

UNIMICRON TECHNOLOGY CORP.
PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS’
REPORT
DECEMBER 31, 2020 AND 2019

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

UNIMICRON TECHNOLOGY CORP.
DECEMBER 31, 2020 AND 2019 PARENT COMPANY ONLY FINANCIAL
STATEMENTS AND INDEPENDENT AUDITORS' REPORT
TABLE OF CONTENTS

Contents	Page/Number/Index
1. Cover Page	1
2. Table of Contents	2 ~ 3
3. Independent Auditors' Report	4 ~ 10
4. Parent Company Only Balance Sheets	11 ~ 12
5. Parent Company Only Statements of Comprehensive Income	13
6. Parent Company Only Statements of Changes in Equity	14
7. Parent Company Only Statements of Cash Flows	15 ~ 16
8. Notes to the Parent Company Only Financial Statements	17 ~ 85
(1) HISTORY AND ORGANIZATION	17
(2) THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION	17
(3) APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS	17 ~ 18
(4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	18 ~ 30
(5) CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND	30 ~ 31

	Page/Number/Index
KEY SOURCES OF ASSUMPTION UNCERTAINTY	
(6) DETAILS OF SIGNIFICANT ACCOUNTS	31 ~ 64
(7) RELATED PARTY TRANSACTIONS	65 ~ 72
(8) PLEDGED ASSETS	72
(9) SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS	72
(10) SIGNIFICANT DISASTER LOSS	72
(11) SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE	73
(12) OTHERS	73 ~ 84
(13) SUPPLEMENTARY DISCLOSURES	85
(14) SEGMENT INFORMATION	85

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 20000267

To the Board of Directors and Shareholders of Unimicron Technology Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Unimicron Technology Corp. (“Unimicron” Corp.) as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and parent company only notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the “Other Matter-Scope of the Audit” section of our report), the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Unimicron Corp. as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit of the financial statements as at and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China; and in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020 and generally accepted auditing standards in the Republic of China for our audit of the financial statements as at and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of

Unimicron Corp. in accordance with the Norm of Professional Ethics for Certified Public Accountants in 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 and the reports of other auditors are sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

As stated in Notes 6(4), 6(6) and 6(25), certain buildings, equipment and inventory of Unimicron Corp. were damaged in the fire that occurred in October 2020 resulting in the Company incurring related repair expenses. Since Unimicron Corp. has purchased property and business interruption insurance for this factory, the Company has been negotiating the related claims with the insurance company as of the reporting date. The Company has recognized the insurance claims receivable and accrued the related losses in accordance with the expert report in 2020. However, any difference upon the settlement of the claims will be recognized in profit and loss as the final amount of claim involves disaster identification and document interpretation. In addition, as stated in Note 11(3), the same building of Unimicron Corp. which caught fire in October 2020, had another fire accident in February 2021. Although no significant loss was incurred after the initial assessment, the origin and cause of the fire are yet to be investigated and identified by the fire department. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the parent company only financial statements of the current period. 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, we do not provide a separate opinion on these matters.

As of December 31, 2020, Hemingway Int'l Limited and UMTC Holdings Limited, subsidiaries owned by Unimicron Corp., are the major operating entities of Unimicron Corp., and were included in investments accounted for using equity method. Refer to Note 6(5) of these financial statements for detailed information. Because the financial condition and performance of the aforementioned

subsidiaries have a material impact on the financial statements of Unimicron Corp., the key audit matters of the subsidiaries pertaining to inventory valuation and impairment assessment of investments accounted for under the equity method were also considered key audit matters of Unimicron Corp.

The key audit matters of the financial statements of Unimicron Corp. for the year ended December 31, 2020 were as follows:

Valuation of inventory

Description

Refer to Note 4(11) for accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(4) for description of allowance for inventory valuation losses.

Unimicron Corp. is primarily engaged in the manufacturing and sales of various kinds of electronic components. Due to the short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses due from market value decline or obsolescence. Inventories are measured at the lower of cost and net realizable value. Inventory that is over certain age and individually identified obsolete or damaged inventory is measured at net realizable value.

Since the industry technology is rapidly changing, and the calculation of the net realizable value used in obsolete inventories or inventories which are over a certain period involves subjective judgement, we identified the valuation of inventory a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Ascertained whether the policies on allowance for inventory valuation losses were reasonable and consistently applied in all the periods.
2. Assessed the reasonableness and evidences of management in identifying individually obsolete or damaged inventory.
3. Verified the accuracy of aging report, and sampled the last movement of inventories before the balance sheet date in order to calculate the accuracy of aging range.
4. Checked the inventory clearance on inventories which have been provided for loss on market value decline and obsolete and slow-moving inventories. Assessed the reasonableness of current allowance

for inventory valuation losses and loss on obsolete and slow-moving inventories by comparing with prior years.

5. Checked the method in calculating the net realizable value of inventory and assessing the reasonableness of allowance for valuation loss.

Investments accounted for using equity method - impairment assessment of associates

Description

Refer to Note 4(17) for accounting policy on impairment assessment of investments accounted for using equity method, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to impairment assessment of investments accounted for using equity method, and Note 6(5) for details of investments accounted for using equity method - associates.

Considering that the impairment of investments accounted for using equity method involves subjective judgement, and the estimation of future cash flows, growth rate, gross rate and discount rate have high uncertainty, we determined the impairment assessment of investments accounted for using equity method as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

1. Assessed the reasonableness of procedures used by management to estimate the future cash flows of investment accounted for using equity method.
2. Interviewed management to discuss estimated future cash flows, estimated growth rate and gross rate, and compared with historical results to ascertain whether they are reasonable.
3. Checked the reasonableness of the related parameters of discount rate, including risk-free interest rate of cost of equity capital, industrial risk coefficient and the rate of return in the similar markets. Verified the result of impairment assessment of investments accounted for using equity method.

Other matter – Scope of the Audit

We did not audit the financial statements of certain investees accounted for under the equity method. These investments amounted to NT\$2,164,592 thousand and NT\$2,240,012 thousand, constituting 2% and 3% of total assets as at December 31, 2020 and 2019, respectively, and comprehensive loss

amounted to (NT\$26,657) thousand and (NT\$55,951) thousand, constituting (0%) and (2%) of total comprehensive income for the years then ended, respectively. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements relative to these investees, is based solely on the reports of the other auditors.

Responsibilities of management and those charged with governance for the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Unimicron Corp.’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 Unimicron Corp. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors (or audit committee), are responsible for overseeing Unimicron Corp.’s financial reporting process.

Auditors’ responsibilities for the audit of the 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 the generally accepted auditing standards 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 the generally accepted auditing standards in the Republic of China, we exercise professional judgement 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 Unimicron Corp.'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 Unimicron Corp.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Unimicron Corp. 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 appropriate audit evidence regarding the financial information of the entities or business activities within Unimicron Corp. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with 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 parent company only financial statements of the current period 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.

Wu, Han-Chi

Lin, Ya-Hui

For and on behalf of PricewaterhouseCoopers, Taiwan

February 23, 2021

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

UNIMICRON TECHNOLOGY CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2020	December 31, 2019
Current assets			
1100	Cash and cash equivalents	6(1) \$ 15,613,563	\$ 12,040,137
1110	Financial assets at fair value through profit or loss - current	6(2) 6,108	6,756
1150	Notes receivable, net	6(3) 210	743
1160	Notes receivable - related parties	7 -	42,470
1170	Accounts receivable, net	6(3) 10,095,140	8,957,350
1180	Accounts receivable - related parties	7 463,525	1,128,692
1200	Other receivables	6(6)(8) and 7 8,017,937	8,347,377
130X	Inventory	6(4) 4,487,959	4,101,254
1410	Prepayments	957,458	719,968
11XX	Total current assets	<u>39,641,900</u>	<u>35,344,747</u>
Non-current assets			
1510	Financial assets at fair value through profit or loss - non-current	6(2) 5,306,762	3,029,670
1550	Investments accounted for under equity method	6(5) and 7 17,643,999	16,917,268
1600	Property, plant and equipment	6(6), 7 and 8 34,511,336	27,667,954
1755	Right-of-use assets	6(7) 1,057,297	827,307
1760	Investment property - net	6(9) and 8 764,831	748,874
1780	Intangible assets	6(10) 160,622	103,840
1840	Deferred income tax assets	6(29) 752,644	677,233
1900	Other non-current assets	6(1)(8), 7 and 8 579,373	773,857
15XX	Total non-current assets	<u>60,776,864</u>	<u>50,746,003</u>
1XXX	Total assets	<u>\$ 100,418,764</u>	<u>\$ 86,090,750</u>

(Continued)

UNIMICRON TECHNOLOGY CORP.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2020	December 31, 2019	
Current liabilities				
2100	Short-term borrowings	6(11) and 8	\$ 5,842,811	\$ 6,972,013
2110	Short-term notes and bills payable	6(12)	-	1,398,671
2120	Financial liabilities at fair value through profit or loss - current	6(2)(13)	36,853	8,967
2150	Notes payable		9,219	51,961
2170	Accounts payable		5,279,264	5,231,008
2180	Accounts payable - related parties	7	1,482,245	680,817
2200	Other payables	6(14) and 7	7,936,209	5,042,667
2230	Current income tax liabilities	6(29)	417,311	540,255
2300	Other current liabilities	6(15)(16)(22) and 8	6,868,851	1,613,676
21XX	Total current liabilities		<u>27,872,763</u>	<u>21,540,035</u>
Non-current liabilities				
2540	Long-term borrowings	6(16) and 8	19,904,202	18,476,994
2570	Deferred income tax liabilities	6(29)	44,704	41,186
2600	Other non-current liabilities	6(5)(17)(22)	4,170,085	2,140,852
25XX	Total non-current liabilities		<u>24,118,991</u>	<u>20,659,032</u>
2XXX	Total liabilities		<u>51,991,754</u>	<u>42,199,067</u>
Equity				
Share capital				
3110	Common stock	6(19)	15,047,323	15,047,323
Capital surplus				
3200	Capital surplus	6(20)	8,831,415	8,632,597
Retained earnings				
3310	Legal reserve	6(21)	4,994,171	4,674,080
3320	Special reserve		861,619	463,854
3350	Unappropriated retained earnings		19,851,219	16,738,695
Other equity interest				
3400	Other equity interest		(550,543)	(861,619)
Treasury stocks				
3500	Treasury stocks		(608,194)	(803,247)
3XXX	Total equity		<u>48,427,010</u>	<u>43,891,683</u>
Significant contingent liabilities and unrecognized contract commitments				
	Significant disaster loss	9		
	Significant events after the balance sheet date	10		
		11		
3X2X	Total liabilities and equity		<u>\$ 100,418,764</u>	<u>\$ 86,090,750</u>

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

UNIMICRON TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except for earning per share amount)

