AP Memory Corp, USA (hereinafter referred to as "AP-USA")	$ 43,245	$ 46,133
AP MEMORY HOLDING Co., Ltd. (hereinafter referred to as "AP-HOLDING")	-	13,707
Zentel Electronics Corp. (hereinafter referred to as "Zentel Electronics")	955,794	580,050
AP Memory Technology (Hangzhou) Limited Co. (hereinafter referred to as "AP Hangzhou")	24,873	16,721
AP Memory Japan G.K. (hereinafter referred to as "AP Japan")	-	-
	$ 1,023,912	$ 656,611

	Proportion of ownership interests and voting rights	
	December 31, 2020	December 31, 2019
AP-USA	100%	100%
AP-HOLDING	-	100%
Zentel Electronics	100%	100%
AP Hangzhou	100%	100%
AP Japan	-	-

Please refer to Note 31 and Appendixes 6 and 7 for the Corporation's indirectly held investments in subsidiaries.

1) Established in State of Oregon of the United States in February 2012, AP-USA mainly engages in the research and development of integrated circuits (ICs). As of March 12, 2021, the Corporation already contributed US$2,000 thousand of capital thereto.

2) To cope with the growth and operational deployment planning of reinvested enterprises, the Corporation established a subsidiary – "AP-HOLDING" – in the Republic of Seychelles in April 2015. Through the reinvestments of AP-HOLDING, the Corporation then established AP Beijing. AP-HOLDING mainly engages in investments related affairs.

   In the consideration of operational adjustments, the Corporation reached a decision on March 2, 2020 to sell the full equity ownership of AP-Holding; and, on March 20, the AP-Holding was settled at US$230 thousand. Please refer to Note 25 for more information.

3) To integrate all resources and optimize the synergy of economies of scale, the Corporation's board of directors reached a decision on September 2, 2016 to publicly purchase the ordinary shares of Zentel Electronics. As of the expiry date of the

acquisition period, the Corporation totally purchased 55.24% of the equity in Zentel Electronics at the price of $544,291 thousand. Later on June 19, 2017, the Corporation then, upon resolution of the board of directors, acquire the remaining equity of Zentel Electronics (counting 44.76%) at the price of $441,050 thousand via cash consideration in accordance with Business Mergers And Acquisitions Act. Up until now, the Corporation already purchased the full equity of Zentel Electronics. Zentel Electronics engages in the design, development and sale of ICs. To plan the operations and enhance the capital use efficiency of Zentel Electronics, the Corporation reached a decision to reduce the capitalization by 41.14% and return the share money of $279,533 thousand. The record date for revere split was August 9, 2019 and the said amendment has been registered. As of March 12, 2021, Zentel Electronics' paid-in capital is $400,000 thousand.

4) Established in Hangzhou in December 2017, AP Hangzhou mainly engages in the design, development and sale of ICs. In 2019, the Corporation contributed US$250 thousand of capital thereto. As of March 12, 2021, AP Hangzhou's paid-in capital is amounted US$1,000 thousand.

5) AP Japan was established in September 2019 in Japan to promote the sale of ICs. In the consideration of operational adjustments, the Corporation reached a decision on the dissolution of AP Japan on September 18, 2020 and completed the amendment registration on November 2, 2020.

The income and share of other comprehensive income of subsidiaries accounted for using equity and the share are recognized based on subsidiaries' parent company only financial statements that are audited by CPA and of the same reporting period, respectively.

b. Investments in associates

	December 31, 2020	December 31, 2019
Individually insignificant associates		
Lyontek Inc. (hereinafter referred to as "Lyontek")	$ 79,905	$ 82,525

Information related to Corporation's associates are summarized as follows:

	2020	2019
Shares held by the Corporation		
Net profit for the year	$ 4,948	$ 8,605
Total comprehensive income	$ 4,948	$ 8,605

The Corporation owns 30% of Lyontek's share. The goodwill of $2,610 thousand arose from the investment in Lyontek is recognized as the cost of investments in associates.

In August 2020, the Corporation acquired 500 thousand shares of GeneASIC at the price of NT$500 thousand in August 2020. The said investment was originally recognized as investments accounted for using equity method; and was changed to financial assets at fair value through profit or loss in December 2020. Please refer to Note 7 (3) for more information.

12. Property, Plant and Equipment

	Machinery and equipment	Computer and communications equipment	Office equipment	Leasehold improvement	Total
Cost					
Balance at January 1, 2020	$ 66,618	$ 7,809	$ 2,510	$ 4,494	$ 81,431
Addition	1,977	-	10	1,120	3,107
Disposal	-	(885)	(400)	(239)	(1,524)
Balance at December 31, 2020	68,595	6,924	2,120	5,375	83,014
Accumulated depreciation					
Balance at January 1, 2020	61,807	5,036	1,813	2,959	71,615
Depreciation expense	3,276	1,777	547	1,458	7,058
Disposal	-	(818)	(336)	(228)	(1,382)
Balance at December 31, 2020	65,083	5,995	2,024	4,189	77,291
Carrying amounts at December 31, 2020	$ 3,512	$ 929	$ 96	$ 1,186	$ 5,723
Cost					
Balance at January 1, 2019	$ 63,727	$ 7,489	$ 2,510	$ 4,017	$ 77,743
Addition	2,891	320	-	477	3,688
Balance at December 31, 2019	66,618	7,809	2,510	4,494	81,431
Accumulated depreciation					
Balance at January 1, 2019	40,283	2,154	952	1,585	44,974
Depreciation expense	21,524	2,882	861	1,374	26,641
Balance at December 31, 2019	61,807	5,036	1,813	2,959	71,615
Carrying amounts at December 31, 2019	$ 4,811	$ 2,773	$ 697	$ 1,535	$ 9,816

Depreciation expense is calculated on a straight-line basis over the estimated useful lives as follows:

Machinery and equipment	3 to 5 years
Computer and communications equipment	3 years
Office equipment	3 years
Leasehold improvement	3 years

13. Lease Agreements

a. Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amounts of right-of-use assets		
Building	$ 7,338	$ 9,542
Machinery and equipment	33,617	-
	$ 40,955	$ 9,542

	2020	2019
Increase of the right-of-use assets	$ 38,169	$ 9,807
Depreciation expense of the right-of-use asset		
Building	$ 5,597	$ 11,174
Machinery and equipment	1,159	-
	$ 6,756	$ 11,174

b. Lease liabilities

	December 31, 2020	December 31, 2019
Carry amounts of lease liabilities		
Current	$ 15,696	$ 5,434
Non-current	$ 24,686	$ 4,126

The discount rate intervals of lease liabilities are as follows:

	December 31, 2020	December 31, 2019
Building	1.68%	1.68%~1.98%
Machinery and equipment	1.8%	-

c. Other lease information

	2020	2019
Expense relating to short-term leases	$ 2,538	$ 3,057
Total cash (outflow) for leases	($ 10,100)	($ 14,337)

By adopting the exemption offered for short-term leases (office and parking lots), the Corporation shall not recognize related right-of-use assets and lease liabilities therefor.

14. Other Intangible Assets

	Computer software
Cost	
Balance at January 1, 2020	$ 47,082
Separate acquisition	1,518
Balance at December 31, 2020	48,600
Accumulated amortization	
Balance at January 1, 2020	18,224
Amortization expense	16,403
Balance at December 31, 2020	34,627
Carrying amounts at December 31, 2020	$ 13,973

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	Computer software
Cost	
Balance at January 1, 2019	$ 35,194
Separate acquisition	10,824
Internal transfer	1,064
Balance at December 31, 2019	47,082
Accumulated amortization	
Balance at January 1, 2019	2,742
Amortization expense	15,482
Balance at December 31, 2019	18,224
Carrying amounts at December 31, 2019	$ 28,858

Amortization expense is calculated on a straight-line bases over the estimated useful lives as follows:

Computer software	3 years

15. Other Assets

	December 31, 2020	December 31, 2019
Current		
Excess business tax paid	$ -	$ 9,251
Others	1,009	1,635
	$ 1,009	$ 10,886
Non-current		
Masks and probe cards	$ 122,764	$ 103,221

16. Loans

Short-term loans

	December 31, 2020	December 31, 2019
Unsecured loan		
Line of credit loan	$ 85,140	$ 200,000

The interest charged under the line of credit loan at 2020 and December 31, 2019 were 0.72% and 1.05%, respectively.