Items	Notes	Year ended December 31		
		2020	2019	
4000	Sales revenue	6(22) and 7	\$ 54,076,109	\$ 47,404,660
5000	Operating costs	6(4)(27)(28) and 7	(43,187,954)	(38,929,714)
5900	Net operating margin		10,888,155	8,474,946
5910	Unrealized loss (profit) from sales	6(5)	4,960	(7,484)
5920	Realized profit (loss) from sales		7,484	(17,196)
5950	Net operating margin		10,900,599	8,450,266
	Operating expenses	6(27)(28) and 7		
6100	Selling expenses		(567,704)	(511,919)
6200	General and administrative expenses		(1,761,737)	(1,180,776)
6300	Research and development expenses		(2,882,920)	(2,486,916)
6000	Total operating expenses		(5,212,361)	(4,179,611)
	Net operating income		5,688,238	4,270,655
6500	Other (losses)/gains - net	6(23) and 7	54,845	19,058
6900	Operating profit		5,743,083	4,289,713
	Non-operating income and expenses			
7100	Interest income	7	226,140	265,248
7010	Other income	6(24) and 7	322,141	276,706
7020	Other gains and losses	6(25) and 7	1,711,965	441,321
7050	Finance costs	6(26)	(346,984)	(492,276)
7070	Share of loss of associates and joint ventures accounted for using equity method, net	6(5)	(1,421,405)	(963,638)
7000	Total non-operating income and expenses		491,857	(472,639)
7900	Profit before income tax		6,234,940	3,817,074
7950	Income tax expense	6(29)	(773,269)	(557,192)
8200	Profit for the year		\$ 5,461,671	\$ 3,259,882
	Other comprehensive income			
	Components of other comprehensive income that will not be reclassified to profit or loss			
8311	Actuarial losses on defined benefit plans	6(17)	(\$ 44,116)	(\$ 18,865)
8330	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method.		(13,764)	59,290
8310	Other comprehensive (loss) income that will not be reclassified to profit or loss		(57,880)	40,425
	Components of other comprehensive income (loss) that will be reclassified to profit or loss			
8361	Exchange differences on translation		(642,096)	(262,301)
8380	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method.		980,957	(243,657)
8360	Other comprehensive income (loss) that will be reclassified to profit or loss		338,861	(505,958)
8300	Other comprehensive income (loss) for the year		\$ 280,981	(\$ 465,533)
8500	Total comprehensive income for the year		\$ 5,742,652	\$ 2,794,349
	Earnings per share (in dollars)	6(30)		
9750	Basic earnings per share		\$ 3.74	\$ 2.24
9850	Diluted earnings per share		\$ 3.70	\$ 2.20

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

UNIMICRON TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars)

	Notes	Retained Earnings				Other Equity Interest					Total equity
		Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Other equity - others	Treasury stocks	
Year ended December 31, 2019											
Balance at January 1, 2019		\$ 15,048,658	\$ 8,589,248	\$ 4,503,549	\$ -	\$ 15,336,752	(\$ 215,238)	(\$ 240,267)	(\$ 8,349)	(\$ 892,759)	\$ 42,121,594
Effects of retrospective application and retrospective restatement		-	-	-	-	449	-	-	-	-	449
Balance at January 1 after adjustments		15,048,658	8,589,248	4,503,549	-	15,337,201	(215,238)	(240,267)	(8,349)	(892,759)	42,122,043
Profit for the year		-	-	-	-	3,259,882	-	-	-	-	3,259,882
Other comprehensive income (loss) for the year		-	-	-	-	(24,337)	(505,958)	64,762	-	-	(465,533)
Total comprehensive income		-	-	-	-	3,235,545	(505,958)	64,762	-	-	2,794,349
Appropriations of 2018 earnings	6(21)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	170,531	-	(170,531)	-	-	-	-	-
Special reserve		-	-	-	463,854	(463,854)	-	-	-	-	-
Cash dividends		-	-	-	-	(1,164,584)	-	-	-	-	(1,164,584)
Changes in ownership interests in subsidiaries	6(20)	-	3,003	-	-	-	-	-	-	-	3,003
Changes in equity of associates and joint ventures accounted for using equity method	6(20)	-	38,718	-	-	(35,082)	-	35,082	-	-	38,718
Compensation cost of newly issued employee restricted stocks	6(18)	-	-	-	-	-	-	-	8,349	-	8,349
Retirement of employee restricted stocks	6(19)(20)	(1,335)	1,335	-	-	-	-	-	-	-	-
Treasury shares sold to employees	6(19)(20)	-	293	-	-	-	-	-	-	89,512	89,805
Balance at December 31, 2019		\$ 15,047,323	\$ 8,632,597	\$ 4,674,080	\$ 463,854	\$ 16,738,695	(\$ 721,196)	(\$ 140,423)	\$ -	(\$ 803,247)	\$ 43,891,683
Year ended December 31, 2020											
Balance at January 1, 2020		\$ 15,047,323	\$ 8,632,597	\$ 4,674,080	\$ 463,854	\$ 16,738,695	(\$ 721,196)	(\$ 140,423)	\$ -	(\$ 803,247)	\$ 43,891,683
Profit for the year		-	-	-	-	5,461,671	-	-	-	-	5,461,671
Other comprehensive income (loss) for the year		-	-	-	-	(37,469)	338,861	(20,411)	-	-	280,981
Total comprehensive income		-	-	-	-	5,424,202	338,861	(20,411)	-	-	5,742,652
Appropriations of 2019 earnings	6(21)	-	-	-	-	-	-	-	-	-	-
Legal reserve		-	-	320,091	-	(320,091)	-	-	-	-	-
Special reserve		-	-	-	397,765	(397,765)	-	-	-	-	-
Cash dividends		-	-	-	-	(1,601,196)	-	-	-	-	(1,601,196)
Changes in ownership interests in subsidiaries	6(20)	-	(46,537)	-	-	-	-	-	-	-	(46,537)
Changes in equity of associates and joint ventures accounted for using equity method	6(20)	-	22,513	-	-	7,374	-	(7,374)	-	-	22,513
Share-based payment	6(18)(20)	-	204,771	-	-	-	-	-	-	-	204,771
Treasury shares sold to employees	6(19)(20)	-	17,427	-	-	-	-	-	-	195,053	212,480
Capital surplus - dividends not received by shareholders	6(20)	-	415	-	-	-	-	-	-	-	415
Others	6(20)	-	229	-	-	-	-	-	-	-	229
Balance at December 31, 2020		\$ 15,047,323	\$ 8,831,415	\$ 4,994,171	\$ 861,619	\$ 19,851,219	(\$ 382,335)	(\$ 168,208)	\$ -	(\$ 608,194)	\$ 48,427,010

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

UNIMICRON TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 6,234,940	\$ 3,817,074
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation (including investment property and right-of-use assets)	6(6)(7)(9)(23)(27)	5,320,964	5,340,819
Amortisation	6(10)(27)	100,810	93,231
Expected impairment (gain) loss (including related parties)	12(2)	(2,692)	13,999
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)(25)	(2,241,646)	(745,581)
Interest expense	6(26)	314,596	459,689
Interest income		(226,140)	(265,248)
Dividend income	6(24)	(42,473)	(32,539)
Share-based payments	6(18)	204,771	8,349
Gain recognized in bargain purchase transaction		(1,553)	-
Cash dividends received from investments accounted for using equity method		17,910	31,715
Loss on remeasurement of the subsidiary transferred from investment accounted for using equity method	6(25)	33,979	-
Share of loss of associates accounted for using equity method	6(5)	1,421,405	963,638
Loss on disposal of property, plant, equipment and investment property	6(25)	29,288	96,030
Profit from lease modifications	6(25)	-	(695)
Loss from subleasing right-of-use assets	6(7)	1,347	542
Exchange gains on valuation of long-term foreign borrowings	6(32)	(378,059)	(44,963)
Realised (gain) loss from inter-affiliate accounts		(12,444)	24,680
Loss by fire	6(6)(25)	121,113	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		533	(100)
Notes receivable - related parties		42,470	9,810
Accounts receivable		(1,123,563)	(641,563)
Accounts receivable - related parties		665,167	(216,496)
Other receivables		(136,395)	146,124
Inventories		(717,428)	(148,336)
Prepayments		(198,454)	(169,233)
Changes in operating liabilities			
Notes payable		(42,742)	(336)
Accounts payable		48,256	94,088
Accounts payable - related parties		801,428	(547,247)
Other payables		607,094	402,295
Other advance receipts		354	(47)
Other current liabilities		3,502,408	13,167
Accrued pension liabilities		(15,578)	(12,704)
Contract liabilities		2,681,045	235,361
Other non-current liabilities		-	(56,967)
Cash inflow generated from operations		17,010,711	8,868,556
Interest received		249,911	242,498
Dividends received		42,473	32,539
Interest paid		(325,366)	(465,058)
Income tax paid		(968,107)	(548,214)
Net cash flows from operating activities		16,009,622	8,130,321

(Continued)

UNIMICRON TECHNOLOGY CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2020	2019
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in other receivables		\$ 1,200,361	(\$ 3,190,490)
Acquisition of property, plant and equipment (including investment property)	6(31)	(10,554,784)	(4,959,080)
Proceeds from disposal of property, plant and equipment (including investment property)		262,053	111,618
Decrease in restricted assets		58,001	33,523
(Increase) decrease in guarantee deposits received		(82,089)	16,153
Acquisition of intangible assets	6(10)	(157,592)	(103,059)
Acquisition of investments accounted for using equity method		(1,732,464)	(950,074)
Acquisition of financial assets at fair value through profit or loss		(1,459)	(1,520)
Changes in financial assets at fair value through profit or loss		(5,453)	57,864
Increase in other non-current assets – prepayment for investment	6(31)	-	(187,641)
Net cash flows used in investing activities		(11,013,426)	(9,172,706)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings	6(32)	(1,129,202)	6,775
Decrease in short-term notes and bills payable	6(32)	(1,398,671)	(525)
Proceeds from long-term borrowings	6(32)	8,320,000	2,915,300
Repayment of long-term borrowings	6(32)	(5,612,233)	(1,806,667)
Decrease in refundable deposits		(18,241)	(4,099)
Cash dividends paid	6(21)	(1,601,196)	(1,164,584)
Payments for lease liabilities	6(32)	(178,924)	(115,899)
Capital surplus - dividends not received by shareholders and others	6(20)	644	-
Treasury shares sold to employees		195,053	89,512
Net cash flows used in financing activities		(1,422,770)	(80,187)
Net increase (decrease) in cash and cash equivalents		3,573,426	(1,122,572)
Cash and cash equivalents at beginning of year	6(1)	12,040,137	13,162,709
Cash and cash equivalents at end of year	6(1)	\$ 15,613,563	\$ 12,040,137

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

UNIMICRON TECHNOLOGY CORP.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Unimicron Technology Corp. (the “Company”) was incorporated on January 25, 1990. The Company is primarily engaged in the manufacturing, processing, and sales of printed circuit boards, electrician equipment, electronic products, and testing and burn-in systems for integrated circuit products. The stocks of the Company commenced trading on the Taipei Exchange in December 1998 and was approved for listing on the Taiwan Stock Exchange in August 2002.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These parent company only financial statements were authorized for issuance by the Board of Directors on February 23, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1 and IAS 8, ‘Disclosure initiative-definition of material’	January 1, 2020
Amendments to IFRS 3, ‘Definition of a business’	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, ‘Interest rate benchmark reform’	January 1, 2020
Amendment to IFRS 16, ‘Covid-19-related rent concessions’	June 1, 2020 (Note)

Note: Earlier application from January 1, 2020 is allowed by the FSC.

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts—cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Financial assets at fair value through other comprehensive income/Available-for-sale financial assets measured at fair value.
- (c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The parent company only financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Company’s presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-

monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions. All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

- (a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
 - ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - iii. All resulting exchange differences are recognised in other comprehensive income.
- (b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Company still retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, or control of the former, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
- (a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading purposes;
 - (c) Assets that are expected to be realized within twelve months from the balance sheet date;
 - (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.
- D. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

The Company always measure the loss allowance at an amount equal to lifetime expected credit losses for accounts receivable or contract assets that do not contain a significant financing component at each balance sheet date

(9) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.

- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Company has not retained control of the financial asset.

(10) Leasing arrangements (lessor) – lease receivables/ operating leases

- A. Based on the terms of a lease contract, a lease is classified as a finance lease if the lessee assumes substantially all the risks and rewards incidental to ownership of the leased asset.
 - (a) At commencement of the lease term, the lessor should record a finance lease in the balance sheet as ‘lease receivables’ at an amount equal to the net investment in the lease (including initial direct costs). The difference between gross lease receivable and the present value of the receivable is recognised as ‘unearned finance income of finance lease’.
 - (b) The lessor should allocate finance income over the lease term based on a systematic and rational basis reflecting a constant periodic rate of return on the lessor’s net investment in the finance lease.
 - (c) Lease payments (excluding costs for services) during the lease term are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.
- B. Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / subsidiaries, associates

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealised gains or losses on transactions between the Company and subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Company loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.
- F. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes the Company's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.
- I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease

of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- K. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it retains significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.
- L. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation

(13) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a

change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3 ~ 55 years
Machinery and equipment	2 ~ 11 years
Transportation equipment and other equipment	2 ~ 11 years

(14) Leasing arrangements (lessee) – right-of-use assets/ lease liabilities

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate.

Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term.

When the lease liability is remeasured, the amount of remeasurement is recognized as an adjustment to the right-of-use asset.

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 3 ~ 35 years.

(16) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 1 ~ 3 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the

impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(19) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(20) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

(21) Derecognition of financial liabilities

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

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(23) Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract is initially recognized at its fair value adjusted for transaction costs on the trade date. After initial recognition, the financial guarantee is measured at the higher of the initial fair value less cumulative amortization and the best estimate of the amount required to settle the present obligation on each balance sheet date.

(24) Non-hedging derivatives

Non-hedging derivatives are initially recognized at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognized in profit or loss.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate uses interest rates of government bonds (at the balance sheet date) instead.
- ii. Remeasurements arising on the defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions

and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

- (a) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.
- (b) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Company recognizes the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.
- (c) For restricted stocks where employees have to pay to acquire those stocks, if the Company will pay the employees who resign during the vesting period to repurchase the stocks, the Company estimates such payments that will be made and recognizes such amounts as compensation cost and liability at the grant date, in accordance with the terms of restricted stocks.

(27) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

- D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(28) Share capital

Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(29) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(30) Revenue recognition

- A. The Company researches and develops, manufactures and sells a range of printed circuit boards, electrician equipment, electronic products, and testing and burn-in systems for integrated circuit products. Sales are recognized when control of the products has transferred, being when the products are delivered to the distributor, the distributor has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the distributor's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the distributor, and either the distributor has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Sales are recognized at contract price net of expected business tax, returns, rebates and discounts for the sale of a range of printed circuit boards, electrician equipment, electronic products, and testing and burn-in systems for integrated circuit products. Revenue arising from the sales of goods is recognized when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated

with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

- C. A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(31) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

Investment property

The Company uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the own-use portion accounts for less than 50% of the property.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2020, the carrying amount of inventories was \$4,487,959.

B. Impairment assessment of investments accounted for using equity method-associates

The Company assesses the impairment of an investment accounted for using equity method-associates as soon as there is any indication that it might have been impaired and its carrying amount cannot be recovered. The Company assesses the recoverable amount of an investment accounted for using equity method-associates based on the present value of the Company's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

As of December 31, 2020, the Company's investments accounted for using equity method-associates, net of impairment loss, amounted to \$1,570,108.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	\$ 512	\$ 453
Checking accounts and demand deposits	4,509,206	3,366,480
Time deposits	5,995,689	4,803,481
Commercial paper	<u>5,173,636</u>	<u>3,993,204</u>
	15,679,043	12,163,618
Transferred to other non-current assets	(65,480)	(123,481)
	<u>\$ 15,613,563</u>	<u>\$ 12,040,137</u>

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Interest rates on time deposits ranged from 0.07% to 1.02% and 0.09% to 1.07% as of December 31, 2020 and 2019, respectively. Certain time deposits have been pledged as collateral and were reclassified as "other non-current assets".

C. Interest rates on commercial paper ranged from 0.27% to 0.32% and 0.40% to 0.42% as of December 31, 2020 and 2019, respectively.

D. Details of the Company's cash and cash equivalents pledged to others as collateral are provided in Note 8.

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

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	\$ 8,712	\$ 8,712
Valuation adjustment	<u>(2,604)</u>	<u>(1,956)</u>
	<u>\$ 6,108</u>	<u>\$ 6,756</u>

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 3,246,797	\$ 3,246,797
Foreign closed-end funds	<u>89,489</u>	<u>88,030</u>
	3,336,286	3,334,827
Valuation adjustment	<u>1,970,476</u>	<u>(305,157)</u>
	<u>\$ 5,306,762</u>	<u>\$ 3,029,670</u>

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or (loss) are listed below:

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	(\$ 648)	\$ 1,870
Unlisted stocks	2,272,149	712,226
Foreign closed-end funds	27,922	(11,358)
Derivatives	<u>(57,777)</u>	<u>42,843</u>
	<u>\$ 2,241,646</u>	<u>\$ 745,581</u>

B. The Company entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

<u>Derivative instruments</u>	<u>December 31, 2020</u>	
	<u>Contract amount (notional principal)</u>	<u>Contract period</u>
Current items:		
Cross currency swap		
- Buy EUR sell NTD	<u>EUR 30,000,000</u>	2020.11.16~2021.02.17
- Buy USD sell NTD	<u>USD 15,000,000</u>	2020.12.16~2021.03.16
- Buy USD sell NTD	<u>USD 10,000,000</u>	2020.11.06~2021.02.08
- Buy USD sell NTD	<u>USD 20,000,000</u>	2020.11.12~2021.02.17
- Buy USD sell NTD	<u>USD 10,000,000</u>	2020.11.16~2021.02.17

	<u>December 31, 2019</u>	
<u>Derivative instruments</u>	<u>Contract amount</u> <u>(notional principal)</u>	<u>Contract period</u>
Current items:		
Forward foreign exchange contracts		
- Buy USD sell EUR	<u>(USD 9,000,000)</u>	2019.10.18~2020.01.21
Cross currency swap		
- Buy EUR sell USD	<u>(USD 29,880,900)</u>	2019.11.18~2020.02.20

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

(3) Notes and accounts receivable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable	<u>\$ 210</u>	<u>\$ 743</u>
Accounts receivable	\$ 10,132,097	\$ 9,008,556
Less: Allowance for uncollectible accounts	(36,957)	(51,206)
	<u>\$ 10,095,140</u>	<u>\$ 8,957,350</u>

A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Not past due	\$ 10,117,836	\$ 8,937,970
1-30 days past due	6,256	55,642
31-60 days past due	942	6,390
61-90 days past due	-	478
Over 90 days past due	<u>7,273</u>	<u>8,819</u>
	<u>\$ 10,132,307</u>	<u>\$ 9,009,299</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2019, the balance of receivables from contracts with customers amounted to \$8,367,636.

C. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were \$210 and \$743, and accounts receivable were \$10,095,140 and \$8,957,350, respectively.

D. Information relating to credit risk of notes receivable and accounts receivable is provided in Note 12(2).

(4) Inventories

December 31, 2020			
	Cost	Allowance for valuation losses	Book value
Raw materials	\$ 1,543,595	(\$ 131,440)	\$ 1,412,155
Work in progress	2,532,847	(321,623)	2,211,224
Finished goods	1,325,430	(460,850)	864,580
	<u>\$ 5,401,872</u>	<u>(\$ 913,913)</u>	<u>\$ 4,487,959</u>

December 31, 2019			
	Cost	Allowance for valuation losses	Book value
Raw materials	\$ 980,116	(\$ 79,390)	\$ 900,726
Work in progress	2,495,084	(273,875)	2,221,209
Finished goods	1,379,254	(399,935)	979,319
	<u>\$ 4,854,454</u>	<u>(\$ 753,200)</u>	<u>\$ 4,101,254</u>

The cost of inventories recognized as expense for the year:

	Year ended December 31	
	2020	2019
Cost of goods sold	\$ 42,309,854	\$ 37,791,812
Loss on market value decline and obsolete and slow-moving inventories	337,572	251,517
Loss by fire	(433,323)	-
Others (Note 1)	973,851	886,385
	<u>\$ 43,187,954</u>	<u>\$ 38,929,714</u>

Note 1: Mainly pertain to cost differences resulting from low capacity utilization and revenue from sale of scrap or waste materials.

Note 2: Please refer to Notes 6(6) and 6(25) for the details of inventory loss caused by the fire in certain factory.

(5) Investments accounted for using equity method

Investees	December 31, 2020	December 31, 2019
Subsidiaries		
Hemingway Int'l Limited	\$ 7,823,153	\$ 7,965,034
UMTC Holdings Limited	3,812,400	3,996,194
UniBest Holding Limited	1,426,653	182,177
Qun Hong Technology Inc.	1,632,536	1,969,915
Hsin Yang Investment Co., Ltd.	1,030,314	1,085,100
Asia Pacific Microsystems, Inc. (Note 2)	305,520	-
Others	43,315	26,202
	16,073,891	15,224,622
Associates		
Subtron Technology Co., Ltd. (Subtron Technology)	1,242,147	1,204,756
Asia Pacific Microsystems, Inc. (Note 2)	-	145,075
Advance Materials Corp. (Advance Materials) (Note)	213,074	219,356
Others	114,887	123,459
	1,570,108	1,692,646
	\$ 17,643,999	\$ 16,917,268
Credit balance of investments accounted for using equity method transferred to other non-current liabilities	\$ 125,284	\$ 168,194

Note 1: If the total ownership percentage in the voting equity of the investee by the Company and its subsidiaries exceeds 20% or is the largest among all shareholders, the investment is accounted for under the equity method.