17. Other Liabilities

	December 31, 2020	December 31, 2019
Current		
Other payables		
Payable for the customer complaint compensation	$ 195,435	$ 100,000
Payable for employees' compensation	36,649	4,749
Payable for salaries and bonuses	30,636	369
Payable for masks and probe cards	20,737	7,918
Payable for board directors' remuneration	9,000	1,000
Payable for compensated absences	3,688	7,304
Payable for pension	1,508	1,738
Payable for labor and national health insurances	1,473	1,926
Payable for labor costs	1,268	2,286
Others	4,874	6,507
	$ 305,268	$ 133,797
Other liabilities		
Receipts under custody	$ 1,724	$ 2,915
Contract liabilities	-	184
Guarantee deposit	-	-
Others	2	2
	$ 1,726	$ 3,101
Non-current		
Long-term payables		
Customer complaint compensation	$ -	$ 194,764

The Corporation received a customer complaint about the specifications of a specific batch of customized products. After negotiating with the customer who suffered from the said damage, the Corporation set $342,309 thousand, which is then given to the customer to offset future payments in the following three years as compensation, aside in Q1 of 2019. Apart from the said customer complaint loss, the Corporation also deposited $200,000 thousand into the customer's account as a guarantee before the debt is settled. At the end of 2019, the Corporation checked with the customer in regard to related losses and damages; and then transfer related liability reserves to other payables. As of December 31, 2020, the Corporation still needs to settle $195,435 thousand in reliability.

18. Retirement Benefit Plans－Defined Contribution Plans

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. Share capital

Ordinary shares

	December 31, 2020	December 31, 2019
Number of shares authorized (in thousands)	100,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	74,231	73,853
Shares issued	$ 742,316	$ 738,535
Advance receipts for ordinary share	$ 532	$ -

The nominal value of each ordinary share issued by the Corporation is $10. Every share carries one vote and each share gives equal right to dividends.

Due to employees' exercise of employee share option (ESO), the Corporation issued additional 378 thousand and 79 thousand shares in 2020 and 2019, respectively. As of December 31, 2020, the Corporation still has 12,000 option units that shall be

still has 12,000 option units that shall be registered for capital change. The total amount received therefor is $532 thousand and is recognized as advance receipts for ordinary share.

Upon resolution of the board of directors on August 9, 2019, the Corporation decided to take back 6 thousand shares of restricted stock awards (RSAs) free of charge. Please refer to Note 24 for more information.

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)		
Arising from issuance of ordinary shares	$ 625,315	$ 606,789
Difference between consideration and carrying amount of subsidiaries acquired or disposed	153,042	-
	778,357	606,789
May be used to offset a deficit only(2)		
Exercised and invalid employee share options	180,740	170,382
Acquired RSAs	47,595	43,124
SEO for employee share options	467	467
Changes in subsidiaries' ownership interests recognized using the equity method	401	6,421
	229,203	220,394

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	December 31, 2020	December 31, 2019
May not be used for any purpose		
Employee share options	13,162	6,734
Restricted stock awards (RSAs)	-	4,471
	13,162	11,205
	$ 1,020,722	$ 838,388

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 to once a year).
2) Capital surplus generated from exercised and invalid employee share options; acquired RSAs; SEO for employee share options; and changes in subsidiaries' ownership interests recognized using the equity method shall only be used to offset a deficit. No other use is allowed.

c. Retained earnings and dividend policy

The Corporation's Articles of Incorporation state that any earnings received by the Corporation in the fiscal year shall be used to pay taxes and offset accumulated deficits first; have 10% thereof set aside as legal reserve; and then recognize or reverse the remaining amount as a special reserve as prescribed by law. Any remaining amount, if any, shall be reported to the board of directors. The board of directors will then draft an earnings distribution proposal together with unappropriated retained earnings accumulated over the years. The proposal will be submitted to shareholders' meeting and, upon approval, be used to distribute shareholders' dividends. With respect to the policy of distributing employees' compensation and board directors' remuneration as prescribed in the Corporation's Articles of Incorporation, please refer to "Employees' Compensation and Board Directors' Remuneration" in Note 21(4).

Considering the Corporation's environment and growth stage, dividends may be distributed in cash or in stock in response to the future demand for funds and long-term financial plan. Among them, the proportion of cash dividends shall not be less than 20% of the dividends distributed to shareholders.

The aforesaid proportion of dividend distribution may be adjusted according to the Corporation's earnings and available funds for the year upon resolution of the shareholders meeting.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's paid-in capital. The 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.

Items referred to under Letter Jin-Guan-Zheng-Fa-Zi No. 1010012865 issued by FSC and the directives titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reserved from a special reserve by the Corporation.

The appropriation of earnings for 2019 and 2018 which had been approved at the shareholders meeting on June 15, 2020 and June 6, 2019, respectively, is as follows:

	2019	2018
Legal reserve	$ -	$ 11,547
Special reserve (reversal)	$ 1,351	($ 2,369)
Cash dividends	$ 73,682	$ 37,539
Dividends per share (NT$)	$ 1.0	$ 0.5

In 2019, dividends per share are adjusted to NT$0.99742797 due to the exercise of employee share options

In 2018, dividends per share are adjusted to NT$0.51023481 in 2018 due to the redemption of restricted stock awards (RSAs) and redemption of treasury shares.

The Corporation's appropriation of earnings for 2020 proposed by the board of directors on March 12, 2021 is as follows:

	2020
Legal reserve	$ 81,171
Special reserve (reversal)	($ 4,576)
Cash dividends	$ 370,373
Dividends per share (NT$)	$ 5.0

The appropriation of earnings for 2020 will be finalized at the shareholders' meeting to be held on June 17, 2021.

d. Other equity

1) Exchange differences on translation of foreign financial statements

	2020	2019
Balance at the beginning of the year	($ 4,576)	($ 3,225)
In respect of the current year		
Exchange differences on translating the financial statements of foreign operations	(1,832)	(1,977)
Share of the other comprehensive income of subsidiaries accounted for using equity method	36	626

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	2020	2019
Reclassification adjustment		
Disposal of foreign operations	12,821	-
Other comprehensive income for the year	11,025	(1,351)
Disposal of subsidiaries' partial equity	3,593	-
Cash at the end of the year	$ 10,042	($ 4,576)

2) Unearned compensation cost

Please refer to Note 24 for information relating to the Corporation's issuance of restricted stock awards (RSA).

	2020	2019
Balance at the beginning of the year	($ 1,120)	($ 10,102)
Expense recognized as share-based payment	1,120	8,862
Retirement of restricted stock awards (RSAs)	-	120
Cash at the end of the year	$ -	($ 1,120)

e. Treasury shares

Purpose of redemption	Shares transferred to employees (in thousands of shares)	Retirement (in thousands of shares)	Total (in thousands of shares)
Number of shares at January 1, 2020	258	-	258
Increase during the year	-	-	-
Number of shares at December 31, 2020	258	-	258
Number of shares at January 1, 2019	258	-	258
Increase during the year	-	1,500	1,500
Decrease in the year	-	(1,500)	(1,500)
Number of shares at December 31, 2019	258	-	258

To transfer shares to employees, the Corporation had, upon resolution of the board of directors on October 8, 2028, bought back 258 thousand shares between October 9, 2028 and December 8, 2028 at the price of NT$11,246 thousand.

To maintain the Corporation's creditability and shareholders' equity, the Corporation had, upon resolution of the board of directors on May 14, 2019, bought back 1,500 thousand shares between May 15, 2019 and July 12, 2019 at the price of NT$55,325 thousand. The Corporation then, upon resolution of the board of directors on August 9, 2019 and retired 1,500 thousand treasury shares.

According to Securities and Exchange Act, the number of shares bought may not exceed ten percent of the total number of issued and outstanding shares of the Corporation. The total amount of the shares bought back may not exceed the amount of retained earnings plus premium on capital stock plus realized capital surplus. The shares bought back by the Corporation for having them transferred to employees shall be transferred within 3 years from the redemption date. The shares not transferred within the said time limit shall be deemed as not issued by the Corporation and amendment registration shall be proceeded. The shares bought back by the Corporation for maintaining the Corporation's creditability and shareholders' equity shall be retired within 6 months from the redemption date. Treasury shares possessed by the Corporation shall not be pledged; and, before transfer, the shareholders' rights shall not be enjoyed as prescribed in Securities and Exchange Act.