Note 2: In January 2020, the Company increased its investment in Asia Pacific which became the subsidiary of the Company after the increase.

- A. For information on the Company's subsidiaries, please refer to Note 4(3) of the consolidated financial statements for the year ended December 31, 2020.
- B. For the years ended December 31, 2020 and 2019, the share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method recognized was (\$1,421,405) and (\$963,638), respectively. For the years ended December 31, 2020 and 2019, the financial statements of these entities were audited by auditors appointed by the Company with the exception of Subtron Technology.
- C. The Company has prepared consolidated financial statements for the years ended December 31, 2020 and 2019. Consolidated subsidiaries are entities which the Company effectively controls and owns, directly or indirectly, more than 50% of the equity.
- D. As of December 31, 2020 and 2019, unrealized gross losses (gains) from downstream sales in the amount of \$4,960 and (\$7,484), respectively, were eliminated, and the amounts written off were recorded as deduction and addition to "investments accounted for using equity method".

E. The basic information of the associate that is material to the Company is as follows:

Company name	Principal place of business	Shareholding ratio		Nature of relationship	Method of measurement
		December 31, 2020	December 31, 2019		
Subtron Technology	Taiwan	31.40%	31.93%	Investment accounted for using equity method	Equity method

F. The summarized financial information of the associate that is material to the Company is as follows:

Balance sheet

	Subtron Technology	
	December 31, 2020	December 31, 2019
Current assets	\$ 2,343,878	\$ 2,103,049
Non-current assets	4,614,259	3,516,167
Current liabilities	(1,176,984)	(1,134,947)
Non-current liabilities	(2,062,954)	(1,012,962)
Total net assets	<u>\$ 3,718,199</u>	<u>\$ 3,471,307</u>
Share in associate's net assets	\$ 1,167,514	\$ 1,108,388
Difference on net value of equity	74,633	96,368
Carrying amount of the associate	<u>\$ 1,242,147</u>	<u>\$ 1,204,756</u>

Statement of comprehensive income

	Subtron Technology	
	Year ended December 31	
	2020	2019
Operating revenue	\$ 3,884,091	\$ 3,346,067
Profit for the year from continuing operations	206,658	101,420
Other comprehensive income, net of tax	39,671	53,892
Total comprehensive income	<u>\$ 246,329</u>	<u>\$ 155,312</u>

G. The carrying amount of the Company's interests in all individually immaterial associates and the Company's share of the operating results are summarized below:

As of December 31, 2020 and 2019, the carrying amount of the Company's individually immaterial associates amounted to \$253,062 and \$412,991, respectively

	Year ended December 31	
	2020	2019
Loss for the year from continuing operations	(\$ 314,258)	(\$ 579,781)
Other comprehensive income (loss), net of tax	5,796	(8,986)
Total comprehensive loss	<u>(\$ 308,462)</u>	<u>(\$ 588,767)</u>

- H. The Company and its subsidiaries (collectively referred herein as the “Group”) are the single largest shareholders of Subtron Technology, Advance Materials and Yih Dar Technologies Co., Ltd. with a 33.00%, 24.14% and 26.67% equity interest, respectively. Given that 6 other large shareholders hold more shares than the Group, which indicates that the Group has no current ability to direct the relevant activities of these investees, the Group has no control, but only has significant influence, over these investees.
- I. The Group is the single largest shareholder of Uniflex Technology with a 26.19% equity interest. Given that the voting rights obtained by the Group did not account for more than half of the total voting rights for attendance in the shareholders’ meetings in the past years, which indicates that the Group has no current ability to direct the relevant activities of Uniflex Technology, the Group has no control, but only has significant influence, over the investee.

(Remainder of page intentionally left blank)

(6) Property, plant and equipment

2020

	Land	Land-revaluation increment	Buildings and structures			Machinery and equipment			Transportation equipment and other equipment	Unfinished construction and equipment under acceptance	Total
			Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal			
At January 1											
Cost	\$ 4,800,226	\$ 10,162	\$ 21,627,996	\$ 199,318	\$ 21,827,314	\$ 27,686,791	\$ 2,234	\$ 27,689,025	\$ 829,904	\$ 1,685,207	\$ 56,841,838
Accumulated depreciation	-	-	(13,619,589)	(65,987)	(13,685,576)	(14,758,943)	(2,234)	(14,761,177)	(677,177)	-	(29,123,930)
Accumulated impairment	-	-	-	-	-	(49,954)	-	(49,954)	-	-	(49,954)
	<u>\$ 4,800,226</u>	<u>\$ 10,162</u>	<u>\$ 8,008,407</u>	<u>\$ 133,331</u>	<u>\$ 8,141,738</u>	<u>\$ 12,877,894</u>	<u>\$ -</u>	<u>\$ 12,877,894</u>	<u>\$ 152,727</u>	<u>\$ 1,685,207</u>	<u>\$ 27,667,954</u>
At January 1	\$ 4,800,226	\$ 10,162	\$ 8,008,407	\$ 133,331	\$ 8,141,738	\$ 12,877,894	\$ -	\$ 12,877,894	\$ 152,727	\$ 1,685,207	\$ 27,667,954
Additions	-	-	509,197	-	509,197	357,467	-	357,467	65,034	11,765,530	12,697,228
Loss by fire	-	-	(76,560)	-	(76,560)	(289,790)	-	(289,790)	(305)	-	(366,655)
Disposals, net	-	-	-	-	-	(290,670)	-	(290,670)	(671)	-	(291,341)
Reclassifications	-	(10,162)	453,771	(5,716)	448,055	3,774,284	-	3,774,284	84,192	(4,323,840)	(27,471)
Depreciation	-	-	(1,308,026)	(6,324)	(1,314,350)	(3,785,643)	-	(3,785,643)	(68,386)	-	(5,168,379)
At December 31	<u>\$ 4,800,226</u>	<u>\$ -</u>	<u>\$ 7,586,789</u>	<u>\$ 121,291</u>	<u>\$ 7,708,080</u>	<u>\$ 12,643,542</u>	<u>\$ -</u>	<u>\$ 12,643,542</u>	<u>\$ 232,591</u>	<u>\$ 9,126,897</u>	<u>\$ 34,511,336</u>
<u>At December 31, 2020</u>											
Cost	\$ 4,800,226	\$ -	\$ 22,277,229	\$ 190,773	\$ 22,468,002	\$ 28,734,378	\$ 2,234	\$ 28,736,612	\$ 959,618	\$ 9,126,897	\$ 66,091,355
Accumulated depreciation	-	-	(14,690,440)	(69,482)	(14,759,922)	(16,040,882)	(2,234)	(16,043,116)	(727,027)	-	(31,530,065)
Accumulated impairment	-	-	-	-	-	(49,954)	-	(49,954)	-	-	(49,954)
	<u>\$ 4,800,226</u>	<u>\$ -</u>	<u>\$ 7,586,789</u>	<u>\$ 121,291</u>	<u>\$ 7,708,080</u>	<u>\$ 12,643,542</u>	<u>\$ -</u>	<u>\$ 12,643,542</u>	<u>\$ 232,591</u>	<u>\$ 9,126,897</u>	<u>\$ 34,511,336</u>

2019

	Land-revaluation		Buildings and structures			Machinery and equipment			Transportation equipment and	Unfinished construction and equipment	Total
	Land	increment	Owner-occupied	Lease	Subtotal	Owner-occupied	Lease	Subtotal	other equipment	under acceptance	
At January 1											
Cost	\$ 3,249,928	\$ 10,162	\$ 21,519,068	\$ 188,432	\$ 21,707,500	\$ 26,961,642	\$ 2,234	\$ 26,963,876	\$ 813,974	\$ 2,101,755	\$ 54,847,195
Accumulated depreciation	-	-	(12,577,873)	(56,137)	(12,634,010)	(14,504,125)	(2,234)	(14,506,359)	(622,688)	-	(27,763,057)
Accumulated impairment	-	-	-	-	-	(49,954)	-	(49,954)	-	-	(49,954)
	<u>3,249,928</u>	<u>10,162</u>	<u>8,941,195</u>	<u>132,295</u>	<u>9,073,490</u>	<u>12,407,563</u>	<u>-</u>	<u>12,407,563</u>	<u>191,286</u>	<u>2,101,755</u>	<u>27,034,184</u>
Effects of retrospective application and retrospective restatement											
Cost	-	-	-	-	-	-	-	-	(4,027)	-	(4,027)
Accumulated depreciation	-	-	-	-	-	-	-	-	755	-	755
	-	-	-	-	-	-	-	-	(3,272)	-	(3,272)
Balance at January 1 after adjustments											
Cost	3,249,928	10,162	21,519,068	188,432	21,707,500	26,961,642	2,234	26,963,876	809,947	2,101,755	54,843,168
Accumulated depreciation	-	-	(12,577,873)	(56,137)	(12,634,010)	(14,504,125)	(2,234)	(14,506,359)	(621,933)	-	(27,762,302)
Accumulated impairment	-	-	-	-	-	(49,954)	-	(49,954)	-	-	(49,954)
	<u>\$ 3,249,928</u>	<u>\$ 10,162</u>	<u>\$ 8,941,195</u>	<u>\$ 132,295</u>	<u>\$ 9,073,490</u>	<u>\$ 12,407,563</u>	<u>\$ -</u>	<u>\$ 12,407,563</u>	<u>\$ 188,014</u>	<u>\$ 2,101,755</u>	<u>\$ 27,030,912</u>
At January 1											
At January 1	\$ 3,249,928	\$ 10,162	\$ 8,941,195	\$ 132,295	\$ 9,073,490	\$ 12,407,563	\$ -	\$ 12,407,563	\$ 188,014	\$ 2,101,755	\$ 27,030,912
Additions	515,200	-	408,774	-	408,774	560,108	-	560,108	51,183	3,481,301	5,016,566
Disposals, net	-	-	-	-	-	(112,524)	-	(112,524)	-	-	(112,524)
Reclassifications	1,035,098	-	124,237	7,643	131,880	3,692,828	-	3,692,828	(21,983)	(3,897,849)	939,974
Depreciation	-	-	(1,465,799)	(6,607)	(1,472,406)	(3,670,081)	-	(3,670,081)	(64,487)	-	(5,206,974)
At December 31	<u>\$ 4,800,226</u>	<u>\$ 10,162</u>	<u>\$ 8,008,407</u>	<u>\$ 133,331</u>	<u>\$ 8,141,738</u>	<u>\$ 12,877,894</u>	<u>\$ -</u>	<u>\$ 12,877,894</u>	<u>\$ 152,727</u>	<u>\$ 1,685,207</u>	<u>\$ 27,667,954</u>
At December 31, 2019											
Cost	\$ 4,800,226	\$ 10,162	\$ 21,627,996	\$ 199,318	\$ 21,827,314	\$ 27,686,791	\$ 2,234	\$ 27,689,025	\$ 829,904	\$ 1,685,207	\$ 56,841,838
Accumulated depreciation	-	-	(13,619,589)	(65,987)	(13,685,576)	(14,758,943)	(2,234)	(14,761,177)	(677,177)	-	(29,123,930)
Accumulated impairment	-	-	-	-	-	(49,954)	-	(49,954)	-	-	(49,954)
	<u>\$ 4,800,226</u>	<u>\$ 10,162</u>	<u>\$ 8,008,407</u>	<u>\$ 133,331</u>	<u>\$ 8,141,738</u>	<u>\$ 12,877,894</u>	<u>\$ -</u>	<u>\$ 12,877,894</u>	<u>\$ 152,727</u>	<u>\$ 1,685,207</u>	<u>\$ 27,667,954</u>