20. Revenue

	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	$ 3,195,318	$ 3,116,251
Revenue from the rendering of services	282,419	153,842
Interest income	57,526	24,643
	$ 3,535,263	$ 3,294,736

a. Descriptions of contracts with customers

Please refer to Note 4.(l) for more information.

b. Contract balance

	December 31, 2020	December 31, 2019	January 1, 2019
Accounts receivable (including those from related parties) (Note 9)	$ 756,699	$ 628,698	$ 584,919
Contract liabilities (Note 17)			
Sale of goods	$ -	$ 184	$ 194

The changes in contract liabilities is primarily due to the difference between the time when the performance obligation is satisfied and when the customer arranges the payment.

Contract liabilities that incurred at the beginning of the year and recognized as revenue in the year is as follows:

	2020	2019
From the contract liabilities at the beginning of the year		
Sale of goods	$ 184	$ 194

21. Net Profit for the Year

a. Interest income

	2020	2019
Subsidiaries - management service income (Note 28)	$ 24,000	$ 24,000
Dividend income	155	-
Others	1,057	2
	$ 25,212	$ 24,002

b. Depreciation and amortization

	2020	2019
Property, plant and equipment	$ 7,058	$ 26,641
Right-of-use assets	6,756	11,174
Other intangible assets	16,403	15,482
	$ 30,217	$ 53,297
Depreciation expense by function		
Cost of sales	$ 5,366	$ 27,031
Operating expense	8,448	10,784
	$ 13,814	$ 37,815
Amortization expense by function		
Cost of sales	$ 3,162	$ 3,011
Operating expense	13,241	12,471
	$ 16,403	$ 15,482

c. Employee benefit expense

	2020	2019
Retirement benefit plans (Note 18)		
Defined contribution plans	$ 5,721	$ 7,888
Share-based payment		
Equity settlement	11,917	10,167
Other employee benefits		
Salary expense	211,341	193,702
Labor insurance and national health insurance expense	9,320	12,717
Other employment expense	8,200	10,588
	228,861	217,007
Total employee benefits expense	$ 246,499	$ 235,062

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	2020	2019
Summarized by functions		
Cost of sales	$ 41,491	$ 96,638
Operating expense	205,008	138,424
	$ 246,499	$ 235,062

d. Employees' compensation and board directors' remuneration

According to the Corporation's Articles of Incorporation, the Corporation accrued employees' compensation and board directors' remuneration at the rates of no less than 1% and no higher than 3%, respectively, of net profit before income tax.

The Corporation did not set employees' compensation and board directors' remuneration aside in 2019 due to a net loss before income tax. As for employees' compensation and board directors' remuneration for the year of 2020, the board of directors reached an agreement on March 12, 2021 as follows:

Accrual rate

	2020
Employees' compensation	3.7684%
Board directors' remuneration	0.8715%

Amount

	2020
Employees' compensation	$ 34,592
Board directors' remuneration	8,000

If there is any change in the amounts after the annual parent company only financial statements are authorized for issue, the differences will be handled as a change in accounting estimate and will be adjusted in the following year accordingly.

For the year of 2018, there is no difference between the paid amounts of employees compensation and board directors remuneration and the amounts recognized in the 2018 Parent company only financial statements

With respect to board of directors' resolution on employees' compensation and board directors' remuneration for 2020 and 2019, please go to the website of Taiwan Stock Exchange "Market Observation Post System" for detailed information.

e. Exchange difference recognized in profit or loss

	2020	2019
Total exchange gain	$ 39,039	$ 51,582
Total exchange loss	(83,056)	(60,290)
Net loss	($ 44,017)	($ 8,708)

22. Income Taxes

a. Major components of tax expense recognized in profit or loss

	2020	2019
Current income tax		
Expense recognized in the current year	($ 71,762)	$ -
Adjustments on prior years	-	(717)
	(71,762)	(717)
Deferred income tax		
Expense recognized in the current year	(25,786)	31,744
Adjustments on prior years	33,891	-
	8,105	31,744
Income tax expense recognized in profit or loss	($ 63,657)	$ 31,027

A reconciliation of income and income tax expense recognized in profit and loss is as follows:

	2020	2019
Income before tax	$ 875,367	($ 426,092)
Income tax expense at the statutory rate	($ 175,073)	$ 85,218
Unrecognized tax benefit	77,525	5,479
Adjustments recognized in the period for current tax of prior years	-	(717)
Unrecognized deductible temporary differences/ loss carryforwards	33,891	(58,953)
Income tax expense recognized in profit or loss	($ 63,657)	$ 31,027

b. Deferred income tax assets and liabilities

The movements of deferred income tax assets and liabilities are as follows:

2020

	Balance at the beginning of the year	Recognized in profit or loss	Cash at the end of the year
Deferred income tax assets			
Temporary differences			
Exchange loss	$ 2,040	$ 3,122	$ 5,162
Payable for compensated absences	1,460	(722)	738
Allowance for inventory valuation and obsolescence losses	39,125	(5,858)	33,267

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	Balance at the beginning of the year	Recognized in profit or loss	Cash at the end of the year
Financial assets at fair value through profit or loss	-	557	557
Compensation for loss	-	39,087	39,087
Loss carryforwards	31,450	(31,450)	-
	$ 74,075	$ 4,736	$ 78,811
Deferred income tax assets			
Temporary differences			
Unrealized loss from sale	$ 1,946	($ 1,946)	$ -
Exchange gain	1,656	(1,423)	233
	$ 3,602	($ 3,369)	$ 233

2019

	Balance at the beginning of the year	Recognized in profit or loss	Cash at the end of the year
Deferred income tax assets			
Temporary differences			
Exchange loss	$ 517	$ 1,523	$ 2,040
Payable for compensated absences	1,457	3	1,460
Allowance for inventory valuation and obsolescence losses	38,683	442	39,125
Loss carryforwards	-	31,450	31,450
	$ 40,657	$ 33,418	$ 74,075
Deferred income tax assets			
Temporary differences			
Unrealized loss from sale	$ -	$ 1,946	$ 1,946
Exchange gain	1,928	(272)	1,656
	$ 1,928	$ 1,674	$ 3,602

c. Income tax assessment

The Corporation's tax returns for income tax through 2018 have been assessed by the tax authorities.

23. Earnings (losses) Per Share

Unit: NT$ per share

	2020	2019
Basic earnings (losses) per share	$ 11.00	($ 5.33)
Diluted earnings (losses) per share	$ 10.84	($ 5.33)

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings (losses) per share are as follows:

Profit (loss) for the year

	2020	2019
Earnings used in the computation of basic and diluted earnings (losses) per share	$ 811,710	($ 395,065)

Number of shares

Unit: 1,000 shares

	2020	2019
Weighted average number of ordinary shares outstanding used in the computation of basic earnings (losses) per share	73,764	74,106
Effects of potentially dilutive ordinary shares:		
Arising from employee share options	997	-
Employee share options	81	-
Restricted stock awards (RSAs)	12	-
Weighted average number of ordinary shares outstanding used in the computation of diluted earnings (losses) per share	74,854	74,106

Since the Corporation can offer to settle the bonuses to employees in cash or shares, the Corporation assumes that the entire amount of bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at the meeting in the following year.

As potential ordinary shares outstanding are dilutive in the computation of losses per share in 2019, they are excluded from the computation.

24. Share-based Payment Arrangements

a. Employee share option plan

Grant date	September 26, 2020	December 20, 2019	April 26, 2019	November 9, 2018	January 25, 2017	November 30, 2014
Approval date by board of directors	August 7, 2020	April 26, 2019	August 8, 2018	August 8, 2018	November 3, 2016	July 7, 2014
Grant unit	319,000	750,000	8,000	692,000	680,000	1,800,000
Exercise price (NT$) (Note 1)	333.50	83.70	43.85	44.80	81.70	36.76
Share per unit	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share	1 ordinary share
Granted to	The Corporation and subsidiaries' employees who meet specific requirements	The Corporation and subsidiaries' employees who meet specific requirements	The Corporation and subsidiaries' employees who meet specific requirements	The Corporation and subsidiaries' employees who meet specific requirements	The Corporation and subsidiaries' employees who meet specific requirements	The Corporation's employees who meet specific requirements
Vesting conditions (Note 2)	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 25% 3 years 25% 4 years 25% 5 years 25%	2 years 40% 3 years 30% 4 years 30%	3 months 40% 2 years 30% 3 years 30%
Life/ duration (years)	10	10	10	10	10	6

Note 1: Where there is movement in the Corporation's ordinary share upon the issuance of option or cash dividends paid by the Corporation meet certain conditions, the exercise price of the option will be adjusted based on the formula accordingly.

Note 2: The computation starts after the employee share options are granted.