- A. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of the interest rates for such capitalization are as follows:

	Year ended December 31	
	2020	2019
Amount capitalized	\$ 20,956	\$ 11,281
Range of the interest rates for capitalization	0.85%~1.53%	0.93%~1.81%

- B. The significant components and useful life of property, plant and equipment are as follows:

Items	Significant components	Useful life
Buildings and structures	Plants, air conditioning system, and power engineering	3~55 years
Machinery and equipment	Drilling-machine, mask aligner, electroplating and laser machine	2~11 years
Transportation equipment and other equipment	Truck and fork lift	2~11 years

- C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.
- D. The Company owned a land located at Luzhu Dist., Taoyuan City for building a plant and the related facilities, with an area of 833 square meters, and the cost amounted to \$21,360. The land belongs to forest-floor, and the registration for the transfer has not yet been completed as of December 31, 2020. The Company has obtained other rights of the land for securing certain rights to this land.
- E. A factory of the Company caught fire in October 2020, resulting in losses on certain factory and buildings, equipment and inventory. However, the said factory is covered with property and business interruption insurance and the Company is entitled to claim for compensation for its operating costs during the interruption period. For the year ended December 31, 2020, the Company recognized loss due to fire amounting to \$121,113 after deducting the insurance claims receivable amounting to \$682,380 (shown as other receivables) which was recognized based on the insurance survey report issued by the surveyor. As of the report date, the Company is still in the process of negotiating with the insurance company with respect to the final settlement of the claims.

(7) Leasing arrangements – lessee

- A. The Company leases various assets including land, buildings and business vehicles. Rental contracts are typically made for periods of 1 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2020	December 31, 2019
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 50,647	\$ 38,736
Buildings	725,050	781,776
Machinery and equipment	274,256	-
Transportation equipment	<u>7,344</u>	<u>6,795</u>
	<u>\$ 1,057,297</u>	<u>\$ 827,307</u>
	<u>Year ended December 31, 2020</u>	<u>Year ended December 31, 2019</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 9,714	\$ 8,325
Buildings	99,740	102,526
Machinery and equipment	22,590	-
Transportation equipment	<u>3,300</u>	<u>2,810</u>
	<u>\$ 135,344</u>	<u>\$ 113,661</u>

B. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were \$370,603 and \$11,266, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31, 2020	Year ended December 31, 2019
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 33,938	\$ 32,062
Expense on short-term lease contracts	32,553	16,286
Expense on leases of low-value assets	206	64
Expense on variable lease payments	625	434
Gain on sublease of right-of-use assets	1,347	542

F. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases were \$247,402 and \$164,746, respectively.

G. Variable lease payments

Some of the Company's lease contracts contain variable lease payment terms that are linked to the usage amount of transportation equipment. Lease payments are on the basis of variable payment terms and are accrued based on the usage amount of equipment. Various lease payments that depend on the usage amount of equipment are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

H. Extension options

- (a) Extension options are included in the Company's lease contracts pertaining to land, buildings and structures and transportation equipment. These terms and conditions aim to maximise optional flexibility in terms of managing contracts.
- (b) In determining the lease term, the Company takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

(8) Leasing arrangements – lessor

- A. The Company leases various assets including land, buildings, machinery and equipment. Rental contracts are typically made for periods of 1 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes.
- B. The Company leases land, buildings and structures to others under finance lease. For the years ended December 31, 2020 and 2019, the amount of finance income from the net investment in the finance lease related to lease contracts was \$9,523 and \$8,555, respectively.
- C. The maturity analysis of the undiscounted lease payments under the finance leases is as follows:

	December 31, 2020	December 31, 2019
Less than one year	\$ 36,124	\$ 10,489
More than one year but not later than five years	161,599	151,490
Over five years	169,748	211,124
	<u>\$ 367,471</u>	<u>\$ 373,103</u>

- D. Reconciliation of the undiscounted lease payments and the net investment under the finance lease is provided as follows:

	December 31, 2020	
	Current	Non-current
Undiscounted lease payments	\$ 36,124	\$ 331,347
Unearned finance income	(710)	(1,771)
Net investment in the lease	<u>\$ 35,414</u>	<u>\$ 329,576</u>

	December 31, 2019	
	Current	Non-current
Undiscounted lease payments	\$ 10,489	\$ 362,614
Unearned finance income	(697)	(2,106)
Net investment in the lease	<u>\$ 9,792</u>	<u>\$ 360,508</u>

E. For the years ended December 31, 2020 and 2019, the Company recognized rent income in the amount of \$92,021 and \$93,829, respectively, based on the operating lease agreements, which does not include variable lease payments.

F. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2020	December 31, 2019
Less than one year	\$ 85,599	\$ 89,777
More than one year but not later than five years	222,580	242,765
Over five years	87,091	128,263
	<u>\$ 395,270</u>	<u>\$ 460,805</u>

(9) Investment property

	2020		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 631,361	\$ 783,199	\$ 1,414,560
Accumulated depreciation	-	(665,686)	(665,686)
	<u>\$ 631,361</u>	<u>\$ 117,513</u>	<u>\$ 748,874</u>
<u>2020</u>			
At January 1	\$ 631,361	\$ 117,513	\$ 748,874
Additions - from acquisition	5,726	-	5,726
Reclassifications	27,472	-	27,472
Depreciation	-	(17,241)	(17,241)
At December 31	<u>\$ 664,559</u>	<u>\$ 100,272</u>	<u>\$ 764,831</u>
<u>At December 31</u>			
Cost	\$ 664,559	\$ 783,199	\$ 1,447,758
Accumulated depreciation	-	(682,927)	(682,927)
	<u>\$ 664,559</u>	<u>\$ 100,272</u>	<u>\$ 764,831</u>

	2019		
	Land	Buildings and structures	Total
<u>At January 1</u>			
Cost	\$ 1,621,625	\$ 783,199	\$ 2,404,824
Accumulated depreciation	-	(645,502)	(645,502)
	<u>\$ 1,621,625</u>	<u>\$ 137,697</u>	<u>\$ 1,759,322</u>
<u>2019</u>			
At January 1	\$ 1,621,625	\$ 137,697	\$ 1,759,322
Additions	44,834	-	44,834
Disposals, net	-	(95,124)	(95,124)
Reclassifications (Note)	(1,035,098)	95,124	(939,974)
Depreciation	-	(20,184)	(20,184)
At December 31	<u>\$ 631,361</u>	<u>\$ 117,513</u>	<u>\$ 748,874</u>
<u>At December 31</u>			
Cost	\$ 631,361	\$ 783,199	\$ 1,414,560
Accumulated depreciation	-	(665,686)	(665,686)
	<u>\$ 631,361</u>	<u>\$ 117,513</u>	<u>\$ 748,874</u>

Note: Reclassified to land, building and equipment for owner-occupied.

- A. Rental income from investment property and direct operating expenses arising from investment property are shown below:

	Year ended December 31	
	2020	2019
Rental income from investment property	<u>\$ 43,464</u>	<u>\$ 43,248</u>
Direct operating expenses arising from the investment property that generated rental income during the year	<u>\$ 61,989</u>	<u>\$ 57,770</u>

- B. The fair value of the investment property held by the Company as at December 31, 2020 and 2019 was \$2,668,008 and \$2,640,293, respectively, which was valued by independent valuers. Valuations were made using the income approach which is categorized within Level 3 in the fair value hierarchy.
- C. Information about the investment property that were pledged to others as collateral is provided in Note 8.

(10) Intangible assets

	2020		
	<u>Computer software</u>	<u>Others</u>	<u>Total</u>
<u>At January 1</u>			
Cost	\$ 611,825	\$ 84,244	\$ 696,069
Accumulated amortization	(514,155)	(78,074)	(592,229)
	<u>\$ 97,670</u>	<u>\$ 6,170</u>	<u>\$ 103,840</u>
<u>2020</u>			
At January 1	\$ 97,670	\$ 6,170	\$ 103,840
Additions — acquired separately	126,870	30,722	157,592
Amortization	(91,917)	(8,893)	(100,810)
At December 31	<u>\$ 132,623</u>	<u>\$ 27,999</u>	<u>\$ 160,622</u>
<u>At December 31</u>			
Cost	\$ 738,695	\$ 114,966	\$ 853,661
Accumulated amortization	(606,072)	(86,967)	(693,039)
	<u>\$ 132,623</u>	<u>\$ 27,999</u>	<u>\$ 160,622</u>
	2019		
	<u>Computer software</u>	<u>Others</u>	<u>Total</u>
<u>At January 1</u>			
Cost	\$ 509,419	\$ 83,591	\$ 593,010
Accumulated amortization	(425,372)	(73,626)	(498,998)
	<u>\$ 84,047</u>	<u>\$ 9,965</u>	<u>\$ 94,012</u>
<u>2019</u>			
At January 1	\$ 84,047	\$ 9,965	\$ 94,012
Additions — acquired separately	102,406	653	103,059
Amortization	(88,783)	(4,448)	(93,231)
At December 31	<u>\$ 97,670</u>	<u>\$ 6,170</u>	<u>\$ 103,840</u>
<u>At December 31</u>			
Cost	\$ 611,825	\$ 84,244	\$ 696,069
Accumulated amortization	(514,155)	(78,074)	(592,229)
	<u>\$ 97,670</u>	<u>\$ 6,170</u>	<u>\$ 103,840</u>

Details of amortization on intangible assets are as follows:

	Year ended December 31	
	2020	2019
Operating costs	\$ 67,831	\$ 59,764
Selling expenses	1,012	1,094
General and administrative expenses	2,840	7,944
Research and development expenses	29,127	24,429
	<u>\$ 100,810</u>	<u>\$ 93,231</u>

(11) Short-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank borrowings	\$ 3,462,560	\$ 6,391,320
L/C borrowings	<u>2,380,251</u>	<u>580,693</u>
	<u>\$ 5,842,811</u>	<u>\$ 6,972,013</u>
Interest rate range	<u>0.65%~1.34%</u>	<u>0.95%~3.57%</u>
Undrawn borrowing facilities	<u>\$ 19,988,400</u>	<u>\$ 15,330,550</u>

As of December 31, 2020 and 2019, the Company issued guarantee notes in the amount of \$7,605,000 and US\$235,000,000 as well as \$6,540,000 and US\$123,000,000 for the aforementioned borrowings, except for the collateral stated in Note 8.