Information relating to issued employee share options is as follows:

	2020		2019	
Employee share options	Option per unit	Weighted average exercise prices (NT$)	Option per unit	Weighted average exercise prices (NT$)
Outstanding at the beginning of the year	1,773,000	$ 66.47	1,408,000	$ 54.25
Offered in the year	319,000	333.50	758,000	83.27
Became invalid in the year	(173,800)	68.37	(314,000)	60.29
Exercised in the year	(378,200)	58.98	(79,000)	21.44
Outstanding at the end of the year	1,540,000	123.40	1,773,000	66.47
Exercisable at the end of the year	64,500	47.21	216,400	57.18
The weighted average fair value of options offered in the year (NT$)	$ 136.31		$ 27.38	

The weighted average price of options exercised in 2020 and 2019 were $351.63 and $56.80, respectively on the exercise day.

Information relating to employee share options outstanding at the end of the reporting period is as follows:

December 31, 2020			December 31, 2019		
Issue date	Exercise price (NT$)	Weighted average remaining contractual life (years)	Issue date	Exercise price (NT$)	Weighted average remaining contractual life (years)
January 25, 2017	$ 73.18	6.07	November 30, 2014	$ 15.46	0.92
November 9, 2018	44.30	7.86	January 25, 2017	73.18	7.07
April 26, 2019	43.30	8.32	November 9, 2018	44.26	8.86
December 20, 2019	83.50	8.97	April 26, 2019	43.32	9.32
September 26, 2020	333.50	9.75	December 20, 2019	83.70	9.97

Employee share options offered by the Corporation in September 2020, April 2019 and December 2019, respectively, were assessed using the binomial option pricing model. The parameters of the model are as follows:

Year of offering	September 2020	December 2019	April 2019
Fair value on the offering date	NT$108.79~161.73	NT$22.31~32.72	NT$11.32~16.94
Exercise price	NT$333.50	NT$83.70	NT$43.85
Expected volatility	54.68%	42.28%	42.23%
Expected life	6~7.5 years	6~7.5 years	6~7.5 years
Expected dividend yield	-	-	-
Risk-free interest rate	0.35%~0.38%	0.60%~0.63%	0.65%~0.70%

Expected volatility is computed based on the average historical volatility of similar entities. The Corporation assumes that, between the end of vested period and expected life, employees would exercise options.

Compensation costs recognized in 2020 and 2019 were $10,797 thousand and $1,666 thousand, respectively. The compensation costs generated from employee share options offered to subsidiaries in 2020 and 2019 were $(432) thousand and $1,506 thousand, respectively.

b. Restricted stock awards (RSAs)

Approval date by board of directors	June 19, 2017	May 27, 2016	June 23, 2015
Number of issued shares (in thousands)	500	500	1,200
Issue amount	Free of charge issuance	Free of charge issuance	Free of charge issuance
Effective date upon approval of FSC	July 18, 2017	July 5, 2016	August 10, 2015

Employees' restricted rights before reaching the vesting conditions are as follows:

1) The grantee employee shall not sell, transfer, make gift of, create other rights or encumbrances on the RSAs, or otherwise dispose of the RSAs in any other manner.
2) All the proposal rights, motion rights, speech rights, voting rights and any other shareholder rights shall be exercised by the trustee or the custodian (as applicable).
3) The restrictions (including but not limited to transfer restrictions and vesting conditions) applicable to any and all unvested RSAs (and any share derived from such RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization and any cash distributed based on such RSAs for whatever reason, including cash dividend and distribution of capital reserve in the form of cash) shall equally apply to any share derived, directly or indirectly, from and cash distributed based on such unvested RSAs for whatever reason, including share dividend, retained earning capitalization, recapitalization, reserve capitalization, cash dividend and distribution of capital reserve in the form of cash, and any interests (collectively, the "Restricted Share and Cash Distribution").

Before employees reach the vesting conditions, the Corporation may retire such RSAs at no consideration. Upon resolution of the board of directors on August 9, 2019, the Corporation retired 6 thousand restricted stock awards (RSAs).

The movements in restricted stock awards (RSAs) in 2020 and 2019 are as follows:

	Number of shares (in thousands)	
Restricted stock awards (RSAs)	2020	2019
Outstanding at the beginning of the year	53	200
Vested in the year	(53)	(141)
Retired in the year	-	(6)
Cash at the end of the year	-	53

Compensation costs recognized in 2020 and 2019 were $1,120 thousand and $8,501 thousand, respectively.

25. Disposal of Subsidiaries

The Corporation reached a resolution to dispose "AP Holding", a subsidiary thereof, on March 2, 2020. Upon completion of the share transfer process on March 20, 2020, the Corporation no longer controls AP Holding.

a. Consideration received

	Amount
Cash	$ 6,946

b. Analysis of assets and liabilities over which the Company lost control

	Amount
Current assets	
Cash	$ 17,135
Others	1,022

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	Amount
Non-current assets	
Property, plant and equipment	11
Others	21
Current liabilities	
Advance receipts	(6,227)
Others	(1,031)
Net assets disposed of	$ 10,931

c. Loss on disposal of subsidiaries

	Amount
Consideration received	$ 6,946
Net assets disposed of	(10,931)
Cumulative exchange difference reclassified from equity to profit or loss on the disposal of subsidiaries	(1,554)
Disposal loss	($ 5,539)

d. Net cash inflow from disposal of subsidiaries

	Amount
Consideration received in cash and cash equivalents	$ 6,946
Less: Balance of cash and cash equivalents disposed of	(17,135)
	($ 10,189)

26. Capital Risk Management

The Corporation has, on the premise of having continuing operations, conducted capital management to balance the liabilities and equity in order to optimize total shareholder return (TSR).

The Corporation's capital structure comprises the Corporation's equity (i.e., dividends, capital surplus, retained earnings and other equity) and short-term loans.

The Corporation is not obliged to abide by other external capital requirements.

The Corporation's management level regularly reviews the capital structure and take potential costs and risks into consideration. Generally, the Corporation adopts a careful and cautious risk management strategy.

27. Financial Instruments

a. Fair value of financial instruments that are not measured at fair value

The Corporation considers that the carrying amounts of financial instruments that are not measured at fair value recognized in the parent company only financial statements approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Trust fund beneficiary certificates	$ 180,197	$ -	$ -	$ 180,197
Equity instrument investment	39,984	-	28,032	68,016
	$ 220,181	$ -	$ 28,032	$ 248,213

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Trust fund beneficiary certificates	$ 30,003	$ -	$ -	$ 30,003
Equity instrument investment	-	-	45,179	45,179
	$ 30,003	$ -	$ 45,179	$ 75,182

2) Level 3 Reconciliation- Financial Liabilities at FVTPL.

2020

—Financial assets	Measured at FVTPL Equity instrument
Balance at the beginning of the year	$ 45,179
Newly added in the year	789
Recognized in profit or loss	15,215
Decrease in the year	(15,775)
Transfer into Level 3	(17,376)
Cash at the end of the year	$ 28,032
Related to assets at the end of the year and current unrealized profit recognized in profit or loss	$ 29,118

2019

—Financial assets	Measured at FVTPL Equity instrument
Balance at the beginning of the year	$ -
Newly added in the year	45,179
Cash at the end of the year	$ 45,179

3) Level 3 fair value measurements and inputs

Classification of financial instruments	Measurements and inputs
non-TWSE/TPEx-listed stock	1. Adopted the market approach, where the recent financing activities of investees are used to arrive at their fair values. 2. Adopted the asset approach, where investees' net asset values and observable financial and operating status is used to arrive at their fair values.

c. Classification of financial instruments

	December 31, 2020	December 31, 2019
－Financial assets		
At Fair Value Through Profit or Loss (FVTPL)		
Trust fund beneficiary certificates	$ 180,197	$ 30,003
Equity instrument investment	68,016	45,179
Measured at amortized cost (Note 1)	1,575,322	1,058,315
－Financial liabilities		
Measured at amortized cost (Note 2)	634,439	955,323

Note 1: The balance includes financial assets measured at amortized cost, such as cash, debt instrument investments, accounts receivable (including those from related parties), other receivables excluding tax refund receivable) and refundable deposits.

Note 2: The balance includes financial liabilities measured at amortized cost, such as short-term loans, accounts payable (including those from related parties), other payables (including those from related parties) and long-term payables.

d. Financial risk management objectives and policies

The Corporation's main financial instruments are equity and debt instrument investments, notes receivable, accounts receivable, other receivables, refundable deposits, loans, accounts payable, other payables and lease liabilities. The Corporation's financial management department provides services to all business units; and organizes, supervises and manages all financial risks related to the Corporation's operations. Such risks include market risks (including currency and interest rate risks), credit risks and liquidity risks.

1) Market risks

The Corporation's operating activities expose it primarily to the financial risks of changes in foreign currency exchange rates (please refer to (1) below), interest rates (please refer to (2) below) and other price volatility (please refer to (3) below).

No change has been made to the Corporation's exposures of financial instrument market risks and its exposure management and measurement approaches.

a) Currency risk

The Corporation is exposed to exchange rate fluctuation due to its engagement in sales and purchase transactions denominated in foreign currencies.

For the Corporation's monetary assets denominated in non-functional currency and carrying values of monetary liabilities recorded at the balance sheet date, please refer to Note 30.

Sensitivity analysis

The Corporation is mainly exposed to the US dollar.

The following table shows the Corporation's sensitivity to a 5% increase and decrease in New Taiwan dollars (the functional currency of the Corporation) against the US dollar. A 5% sensitivity rate is 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. The positive number in the table indicates the decrease in pretax profit associated with the 5% appreciation of the New Taiwan dollar against the US dollar; and, when the New Taiwan Dollar depreciates by 5%, the pretax profit would be affected, resulting a negative number of the same amount.

	Impact of US dollar	
	2020	2019
Profit or loss (i)	$53,819	$20,567

(i) The above profit or loss is mainly associated with demand deposits, accounts receivable, bank loans, accounts payable and other payables calculated in US dollar, which are outstanding and not being hedged against cash flows risk at balance sheet date.

b) Interest rate risk

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

	December 31, 2020	December 31, 2019
Fair value interest rate risk		
－Financial assets	$ 384,267	$ 2,720
－Financial liabilities	125,522	209,560
Cash flow interest rate risk		
－Financial assets	225,772	217,134

Sensitivity analysis

The sensitivity analysis was determined on the basis of the Corporation's exposure to interest rate changes for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period had been outstanding for the whole year. Had interest rates been fifty basis points higher and all other variables were held constant, the Corporation's pretax profits would have increased by $1,129 thousand and $1,086 thousand in 2020 and 2019, respectively. Such increase is resulted from the Corporation's variable-rate account.

c) Other price risks

The price risk exposed to the Corporation in 2020 and 2018 through financial assets at FVTPL primarily comes from trust fund beneficiary certificates and equity instrument investment。

Had the price of equity instrument investment and trust fund beneficiary certificates increased/ decreased by 5% at the end of the reporting period, the Corporation's pretax profits would have increased/ decreased by 12,411 thousand in 2020 and 3,759 thousand 2019, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Corporation. As of the end of the reporting period, the Corporation's maximum exposure to credit risk, which will cause a financial loss to the Group because of the counterparties' failure to discharge their obligations, could arise from the carrying amount of the financial assets recognized in the parent company only balance sheets.

The Corporation has a policy to have transactions only with reputable counterparties; and, whenever it is necessary, obtain a full guarantee to reduce the risk of financial loss due to arrears. The Corporation uses publicly available financial information and transaction records to rate major customers. The Corporation will

continue monitoring the exposure to credit risk and the creditworthiness of the counterparty; and will spread the total trade volume to customers with good credit rating.

The Corporation did not have a significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Besides, as the Corporation continues to evaluate the financial status of accounts receivable customers, credit risks involved in the transactions therewith are very limited. At the end of the reporting period, the Corporation's maximum credit risk amount was almost equal to the carrying amounts of recognized financial assets.

3) Liquidity risk

The Corporation's objectives of managing liquidity risk are to ensure that it has sufficient liquidity to continue operating in the following 12 months. The Corporation has maintained a level of cash and cash equivalents deemed adequate to finance its operations. The Corporation also adopted a series of control measures with respect to change in cash flow, net cash balance and major capital expenditure in order to know its available line of credit and to ensure its compliance with loan contract terms.

For the Corporation, bank borrowing is a significant source of liquidity. With respect to the Corporation's available line of credit, please refer to "(2) Line of credit" as follows.

a) Table of liquidity and interest rate risks

The following tables show the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables had been drawn up on the basis of the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables included both interest and principal cash flows.

December 31, 2020

	weighted average effective interest rate (%)	On demand or less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative Financial liabilities					
Non-interest bearing current liability		$ 383,022	$ 166,277	$ -	$ -
Lease liabilities	1.78	4,278	12,002	25,174	-
Fixed interest rate financial instrument	0.72	85,237	-	-	-
		$ 472,537	$ 178,279	$ 25,174	$ -

December 31, 2019

	Weighted average effective interest rate (%)	On demand or less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Non-derivative Financial liabilities					
Non-interest bearing current liability	-	$ 458,427	$ 102,132	$ 194,764	$ -
Lease liabilities	1.70	1,804	3,737	4,152	-
Fixed interest rate financial instrument	1.05	200,380	-	-	-
		$ 660,611	$ 105,869	$ 198,916	$ -

b) Line of credit

	December 31, 2020	December 31, 2019
Non-collateral line of credit may be extended upon agreement of both parties.		
— Used line of credit	$ 85,140	$ 200,000
— Available line of credit	714,860	700,000
	$ 800,000	$ 900,000

As liquidity risk refers to the risk that a fund does not have enough cash or liquid assets that can be quickly converted into cash to meet its liabilities; and the Corporation's working capital and line of credit are sufficient to continue its operations, the Corporation therefore does not have any liquidity risk.

28. Related-Party Disclosures

Except as disclosed in other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related parties and their relationships with the Corporation

Name of related parties	Relationship with the Corporation
Lyontek	Associate
AP-USA	Subsidiary
Zentel Electronics	Subsidiary
AP Hangzhou	Subsidiary
AP Hong Kong	Sub-subsidiary
Zentel Japan	Sub-subsidiary (became a non-related party since November 30, 2020)

b. Operating revenue

Name of related parties	2020	2019
Zentel Japan	$ 349,866	$ 240,357
AP Hong Kong	228,678	-
AP Hangzhou	144,805	60,870
Zentel Electronics	56,071	585,698
Associates	(5,591)	10,325
	$ 773,829	$ 897,250

The sales transactions between the Corporation and related parties shall be handled according to the price agreed by both parties. The payment terms shall refer to ordinary customers.

c. Related party purchase

Name of related parties	2020	2019
Zentel Japan	$ 65,467	$ -
Zentel Electronics	15,715	211,442
	$ 81,182	$ 211,442

d. Accounts receivable from related parties

Name of related parties	December 31, 2020	December 31, 2019
AP Hong Kong	$ 151,870	$ -
AP Hangzhou	48,604	41,098
Zentel Electronics	-	28,848
Zentel Japan	-	106,652
Associates	-	40
	$ 200,474	$ 176,638

For receivables outstanding from related parties, no deposit has been charged. With respect to receivables from related parties for years ended December 31, 2020 and 2019, no allowance for impairment loss has been reserved therefor.

e. Other receivables from related parties (December 31, 2020: None)

Name of related parties	December 31, 2019
Zentel Electronics	$ 6,300

f. Accounts payable from related parties (December 31, 2020: None)

Name of related parties	December 31, 2019
Zentel Electronics	$ 166,474

With respect to the balance of payables outstanding from related parties, no guarantee has been provided.

g. Other payables from related parties

Name of related parties	December 31, 2020	December 31, 2019
AP-USA	$ 15,445	$ 16,566
Associates	398	-
	$ 15,843	$ 16,566

h. R&D and design commission fee

Name of related parties	2020	2019
AP-USA	$ 65,835	$ 72,431
Zentel Japan	33,420	44,698
	$ 99,255	$ 117,129

As there is no similar case can be referred to, transactions between the Corporation and related parties are dealt according to the payment and trade terms agreed by both parties. The R&D and design commission contracts entered in and between the Corporation and AP-USA and Zentel Japan are paid according to the contractual terms on a quarterly basis.

i. Endorsement and guarantee

Endorsement or guarantee for others

Name of related parties	December 31, 2020	December 31, 2019
Zentel Electronics		
Guarantee amount	$ 100,000	$ 100,000
Actual amount drawn down	$ -	$ -
AP Hong Kong		
Guarantee amount	$ 28,480	$ -
Actual amount drawn down	$ -	$ -

j. Other related-party transactions

The Corporation provides partial management services to Zentel Electronics. The amount of recognized and charged annual management fee was $24,000 thousand for both 2020 and 2019.

k. Salaries and bonuses of key management personnel

	2020	2019
Short-term employee benefits	$ 43,366	$ 24,564
Post-employment benefits	561	575
Share-based payment	1,837	586
	$ 45,764	$ 25,725

The remuneration of board directors and salaries of other key management personnel are decided by Remuneration and Compensation Committee based on individual performance and market trends.