(12) Short-term notes and bills payable

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Commercial paper payable	\$ -	\$ 1,400,000
Less: Unamortised discount	<u>-</u>	<u>(1,329)</u>
	<u>\$ -</u>	<u>\$ 1,398,671</u>
Issue rate	<u>-</u>	<u>0.60%~0.95%</u>
Undrawn borrowing facilities	<u>\$ 1,700,000</u>	<u>\$ 1,700,000</u>

The aforementioned commercial paper payable of the Company is guaranteed by Ta Ching Bills Finance Corp, International Bill Finance Corp. and China Bills Finance Corp.

(13) Financial liabilities at fair value through profit or loss-current

<u>Items</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Current items:		
Financial liabilities held for trading		
Valuation adjustment	<u>\$ 36,853</u>	<u>\$ 8,967</u>

Details of transaction nature and contract information of derivative financial instruments and the amount of net (loss) income recognized for the years ended December 31, 2020 and 2019 are provided in Note 6(2).

(14) Other payables

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Payable on machinery and equipment	\$ 3,711,190	\$ 1,563,020
Salaries and bonuses payable	1,838,097	1,481,070
Others	<u>2,386,922</u>	<u>1,998,577</u>
	<u>\$ 7,936,209</u>	<u>\$ 5,042,667</u>

(15) Other current liabilities

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Long-term borrowings, current portion (Note 2)	\$ 2,323,333	\$ 1,420,833
Fund collected for purchase equipment on behalf of others (Note 1)	3,489,662	-
Contract liabilities (Note 2)	717,348	28,448
Lease liabilities	252,917	91,485
Others	85,591	72,910
	<u>\$ 6,868,851</u>	<u>\$ 1,613,676</u>

Note 1: It refers to fund collected for purchase equipment on behalf of customer who commissioned the Company to acquire equipment for it.

Note 2: Details of long-term borrowings, current portion and contract liabilities are provided in Notes 6(16) and 6(22), respectively.

(16) Long-term borrowings

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Bank borrowings	\$ 18,228,366	\$ 15,899,100
Commercial paper payable	4,000,000	4,000,000
Less: Unamortized discount	(831)	(1,273)
	22,227,535	19,897,827
Less: Current portion	(2,323,333)	(1,420,833)
	<u>\$ 19,904,202</u>	<u>\$ 18,476,994</u>
Interest rate range	<u>0.30%~1.17%</u>	<u>0.50%~2.85%</u>

A. The long-term borrowings listed above will mature between 2020 and 2027.

B. In 2018, the Company reestablished commercial paper issuance agreements with companies including Ta Ching Bills Finance Corp. (“Bills Finance Corp.”), who agreed to act as underwriters of commercial paper issued by the Company. Under the terms of the agreement, the Company must issue commercial paper with maturity of 90 days or less in the contractual period. If the Company does not issue the full amount during the period the agreement is in effect, it is required to pay a commitment fee to the other party at an annual interest rate of 1%. This agreement expires in August 2022.

C. In January 2019, the Company renewed a medium-term loan agreement of \$850,000 with Bank Sinopac. The loan period is three years starting from the date the credit is first used. The Company is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual and half-year consolidated financial statements):

(a) Current ratio of 100% or more;

(b) Debt ratio does not exceed 150% (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders’ equity less intangible assets);

(c) Interest coverage ratio of more than 4 (calculated as earnings before interest, taxes,

depreciation and amortization divided by interest expense);

(d) Net tangible assets of not lower than \$37,500,000.

D. In August 2020, the Company renewed a medium-term loan agreement of \$700,000 with Taipei Fubon Bank, which expires in August 2023. The Company is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual and half-year consolidated financial statements):

(a) Current ratio of 100% or more;

(b) Debt ratio does not exceed 150% (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets);

(c) Interest coverage ratio of 4 or more (calculated as earnings before interest, taxes, depreciation and amortization divided by interest expense).

(d) Net tangible assets of not lower than \$40,000,000.

In addition, the Company repaid the long-term borrowings in 2020.

E. In October 2019, the Company renewed a medium-term loan agreement of \$2,000,000 with Chinatrust Commercial Bank, which expires in October 2022. The Company is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual and half-year consolidated financial statements):

(a) Current ratio of 100% or more;

(b) Debt ratio does not exceed 150% (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets);

(c) Interest coverage ratio of 10 or more (calculated as earnings before interest, taxes, depreciation and amortization divided by interest expense).

(d) Net tangible assets of not lower than \$42,500,000.

In addition, the Company repaid the long-term borrowings in 2020.

F. In October 2018, the Company signed a five-year syndicated loan agreement totaling \$6,000,000 with a consortium of banks led by Chinatrust Commercial Bank. The loan period is five years from the date the credit is first used (December 27, 2018). The Company is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual and half-year consolidated financial statements):

(a) Current ratio of 100% or more;

(b) Debt ratio does not exceed 150% (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets);

(c) Interest coverage ratio of more than 4 (calculated as earnings before interest, taxes, depreciation and amortization divided by interest expense).

(d) Net tangible assets of not lower than \$40,000,000.

Additionally, in April 2020, the Company cancelled the syndicated loan agreement that was agreed by the consortium of banks and repaid the loan in advance after considering its capital utilization status.

G. In October 2019, the Company signed an agreement of loans for returning Taiwanese investors totalling \$2,000,000 with Taipei Fubon Bank. The loan period is five years from the date the credit is first used (April 23, 2020). The Company is required to maintain the following financial ratios for the duration of the agreement (calculated based on the annual and half-year consolidated financial statements):

- (a) Current ratio of 100% or more;
- (b) Debt ratio does not exceed 150% (calculated as total liabilities divided by net tangible assets; net tangible assets equal stockholders' equity less intangible assets);
- (c) Interest coverage ratio of more than 4 (calculated as earnings before interest, taxes, depreciation and amortization divided by interest expense).
- (d) Net tangible assets of not lower than \$40,000,000.

H. As of December 31, 2020 and 2019, the Company issued guarantee notes in the amount of \$25,150,000 and US\$140,000,000 as well as \$20,350,000 and US\$85,000,000 for the aforementioned borrowings, respectively, in addition to the collateral stated in Note 8.

(17) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to be qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Present value of defined benefit obligations	\$ 1,404,342	\$ 1,380,065
Fair value of plan assets	(690,535)	(694,796)
Net defined benefit liability	<u>\$ 713,807</u>	<u>\$ 685,269</u>

(c) Movements in net defined benefit liabilities are as follows:

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
2020			
Balance at January 1	\$ 1,380,065	(\$ 694,796)	\$ 685,269
Current service cost	4,756	-	4,756
Interest expense (income)	9,661	(4,864)	4,797
	<u>1,394,482</u>	<u>(699,660)</u>	<u>694,822</u>
Remeasurements:			
Change in financial assumptions	68,634	-	68,634
Experience adjustments	(231)	(24,287)	(24,518)
	<u>68,403</u>	<u>(24,287)</u>	<u>44,116</u>
Pension fund contribution	-	(25,131)	(25,131)
Paid pension	(58,543)	58,543	-
Balance at December 31	<u>\$ 1,404,342</u>	<u>(\$ 690,535)</u>	<u>\$ 713,807</u>
2019			
Balance at January 1	\$ 1,351,047	(\$ 671,938)	\$ 679,109
Current service cost	5,411	-	5,411
Interest expense (income)	13,510	(6,719)	6,791
	<u>1,369,968</u>	<u>(678,657)</u>	<u>691,311</u>
Remeasurements:			
Change in financial assumptions	51,593	-	51,593
Experience adjustments	(8,480)	(24,248)	(32,728)
	<u>43,113</u>	<u>(24,248)</u>	<u>18,865</u>
Pension fund contribution	-	(24,907)	(24,907)
Paid pension	(33,016)	33,016	-
Balance at December 31	<u>\$ 1,380,065</u>	<u>(\$ 694,796)</u>	<u>\$ 685,269</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local

banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31	
	2020	2019
Discount rate	0.30%	0.70%
Future salary increases	4.50%	4.50%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2020 and 2019.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	(\$ 43,422)	\$ 45,249	\$ 39,837	(\$ 38,545)
December 31, 2019				
Effect on present value of defined benefit obligation	(\$ 43,173)	\$ 45,022	\$ 39,872	(\$ 38,546)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amount to \$24,789.

(g) As of December 31, 2020, the weighted average duration of the retirement plan is 13 years.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based

on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

- (b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2020 and 2019 were \$395,315 and \$343,528, respectively.

(18) Share-based payment

A. For the years ended December 31, 2020 and 2019, the Company's share-based payment arrangements were as follows:

- (a) Treasury stock transferred to employees

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted (Thousand shares)</u>	<u>Contract period</u>	<u>Vesting conditions</u>
First phase of the 8 th treasury stocks transferred to employees	2020.03.27	11,000	0.10 years	Note
Second phase of the 8 th treasury stocks transferred to employees	2020.10.27	1,072	0.03 years	Note
First phase of the 7 th treasury stocks transferred to employees	2018.05.09	6,119	0.42 years	Note
Second phase of the 7 th treasury stocks transferred to employees	2018.05.09	5,881	0.67 years	Note

Note : The employees who have been fully employed for one year before the record date or have made special contributions to the Company will acquire 100% treasury shares if approved by the chairman of the Board of Directors.

- (b) Restricted stocks to employees

<u>Type of arrangement</u>	<u>Grant date</u>	<u>Quantity granted (Thousand shares)</u>	<u>Contract period</u>	<u>Vesting conditions</u>
2 nd issuance of new restricted stocks to employees	2017.07.17	7,282	2 years	Note

Note: Employees who were employed at the time of the issuance of new restricted stocks, have not violated their labor contracts, and whose recent performance reviews meet required standards will receive new shares according to the following schedule:

- i. Employees will receive 50% of the assigned shares one year after the issuance date and be able to exercise the associated rights.
- ii. Employees will receive the remaining 50% of the assigned shares two years after the issuance date and be able to exercise the associated rights.

The aforementioned new restricted stocks issued by the Company cannot be transferred during the vesting period, with the exception of inheritance. However, the voting right and dividend right are not restricted on these stocks. If employees leave before the shares vest, the Company will buy back the shares at the original issuance price and cancel them, and the

employees are not required to return dividends already received.

The above share-based payment arrangements are settled by equity.

B. Details of the share-based payment arrangements are as follows:

(a) Employee stock options

	Year ended December 31			
	2020		2019	
	No. of options (thousand shares)	Exercise price (in dollars)	No. of options (thousand shares)	Exercise price (in dollars)
Options outstanding at beginning of year	-	\$ -	6,438	\$13.97 and \$14.00
Options granted	12,072	16.41 and 32.70	-	-
Options exercised	(11,923)	16.41 and 32.70	(6,438)	13.97 and 14.00
Options outstanding at end of year	<u>149</u>	<u>\$ 16.41</u>	<u>-</u>	<u>\$ -</u>
Employee stock options exercised at end of year	<u>149</u>	<u>\$ 16.41</u>	<u>-</u>	<u>\$ -</u>

(b) Restricted stocks to employees

	Year ended December 31			
	2020		2019	
	No. of options (thousand shares)	Exercise price (in dollars)	No. of options (thousand shares)	Exercise price (in dollars)
Options outstanding at beginning of year	-	\$ -	3,460	\$ 10.00
Options granted	-	-	-	-
Options exercised	-	-	(3,326)	10.00
Options expired	-	-	(134)	-
Options outstanding at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employee stock options exercised at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

C. As of December 31, 2020, the exercise price of stock options outstanding was NT\$16.41. The weighted-average remaining contractual period was 0 year. In addition, as of December 31, 2019, the Company had no stock options outstanding.

D. As of December 31, 2019, the Company has no outstanding restricted stocks to employees.

E. The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividends (in dollars)	Risk-free interest rate	Fair value per unit (in dollars)
First phase of the 8 th treasury stocks transferred to employees	2020.03.27	\$ 30.25	\$ 16.41	57.16%	0.10 years	\$ -	0.3800%	\$ 13.85
Second phase of the 8 th treasury stocks transferred to employees	2020.10.27	\$ 81.60	\$ 32.70	55.74%	0.03 years	\$ -	0.1600%	\$ 48.90
First phase of the 7 th treasury stocks transferred to employees	2018.05.09	\$ 17.15	\$ 13.97	36.93%	0.42 years	\$ -	0.3700%	\$ 3.60
Second phase of the 7 th treasury stocks transferred to employees	2018.05.09	\$ 17.15	\$ 14.00	36.93%	0.67 years	\$ -	0.4000%	\$ 3.87
2 nd issuance of new restricted stocks to employees	2017.07.17	\$ 18.35	\$ 10.00	-	-	\$ -	-	\$ 8.35

F. Expenses arising from share-based payment transactions are shown below:

	Year ended December 31	
	2020	2019
Equity-settled	\$ 204,771	\$ 8,349

(19) Share capital

A. As of December 31, 2020, the Company's authorized and paid-in capital were \$20,000,000 and \$15,047,323, respectively.

Movements in the number of the Company's ordinary shares outstanding are as follows:

	Year ended December 31	
	2020	2019
At January 1	1,455,632,333	1,449,327,333
Treasury shares sold to employees	11,923,000	6,438,500
Retirement of employee restricted stocks	-	(133,500)
At December 31	1,467,555,333	1,455,632,333

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2020	
		Number of shares	Carrying amount
The Company	To be reissued to employees	37,177,000 shares	\$ 608,194

Name of company holding the shares	Reason for reacquisition	December 31, 2019	
		Number of shares	Carrying amount
The Company	To be reissued to employees	49,100,000 shares	\$ 803,247

- (b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.
- (d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should be reissued to the employees within five years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(20) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

2020											
	Share premium	Employee stock options	Expired employee stock options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates and joint ventures accounted for using equity method	Net assets from merger	Treasury share transactions	Employee restricted shares	Others	Total
At January 1	\$ 6,346,221	\$ 1,356	\$ 32,250	\$ 11,944	\$ 173,698	\$ 55,187	\$ 1,903,855	\$ 43,634	\$ 64,452	\$ -	\$ 8,632,597
Compensation cost of share-based payments	-	204,771	-	-	-	-	-	-	-	-	204,771
Expired employee stock options	-	(204,063)	-	-	-	-	-	221,490	-	-	17,427
Changes in ownership interests in subsidiaries	-	-	-	-	(46,537)	-	-	-	-	(	46,537)
Changes in net assets of associates accounted for under equity method	-	-	-	-	-	22,513	-	-	-	-	22,513
Capital surplus - dividends not received by shareholders	-	-	-	-	-	-	-	-	-	415	415
Others	229	-	-	-	-	-	-	-	-	-	229
At December 31	<u>\$ 6,346,450</u>	<u>\$ 2,064</u>	<u>\$ 32,250</u>	<u>\$ 11,944</u>	<u>\$ 127,161</u>	<u>\$ 77,700</u>	<u>\$ 1,903,855</u>	<u>\$ 265,124</u>	<u>\$ 64,452</u>	<u>\$ 415</u>	<u>\$ 8,831,415</u>

2019											
	Share premium	Employee stock options	Expired employee stock options	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Changes in ownership interests in subsidiaries	Net change in equity of associates and joint ventures accounted for using equity method	Net assets from merger	Treasury share transactions	Employee restricted shares	Others	Total
At January 1	\$ 6,346,221	\$ 24,534	\$ 32,250	\$ 11,944	\$ 170,695	\$ 16,469	\$ 1,903,855	\$ 20,163	\$ 63,117	\$ -	8,589,248
Expired employee stock options	-	(23,178)	-	-	-	-	-	23,471	-	-	293
Changes in ownership interests in subsidiaries	-	-	-	-	3,003	-	-	-	-	-	3,003
Changes in net asset of associates accounted for under equity method	-	-	-	-	-	38,718	-	-	-	-	38,718
Retirement of employee restricted stocks	-	-	-	-	-	-	-	-	-	1,335	1,335
At December 31	<u>\$ 6,346,221</u>	<u>\$ 1,356</u>	<u>\$ 32,250</u>	<u>\$ 11,944</u>	<u>\$ 173,698</u>	<u>\$ 55,187</u>	<u>\$ 1,903,855</u>	<u>\$ 43,634</u>	<u>\$ 64,452</u>	<u>\$ -</u>	<u>\$ 8,632,597</u>

(21) Retained earnings

- A. In accordance with the Articles of Incorporation of the Company, earnings is distributed in the following order:
- (a) Payment of taxes.
 - (b) Covering accumulated deficit.
 - (c) Set aside 10% of the remaining earnings as legal reserve; however this is not required if total legal reserve equals total paid-in capital.
 - (d) Set aside or reverse special reserve in accordance with relevant laws and regulations or as required by the competent authority.
 - (e) The distribution of the remaining amount, plus unappropriated earnings from prior years, shall be proposed by the Board of Directors and resolved by shareholders in their general meeting.
- B. The Company's dividend policy is carried out in accordance with the amended Articles of Incorporation, which take into account the Company's current and future investment environment, capital needs, domestic and foreign competition, and capital budget, along with shareholders' interests and the balance between dividends and long-term financial plans of the Company. Pursuant to existing regulations, the Board of Directors prepares an earnings distribution proposal every year and submits it to the shareholders for approval. The Company's dividend policy is as follows: taking into consideration the Company's future expansion plans and capital needs while operating in the high-tech electronics industry, cash dividends shall account for at least 10% of total dividends distributed, and no more than 90% of the Company's distributable earnings shall be appropriated as dividends.
- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
- E. (a) The appropriations of 2019 and 2018 earnings as resolved by the shareholders during their meeting on June 19, 2020 and June 21, 2019, respectively, are as follows:

	Year ended December 31			
	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 320,091		\$ 170,531	
Appropriation of special reserve	397,765		463,854	
Cash dividends	<u>1,601,196</u>	\$ 1.10	<u>1,164,584</u>	\$ 0.80
	<u>\$ 2,319,052</u>		<u>\$ 1,798,969</u>	

(b) The appropriations of 2020 earnings as proposed by the Board of Directors during its meeting on February 23, 2021 are as follows:

	<u>Year ended December 31, 2020</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Legal reserve	\$ 543,158	
Special reserve	(311,076)	
Cash dividends	<u>2,054,577</u>	\$ 1.40
	<u>\$ 2,286,659</u>	

As of February 23, 2021, the above stated appropriation of 2020 earnings has not yet been resolved by the shareholders.

(22) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time in the following geographical regions:

<u>2020</u>	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Others</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$17,896,473</u>	<u>\$31,958,752</u>	<u>\$ 4,114,518</u>	<u>\$ 106,366</u>	<u>\$54,076,109</u>
Timing of revenue					
At a point in time	<u>\$17,896,473</u>	<u>\$31,958,752</u>	<u>\$ 4,114,518</u>	<u>\$ 106,366</u>	<u>\$54,076,109</u>
<u>2019</u>	<u>Taiwan</u>	<u>Asia</u>	<u>America</u>	<u>Others</u>	<u>Total</u>
Revenue from external customer contracts	<u>\$18,043,290</u>	<u>\$28,574,580</u>	<u>\$ 512,253</u>	<u>\$ 274,537</u>	<u>\$47,404,660</u>
Timing of revenue					
At a point in time	<u>\$18,043,290</u>	<u>\$28,574,580</u>	<u>\$ 512,253</u>	<u>\$ 274,537</u>	<u>\$47,404,660</u>

B. Contract liabilities (shown as other current liabilities and other non-current liabilities)

The Group has recognized the following revenue-related contract assets and liabilities:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>January 1, 2019</u>
Contract liabilities – advance sales receipts	<u>\$ 2,916,406</u>	<u>\$ 235,361</u>	<u>\$ -</u>

C. Revenue recognized that was included in the contract liability balance at the beginning of the year

	<u>2020</u>	<u>2019</u>
Operating revenue	<u>\$ 28,448</u>	<u>\$ -</u>

As of December 31, 2020, certain letters of credit guaranteed by a bank for the abovementioned contract liabilities amounted to USD 89,700 thousand.

(23) Other income and expenses-net

	Year ended December 31	
	2020	2019
Rental income from investment property	\$ 43,464	\$ 43,248
Depreciation on investment property	(17,241)	(20,184)
Other income and expenses, net	28,622	(4,006)
	<u>\$ 54,845</u>	<u>\$ 19,058</u>

(24) Other income

	Year ended December 31	
	2020	2019
Rental revenue	\$ 48,483	\$ 49,924
Dividend income	42,473	32,539
Revenue from sale of scraps	14,690	20,914
Miscellaneous income	216,495	173,329
	<u>\$ 322,141</u>	<u>\$ 276,706</u>

(25) Other gains and losses

	Year ended December 31	
	2020	2019
Net currency exchange losses	(\$ 331,182)	(\$ 200,529)
Net losses on disposal of property, plant and equipment	(29,288)	(906)
Net losses on disposal of investment property	-	(95,124)
Loss on remeasurement of the subsidiary transferred from investment accounted for using equity method	(33,979)	-
Net gains on financial assets or liabilities at fair value through profit or loss	2,241,646	745,581
Profit from lease modifications	-	695
Loss due to fire (Note)	(121,113)	-
Miscellaneous disbursements	(14,119)	(8,396)
	<u>\$ 1,711,965</u>	<u>\$ 441,321</u>

Note: Details of fire incidents in certain factory of the Company are provided in Note 6(6).