29. Pledged Assets

The following assets have been provided as tariff guarantees for imported raw materials:

	December 31, 2020	December 31, 2019
Pledged time deposits (recognized as financial assets at amortized cost)	$ 2,744	$ 2,720

30. Foreign Currency Assets and Liabilities with Significance

The following information was aggregated by the foreign currencies other than functional currency of the Corporation and the exchange rates between foreign currencies and respective functional currency were disclosed. The significant financial assets and liabilities denominated in foreign currencies are as follows:

(NT$ for ER; and in Thousand for Other Foreign Currencies/ Carrying Amounts)

December 31, 2020

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 45,796	28.48 (USD : TWD)	$ 1,304,262
Non-monetary items			
Equity instruments at FVTPL	6,262	4.377 (RMB : TWD)	$ 27,243
Equity-method subsidiaries			
USD	1,518	28.48 (USD : TWD)	$ 43,245
RMB	5,683	4.377 (RMB : TWD)	24,873
			$ 95,361
Foreign currency liabilities			
Monetary items			
USD	8,002	28.48 (USD : TWD)	$ 227,883

December 31, 2019

	Foreign Currency	Exchange Rate	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$ 27,626	29.98 (USD : TWD)	$ 828,229
Non-monetary items			
Equity-method subsidiaries			
USD	1,539	29.98 (USD : TWD)	$ 46,133
RMB	3,884	4.305 (RMB : TWD)	16,721
			$ 62,854
Foreign currency liabilities			
Monetary items			
USD	13,906	29.98 (USD : TWD)	$ 416,892

The exchange rate gains and losses (including realized and non-realized) are summarized as follows:

Foreign currency	2020 Exchange rate	2020 Net exchange loss	2019 Exchange rate	2019 Net exchange loss
USD	29.549 (USD : TWD)	($ 43,303)	30.912 (USD : TWD)	($ 8,708)
JPY	0.2769 (JPY : TWD)	(639)	0.2837 (JPY : TWD)	-
EUR	33.7100 (EUR : TWD)	(75)	34.6100 (EUR : TWD)	-
		($ 44,017)		($ 8,708)

31. Additional Disclosures

a. Information on significant transactions and b. Information on reinvestments:

1) Financing provided to others: Please refer to Appendix 1.

2) Endorsement and guarantee for others: Please refer to Appendix 2.

3) Marketable securities held at the end of the year (investments in subsidiaries are excluded): Please refer to Appendix 3.

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

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

6) Disposal of individual real estate properties 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 of at least NT$100 million or 20% of the paid-in capital: Please refer to the table of Appendix 4.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Please refer to the table of Appendix 5.

9) Information about the derivative financial instrument transaction: None.

10) Information of investees: Please refer to Appendix 6.

c. Information on investments 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, ending balance, amount received as dividends from the investee, and the limitation on investees: Please refer to Appendix 7.

2) Significant direct or indirect transactions with the investee, its prices and terms of payment and unrealized gain or loss:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Note 28.

c) The amount of property transactions and the amount of the resultant gains or losses: None.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Please refer to the table of Appendix 2.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Please refer to Note 28.

AP Memory Technology Corporation

Financing Provided to Others

For the year ended December 31, 2020

Appendix 1

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

No.	Financing company	Counterparty	Financial statement account	Related party	Maximum balance for the period	Ending balance	Drawn amount	Interest rate collars	Nature of financing	Trading amount	Reasons for short-term financing	Allowance for bad debt	Collateral		Maximum amount permitted to a single borrower (Note 1)	Aggregate financing limit (Note 1)	Remarks
													Item	Value			
0	AP Memory Technology Corporation	Zentel Japan Corp.	Other receivables	No (Note 2)	$ 427,200	$ 427,200	$ 381,523	0.37%	Business contacts	$ 426,608	-	$ -	-	$ -	$ 620,594	$ 1,241,188	

Note 1: For financing with the purpose of business contacts, the aggregate financing limit and maximum amount permitted to a single borrower shall not exceed 40% and 20% of the Corporation's net value, respectively.

Note 2: Zentel Japan Corp. sold 24% of its equity on January 2, 2020; and the remaining equity on November 30, 2020. The Corporation since then lost control of the company.

AP Memory Technology Corporation

Endorsement and Guarantee for Others

For the year ended December 31, 2020

Appendix 2

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorsement/ guarantee provider	Endorsed/ guaranteed party		Maximum endorsement/ guarantee amount permitted to a single party (Note 3)	Maximum balance for the period	Ending balance	Drawn amount	Amount of endorsement/ guarantee collateralized by properties	Ratio of accumulated endorsement/ guarantee to net equity per latest financial statements (%)	Aggregate external endorsement/guarantee amount (Note 3)	Endorsement/ guarantee provided by the parent company	Endorsement/ guarantee provided by the subsidiary	Endorsement/ guarantee provided to subsidiaries in mainland China.	Remarks
		Company name	Relationship (Note 2)											
0	AP Memory Technology Corporation	Zentel Electronics Corp.	(2)	$ 930,891	$ 100,000	$ 100,000	$ -	$ -	3.22	$ 1,551,485	Y	N	N	
0	AP Memory Technology Corporation	AP Memory Technology (Hong Kong) Co. Limited	(2)	930,891	28,480	28,480	-	-	0.92	1,551,485	Y	N	N	
1	Zentel Electronics Corp.	AP Memory Technology (Hangzhou) Limited Co.	(4)	286,738	56,960	56,960	56,960	56,960	5.96	477,897	N	N	Y	

Note 1: The description of the column is as follows:

(1) Issuer: “0”.

(2) Investees: are numbered starting from “1”.

Note 2: The relationships between the endorser/ guarantor and endorsee/ guarantee can be classified into seven types as follows. Only need to mark the type of it:

(1) A company with which it does business.

(2) A company in which the Corporation directly or indirectly holds more than 50 percent of the voting shares.

(3) A company that directly and indirectly holds more than 50 percent of the voting shares in the Corporation.

(4) Companies in which the Corporation holds, directly or indirectly, 90% or more of the voting shares.

(5) Where the Corporation fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) Where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Where companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other,

Note 3: For the Corporation and its subsidiary Zentel Electronics Corp., the aggregate external endorsement/ guarantee amounts and maximum endorsement/ guarantee amount permitted to a single party shall not exceed 50% and 30% of their net value, respectively.

AP Memory Technology Corporation

Marketable Securities Held at the End of the Year

December 31, 2020

Appendix 3

(In Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Held company	Type and name of marketable securities	Relationship with the issuer of securities	Account	At the end of the year (period)				Remarks
				Number of shares/ units	Carrying value	Percentage of ownership (%)	Fair value	
AP Memory Technology Corporation	Trust fund beneficiary certificates							
	CTBC Hwa-win Money Market Fund	—	Financial assets at fair value through profit or loss — Current	9,011,535	$ 100,096	-	$ 100,096	
	Mega Diamond Money Market Fund	—	Financial assets at fair value through profit or loss — Current	6,332,158	80,101	-	80,101	
	Equity investments in unlisted (non-OTC) stocks							
	Powerchip Semiconductor Manufacturing Corp.	—	Financial assets at fair value through profit or loss - Non-current	800,000	39,984	0.026%	39,984	
	Haining Changmeng Tachnology Partnership Enterprise (Limited Partnership)	—	Financial assets at fair value through profit or loss - Non-current	-	27,243	24.64%	27,243	
	GeneASIC Technologies Corporation		Financial assets at fair value through profit or loss - Non-current	500,000	789	19.05%	789	

Note 1: Please refer to Appendixes 6 and 7 for more information about investments in subsidiaries and Associate.

AP Memory Technology Corporation

Total Purchases from or Sales to Related Parties of at Least NT$100 million or 20% of the Paid-in Capital

For the year ended December 31, 2020

Appendix 4

(In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Company name	Related party	Nature of relationship	Transaction details				Abnormal transactions (Note 1)		Notes/ accounts payable or receivable		Remarks
			Purchase/ sale	Amount	% to total	Payment terms	Unit price	Payment terms	Balance	% to total	
AP Memory Technology Corporation	AP Memory Technology (Hong Kong) Co. Limited	Sub-subsidiary	Sale	($ 228,678)	(6.36%)	OA 75 days	$ -	—	$ 151,870	20.01%	
AP Memory Technology Corporation	Zentel Japan Corp.	Sub-subsidiary (Note 2)	Sale	(349,866)	(9.73%)	OA 120 days	-	—	-	-	
AP Memory Technology Corporation	AP Memory Technology (Hangzhou) Limited Co.	Subsidiary	Sale	(144,805)	(4.03%)	OA 60 days	-	—	48,604	6.41%	

Note 1: Transactions between the Corporation and AP Memory Technology (Hong Kong) Co. Limited, AP Memory Technology (Hangzhou) Limited Co. and Zentel Japan Corp. shall be dealt according to the payment and trade terms agreed by both parties.

Note 2: Zentel Japan Corp. sold 24% of its equity on January 2, 2020; and the remaining equity on November 30, 2020. The Corporation since then lost control of the company. The corporation already transferred related account receivables that already exceeded the payment term to other receivables.

AP Memory Technology Corporation and Subsidiaries

Receivables from Related Parties Amounting to at Least NT$100 million or 20% of the Paid-in Capital

December 31, 2020

Appendix 5

(In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Company name	Related party	Nature of relationship	Ending balance (Note 1)	Turnover	Overdue		Amount(s) received in subsequent period	Allowance for bad debts
					Amount	Action(s) taken		
AP Memory Technology Corporation	AP Memory Technology (Hong Kong) Co. Limited	Sub-subsidiary	$ 151,870	3.01	$ -	-	$ 84,753	$ -

Note 1: All amounts have been written off while preparing the consolidated financial statements.

AP Memory Technology Corporation

Information of Investees

For the year ended December 31, 2020

Appendix 6

(In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Investor	Investee	Location	Main business activities	Original investment amount		Balance at the end of the year			Net income of the investee (Note 2)	Investment profit or loss recognized in the year (Notes 2 and 3)	Remarks
				At the end of the year	At the end of last year	Number of shares	% of owners hip	Carrying amount (Notes 1 and 3)			
AP Memory Technology Corporation	AP Memory Corp, USA	Suite 251,BG Plaza,3800 S.W. Cedar Hills Blvd, Beaverton OR. 97005, USA	IC research and development services	$ 60,521 (USD 2,000,000)	$ 60,521 (USD 2,000,000)	2,000,000	100%	$ 43,245	($ 982) (USD (33,222))	($ 982)	Subsidiary
	AP MEMORY HOLDING Co., Ltd.	P.O.Box 1239,Offshore Incorporations Centre, Victoria, Mahé, Republic of Seychelles	Investment related services	-	31,982 (USD 1,000,000)	-	-	-	(2,702)	(2,702)	Subsidiary (Note 7)
	Zentel Electronics Corp.	10F-1, No. 1, Taiyuan 1st St., Zhubei City, Hsinchu County	IC research, development and sales	705,798	705,798	40,000,000	100%	955,794	462,615	319,285	Subsidiary
	Lyontek Inc.	No. 17, Industry East 2nd Road, East District, Hsinchu City	IC design and sales	75,060	75,060	3,600,000	30%	79,905	17,065	5,120	Associates
	AP Memory Japan G.K.	5-5 Azumachō, Hachioji, Tokyo	Sale of ICs	-	-	-	-	-	-	-	Subsidiary (Note 4)
	GeneASIC Technologies Corporation	No. 88, Weixin St., Zhubei City, Hsinchu County	IC design and manufacturing.	-	-	-	-	-	(860)	(172)	Associates (Note 8)
Zentel Electronics Corp.	Zentel Japan Corp.	6-chōme-21-3 Shinbashi, Minato City, Tokyo	IC development and design	-	489,169 (JPY 1,774,924,000)	-	-	-	38,641	29,367	Subsidiary (Note 6)
AP Memory Technology (Hangzhou) Limited Co.	AP Memory Technology (Hong Kong) Co. Limited	Rm.19C,Lockhart Ctr.,301-307 Lockhart Rd.,Wan Chai, Hong Kong.	IC sales	-	-	-	100%	9	9	9	Subsidiary (Note 5)

Note 1: Based on the exchange rate at December 31, 2020.

Note 2: Based on the average exchange rate for the year ended December 31, 2020.

Note 3: Apart from GeneASIC Technologies Corporation, the numbers are calculated based on investor's CPA-certified financial statements prepared for the same fiscal year. The Corporation's assessment on GeneASIC Technologies Corporation has not been audited, but will not result in significant influence.

Note 4: The Corporation reached a decision to dissolve AP Memory Japan G.K. on September 18, 2020; and completed the registration on November 2, 2020.

Note 5: To cope with the future operational deployment planning, AP Memory Technology (Hangzhou) Limited Co. established a subsidiary "AP Memory Technology (Hong Kong) Co. Limited" in Hong Kong in October 2019. However, no capital has been invested therein so far.

Note 6: Zentel Japan Corp. sold 24% of its equity on January 2, 2020; and the remaining equity on November 30, 2020.

Note 7: The Corporation already sold all its equity in AP-HOLDING on March 20, 2020.

Note 8: GeneASIC Technologies Corporation had a seasoned equity offering (SEO) on December 15, 2020. The Corporation, which has its shareholding ratio dropped from 20% to 19.05%, lost its significant influence on the company.

AP Memory Technology Corporation

Information on investments in Mainland China－AP Memory Technology Corporation

For the year ended December 31, 2020

Appendix 7

(In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Investee	Main business activities	Paid-in capital (Note 1)	Investment method	Accumulated investment outflow from Taiwan at the beginning of the year	Investment flows		Accumulated investment outflow from Taiwan at the end of the year (Note 1)	Net income of the investee (Note 4)	The Corporation's direct or indirect shareholding	Investment profit or loss recognized in the year (Notes 4 and 6)	Carry amount of the investment at the end of the year (Notes 5 and 6)	Inward investment benefits at the end of the year
					Outflow	Inflow						
AP Electronics (Beijing) Co., Ltd.	IC technical consulting and services	$ 27,601 (USD 850,000)	Note 2	$ 27,601 (USD 850,000)	$ -	$ Note 9	$ -	($ 2,710)	-	($ 2,710)	$ -	$ -
AP Memory Technology (Hangzhou) Limited Co.	IC design, development and sale	30,344 (USD 1,000,000)	Note 3	30,344 (USD 1,000,000)	-	-	30,344 (USD 1,000,000)	$ 6,284	100%	6,284	24,873	-

Accumulated Investment in Mainland China at the end of the year	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$30,344(USD1,000,000)	$30,344(USD1,000,000)	$1,861,782 (Note 7)

Note 1: The calculation is based on the original investment costs.

Note 2: A reinvestment made through AP MEMORY HOLDING Co., Ltd., which is in a third place.

Note 3: A direct investment to AP Memory Technology (Hangzhou) Limited Co. by AP Memory Technology Corporation.

Note 4: Based on the average exchange rate of 2020.

Note 5: Based on the exchange rate at December 31, 2020.

Note 6: The calculation is based on the parent company's (Taiwan) CPA-certified financial statements prepared for the same fiscal year.

Note 7: The calculation is made based on 60% of the Corporation's net value at December 31, 2020 in accordance with Letter Ching-Shen-Tzu No. 09704604680 issued by the Ministry of Economic Affairs.

Note 8: The investment amount remitted by AP Memory Technology Corporation has been approved by Investment Commission, MOEA in writing.

Note 9: The Corporation sold AP-Holding on March 20, 2020 and therefore immediately lost its control on AP Beijing possessed by AP-HOLDING (with 100% shareholding).

§THE CONTENTS OF STATEMENTS OF MAJOR ACCONTING ITEMS§

AP Memory Technology Corporation

Statement of Cash

December 31, 2020

Statement 1 (In Thousands of New Taiwan Dollars Unless Otherwise Specified)

Item	Summary	Amount
Cash on hand and revolving funds		$ 30
Bank demand deposit		
Demand deposit in TWD		61,819
Demand deposit in other currencies	US$5,757 thousand@28.48	163,953
		225,772
Total		$ 225,802

AP Memory Technology Corporation

Statement of Accounts Receivable

December 31, 2020

Statement 2 (In Thousands of New Taiwan Dollars)

Item	Amount
Accounts receivable from non-related parties	
Customer A	$ 225,569
Customer B	77,831
Customer C	56,960
Customer D	34,985
Customer E	29,149
Others (Note)	133,817
Less: Allowance for bade debts	(2,086)
Net accounts receivable from non-related parties	556,225
Accounts receivable from related parties (Note 28)	200,474
Net accounts receivable	$ 756,699

Note: All balance is maintained below 5% of the account balance.

AP Memory Technology Corporation

Statement of Inventory

December 31, 2020

Statement 3 (In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Net realize value
Raw materials	$ 223,521	$ 226,557
Work-in-process goods	275,758	263,186
Finished goods	291,922	264,765
	791,201	$ 754,508
Less: Allowance for inventory valuation loss	(166,339)	
Total	$ 624,862	

AP Memory Technology Corporation

Statement of Changes in Investments Accounted for Using Equity Method

For the year ended December 31, 2020

Statement 4

(In Thousands of New Taiwan Dollars)

Name	Balance at the beginning of the year		Increase during the year (less)		Changes in ownership interests (Note 5)	Share of other comprehensive income of subsidiaries accounted for using equity	Exchange differences on translating the financial statements of foreign operations	Unrealized loss from the sale of associates	Cash at the end of the year		Shareholding at the end of the year	Net equity value	Guarantee or pledge	Remarks
	Number of shares (shares)	Amount	Number of shares (shares)	Amount					Number of shares (shares)	Amount				
Measured at equity														
AP Memory Corp, USA	2,000,000	$ 46,133	-	$ -	$ 366	($ 982)	($ 2,272)	$ -	2,000,000	$ 43,245	100%	$ 43,245	None	
AP MEMORY HOLDING Co., Ltd.	1,000,000	13,707	(1,000,000)	(10,931)	-	(2,702)	(74)	-	-	-	-	-	None	Note 1
Zentel Electronics Corp.	40,000,000	580,050	-	(100,000)	151,217	319,285	14,970	(9,728)	40,000,000	955,794	100%	955,794	None	Note 2
AP Memory Technology (Hangzhou) Limited Co.	-	16,721	-	-	1,428	6,284	440	-	-	24,873	100%	24,873	None	Note 3
Lyontek Inc.	3,600,000	82,525	-	(7,740)	-	5,120	-	-	3,600,000	79,905	30%	79,905	None	Note 4
GeneASIC Technologies Corporation	-	-	-	172	-	(172)	-	-	-	-	-	-	None	Note 6
		$ 739,136		($ 118,499)	$ 153,011	$ 326,833	$ 13,064	($ 9,728)		$ 1,103,817		$ 1,103,817		

Note 1: Such decrease is resulted from the Corporation's sale of all equity in AP-Holding on March 20, 2020.

Note 2: Such decrease is resulted from the Corporation's receipt of Zentel Electronics' cash dividends ($100,000 thousand) distributed in the year.

Note 3: A direct investment to AP Memory Technology (Hangzhou) Limited Co. by AP Memory Technology Corporation as approved by Investment Commission, MOEA.

Note 4: Such decrease is resulted from the Corporation's receipt of Lyontek Inc.' cash dividends ($7,740 thousand) distributed in the year.

Note 5: Capital investment generated from employee share options granted to subsidiaries' employees.

Note 6: GeneASIC Technologies Corporation had a seasoned equity offering (SEO) on December 15, 2020. The Corporation, which has its shareholding ratio dropped from 20% to 19.05%, lost its significant influence on the company.

AP Memory Technology Corporation

Statement of Refundable Deposits

December 31, 2020

Statement 5 (In Thousands of New Taiwan Dollars)

Nature	Amount
Refundable deposits	
For the loss derived from customer complaints	$ 200,000
Property lease(s)	8,194
	$ 208,194

AP Memory Technology Corporation

Statement of Accounts Receivable

December 31, 2020

Statement 6 (In Thousands of New Taiwan Dollars)

Item	Amount
Non-related parties	
Company A	$ 136,927
Company B	43,072
Company C	33,833
Others (Note)	14,356
Total	$ 228,188

Note : All balance is maintained below 5% of the account balance.

AP Memory Technology Corporation

Statement of Net Revenue

For the year ended December 31, 2020

Statement 7 (In Thousands of New Taiwan Dollars)

Item	Amount
Operating revenue	
IC	$ 3,314,937
Revenue from the rendering of services	282,419
	3,597,356
Sales discount and return	(62,093)
Net operating revenue	$ 3,535,263

AP Memory Technology Corporation

Statement of Operating Costs

For the year ended December 31, 2020

Statement 8 (In Thousands of New Taiwan Dollars)

Item	Amount
Operating costs	
Consumption of raw materials	
Add: Raw materials at the beginning of the year	$ 382,042
Raw materials purchased in the year	1,486,073
Less: Raw materials at the end of the year	(223,521)
	1,644,594
Manufacturing costs	646,684
Add: Supplies at the beginning of the year	359,440
Less: Supplies at the end of the year	(275,758)
Others	(34,217)
	2,340,743
Add: Finished products at the beginning of the year	429,992
Purchased in the year	80,181
Less: For R&D	(6,986)
Finished products at the end of the year	(291,922)
Others	(103,100)
	2,448,908
Add: Unrealized loss from the sale of associates	9,728
Less: Loss on disposal and scrap of property, plant and equipment	26,333
Loss on disposal and scrap of inventory	64,715
Operating costs	$ 2,549,684

AP Memory Technology Corporation

Statement of Manufacturing Expense

For the year ended December 31, 2020

Statement 9 (In Thousands of New Taiwan Dollars)

Item	Amount
Commission and processing fees	$ 490,311
Indirect labor	35,001
Expense from masks and probe cards	85,930
Others (Note)	35,442
	$ 646,684

Note : All balance is maintained below 5% of the manufacturing costs.

AP Memory Technology Corporation

Statement of Operating Expense

For the year ended December 31, 2020

Statement 10 (In Thousands of New Taiwan Dollars)

Item	Selling expense	Administrative expense	Research and development expense	Total
Salaries	$ 42,293	$ 41,692	$ 91,476	$ 175,461
R&D commission fee	5,674	-	111,772	117,446
Transfer of inventory	-	-	34,005	34,005
Expense from masks and probe cards	-	-	28,581	28,581
Board directors' remuneration	-	12,796	-	12,796
Insurance fee(s)	3,453	2,054	3,226	8,733
Expense from import/ export	4,438	-	-	4,438
Others (Note)	13,863	28,763	25,209	67,835
	$ 69,721	$ 85,305	$ 294,269	$ 449,295

Note : All balance is maintained below 5% of the Operating expense.

AP Memory Technology Corporation

Summary of Employee Benefits, Depreciation and Amortization Expense by Function

For the years ended December 31, 2020 and 2019

Statement 11 (In Thousands of New Taiwan Dollars)

	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expense						
Salaries	$ 35,001	$ 175,461	$ 210,462	$ 83,203	$ 115,858	$ 199,061
Labor and national health insurances	2,594	6,726	9,320	5,409	7,308	12,717
Pension	1,685	4,036	5,721	3,440	4,448	7,888
Board directors' remuneration	-	12,796	12,796	-	4,808	4,808
Other employee benefit expense	2,211	5,989	8,200	4,586	6,002	10,588
	$ 41,491	$ 205,008	$ 246,499	$ 96,638	$ 138,424	$ 235,062
Depreciation expense	$ 5,366	$ 8,448	$ 13,814	$ 27,031	$ 10,784	$ 37,815
Amortization expense	$ 3,162	$ 13,241	$ 16,403	$ 3,011	$ 12,471	$ 15,482

Notes:

1. The number of employees for the year and previous year was 92 and 128 people, respectively. Among them, the number of non-employee board members was 6 and 5 people, respectively.

2. Listed or OTC companies shall disclose the following information:

(1) The average of employee benefit expense of the year - $2,717: (employee benefit expense of the year - board directors' remuneration) / (number of employees of the year - non-employee board members).

The average of employee benefit expense of the previous year - $1,872: (Employee benefit expense of the previous year - board directors' remuneration) / (number of employees of the previous year - non-employee board members).

(2) The average of employee salary of the year - $2,447 thousand: employee salary of the year / (number of employees of the year - non-employee board members)

The average of employee salary of the previous year - $2,447 thousand: employee salary of the previous year / (number of employees of the previous year - non-employee board members)

(3) Adjustment to the average of employee salary - 51.24%: (the average of employee salary of the year - the average of employee salary of the previous year) / average employee salary costs of the previous year

(4) No remuneration for supervisors as the supervisors were replaced by members of the Audit Committee this year.

(5) The performance assessment and salary / remuneration of board directors, members of the Audit Committee and managers are usually carried out/ distributed based on the industry's standards as well as individual performance, the Corporation's operating performance and future risks.