(26) Finance costs

	Year ended December 31	
	2020	2019
Interest expense-bank borrowings	\$ 301,614	\$ 438,908
Interest expense-lease transactions	33,938	32,062
Bill handling fee	32,360	32,559
Others	28	28
	<u>367,940</u>	<u>503,557</u>
Less: Capitalization of qualifying assets	(20,956)	(11,281)
	<u>\$ 346,984</u>	<u>\$ 492,276</u>

(27) Expenses by nature

	Year ended December 31	
	2020	2019
Employee benefit expense	\$ 11,515,005	\$ 9,976,413
Depreciation charges on property, plant and equipment (including investment property and right-of-use assets)	5,320,964	5,340,819
Amortisation charges on intangible assets	100,810	93,231
	<u>\$ 16,936,779</u>	<u>\$ 15,410,463</u>

(28) Employee benefit expense

	Year ended December 31	
	2020	2019
Salary expenses	\$ 9,679,858	\$ 8,390,600
Labour and health insurance fees	862,917	759,458
Pension and severance pay	427,358	373,146
Other personnel expenses	544,872	453,209
	<u>\$ 11,515,005</u>	<u>\$ 9,976,413</u>

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation. This ratio shall be between 5% and 15%. Directors' remuneration shall not exceed 0.7% of the distributable profit. Additionally, on June 19, 2020, the shareholders during their meeting resolved to amend the ratio of employees' compensation and directors' remuneration. A ratio of distributable profit of the current year, after covering accumulated losses, shall be between 6% and 16% for employees' compensation and shall not exceed 0.9% for directors' remuneration.

B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$912,711 and \$679,195, respectively; while directors' and supervisors' remuneration was accrued at \$50,386 and \$31,696, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration for 2020 as resolved by the Board of Directors were \$840,731 and \$39,229, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2019 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2019 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense (benefit)

Components of income tax expense:

	Year ended December 31	
	2020	2019
Current tax:		
Current tax on profits for the year	\$ 417,311	\$ 512,255
Provisional tax	425,212	211,631
Prior year income tax under (over) estimation	2,639	(270)
Total current tax	845,162	723,616
Deferred tax:		
Origination and reversal of temporary differences	(71,893)	(166,424)
Income tax expense	<u>\$ 773,269</u>	<u>\$ 557,192</u>

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2020	2019
Income tax calculated by applying statutory rate to the profit before tax	\$ 1,246,988	\$ 763,415
Effects from items disallowed by tax regulation	(390,424)	(120,067)
Prior year income tax under (over) estimation	2,639	(270)
Effect from investment tax credits	(85,934)	(85,886)
Income tax expense	<u>\$ 773,269</u>	<u>\$ 557,192</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2020			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
– Deferred tax assets:				
Allowance for inventory valuation losses	\$ 150,639	\$ 32,143	\$ -	\$ 182,782
Estimated sales discounts and allowances	28,582	(13,265)	-	15,317
Long-term investment losses	397,397	81,159	-	478,556
Others	100,615	(24,626)	-	75,989
	<u>677,233</u>	<u>75,411</u>	<u>-</u>	<u>752,644</u>
– Deferred tax liabilities:				
Others	(41,186)	(3,518)	-	(44,704)
	<u>\$ 636,047</u>	<u>\$ 71,893</u>	<u>\$ -</u>	<u>\$ 707,940</u>

	2019			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
– Deferred tax assets:				
Allowance for inventory valuation losses	\$ 150,772	(\$ 133)	\$ -	\$ 150,639
Estimated sales discounts and allowances	25,492	3,090	-	28,582
Long-term investment losses	284,380	113,017	-	397,397
Others	<u>65,623</u>	<u>34,992</u>	<u>-</u>	<u>100,615</u>
	526,267	150,966	-	677,233
– Deferred tax liabilities:				
Others	(<u>56,644</u>)	<u>15,458</u>	<u>-</u>	(<u>41,186</u>)
	<u>\$ 469,623</u>	<u>\$ 166,424</u>	<u>\$ -</u>	<u>\$ 636,047</u>

D. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences	<u>\$ 452,473</u>	<u>\$ 468,051</u>

E. The Company's income tax returns through 2018 have been assessed and approved by the Tax Authority.

(30) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	<u>\$ 5,461,671</u>	<u>1,461,383</u>	<u>\$ 3.74</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 5,461,671	1,461,383	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		<u>15,889</u>	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 5,461,671</u>	<u>1,477,272</u>	<u>\$ 3.70</u>

	Year ended December 31, 2019		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,259,882	1,454,133	\$ 2.24
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 3,259,882	1,454,133	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		19,678	
Employee restricted shares		8,166	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 3,259,882</u>	<u>1,481,977</u>	<u>\$ 2.20</u>

(31) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2020	
	<u>2020</u>	<u>2019</u>
Acquisition of property, plant and equipment (including investment property)	\$ 12,702,954	\$ 5,061,400
Add: Opening balance of payable on equipment	1,563,020	1,460,700
Less: Ending balance of payable on equipment	(3,711,190)	(1,563,020)
Cash paid during the year	<u>\$ 10,554,784</u>	<u>\$ 4,959,080</u>

B. Certain cash transactions:

To meet the Group's strategy investment plan, on November 12, 2019, the Board of Directors of the Company resolved to increase its investment in Asia Pacific Microsystems, Inc. ("Asia Pacific") in the amount of \$187,461, with the effective date set on January 1, 2020. After the increase in investment, the Group's comprehensive shareholding ratio in Asia Pacific increased from 47.00% to 66.94%. Consequently, Asia Pacific became the Company's subsidiary, and the following operating assets and liabilities were consolidated into the Group on January 1, 2020:

	<u>January 1, 2020</u>
Cash in banks	\$ 285,315
Notes and accounts receivable due from related parties, net	98,146
Inventories, net	127,612
Property, plant and equipment, net	212,590
Right-of-use assets	21,679
Other assets	9,383
Bank borrowings	(146,634)
Accounts payable (including related parties)	(32,865)
Other payables	(83,076)
Lease liabilities	(21,886)
	<u>\$ 470,264</u>

(32) Changes in liabilities from financing activities

	<u>Short-term borrowings</u>	<u>Short-terms notes and bills payable</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities - gross</u>
At January 1, 2020	\$ 6,972,013	\$ 1,398,671	\$ 19,897,827	\$ 1,134,332	\$ 29,402,843
Changes in cash flow from financing activities	(1,129,202)	(1,398,671)	2,329,708	(178,924)	(377,089)
Changes in other non-cash items	-	-	-	410,058	410,058
At December 31, 2020	<u>\$ 5,842,811</u>	<u>\$ -</u>	<u>\$ 22,227,535</u>	<u>\$ 1,365,466</u>	<u>\$ 29,435,812</u>

	<u>Short-term borrowings</u>	<u>Short-terms notes and bills payable</u>	<u>Long-term borrowings</u>	<u>Lease liabilities</u>	<u>Liabilities from financing activities - gross</u>
At January 1, 2019	\$ 6,965,238	\$ 1,399,196	\$ 18,834,157	\$ 1,207,059	\$ 28,405,650
Changes in cash flow from financing activities	6,775	(525)	1,063,670	(115,899)	954,021
Changes in other non-cash items	-	-	-	43,172	43,172
At December 31, 2019	<u>\$ 6,972,013</u>	<u>\$ 1,398,671</u>	<u>\$ 19,897,827</u>	<u>\$ 1,134,332</u>	<u>\$ 29,402,843</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Hemingway Int'l Limited	The Company's subsidiary
UMTC Holdings Limited (UMTC)	The Company's subsidiary
Neoconix, Inc	The Company's subsidiary
Hsin Yang Investment Corp.	The Company's subsidiary
UniCuisine, Inc.	The Company's subsidiary
Qun Hong Technology Inc. (Qun Hong)	The Company's subsidiary
UniBest Holding Limited (UniBest)	The Company's subsidiary
Unidisplay Holding Corp.	The Company's subsidiary
Apm Communication, Inc.	The Company's subsidiary
Asia Pacific Microsystems, Inc. (Asia Pacific)	The Company's subsidiary
Plato Electronics (Cayman) Limited	The Company is its ultimate parent company
Smart Idea Holdings Limited (SI)	The Company is its ultimate parent company
UniRuwel Holding Limited	The Company is its ultimate parent company
UniSmart Holding Limited	The Company is its ultimate parent company
Best Option Investments Limited (BO)	The Company is its ultimate parent company
Unimicron JAPAN Co, Ltd. (Formerly: Clover Electronics Co, Ltd.) (U JAPAN)	The Company is its ultimate parent company
Future Power Holding Limited (Future Power)	The Company is its ultimate parent company (Note 2)
Unimicron Germany GmbH (U Germany)	The Company is its ultimate parent company
Unimicron Holding Limited (UHL)	The Company is its ultimate parent company
UniClover Holding Limited	The Company is its ultimate parent company
Unidisplay Trading Corp.	The Company is its ultimate parent company
UniGreat Holding Limited	The Company is its ultimate parent company
Unimicron (KS)Trading Ltd. (UKST)	The Company is its ultimate parent company
Unimicron (SZ)Trading Ltd. (USZT)	The Company is its ultimate parent company
Unimicron Technology (KunShan) Corp. (Unimicron Technology (KunShan))	The Company is its ultimate parent company
Unifley Technology (KunShan) Corp. (Unifley Technology (KunShan))	The Company is its ultimate parent company
UniFresh, Inc.	The Company is its ultimate parent company
Unimicron Technology (ShenZhen) Corp. (Unimicron Technology (ShenZhen))	The Company is its ultimate parent company
Unimicron Technology (SuZhou) Corp. (Unimicron Technology (SuZhou))	The Company is its ultimate parent company
Unimicron Technology (Huangshi) Corp. (Unimicron Technology (Huangshi))	The Company is its ultimate parent company
Unimicron-Carrier Technology (Huangshi) Inc.	The Company is its ultimate parent company
Unimicron Touch (ShenZhen) Corp.	The Company is its ultimate parent company

Names of related parties	Relationship with the Company
Maruwa Corporation	Investee held by the Company's second-tier subsidiary
Yih Dar Technologies Co., Ltd.	The Company's investee
United Microelectronics Corp. (UMC)	The Company's director
3D Circuit Taiwan Company Ltd.	The Company is its director (Note 1)
Advance Materials Corp. (Advance Materials)	The Company is its director
Emax Technology Co., Ltd.	The Company is its director
Faraday Technology Corp.	The Company is its director (Note 5)
Yann Yuan Investment Co., Ltd. (Yann Yuan Investment)	The Company is its director
Unistars Technology Co., Ltd.	The Company is its director (Note 4)
Unipoint Technology Co., Ltd. (Unipoint Technology)	The Company is its director
Topoint Technology Co., Ltd.	Unipoint Technology Co., Ltd.'s parent company
Uniflex Technology Inc. (Uniflex Technology)	Same chairman
Subtron Technology Co., Ltd.	Same chairman
Trillion Science Inc.(Trillion Science)	Investee held by the Company's second-tier subsidiary (Note 3)
Unted Semiconductor (Xiamen) Co., Ltd.	Within the same group as UMC

Note 1: In the process of liquidation, so there are no related party transactions during this year.

Note 2: FuturePower finished the liquidation process in October 2019 and there was no related party transaction during the year.

Note 3: In the third quarter of 2019, the Company's related parties disposed their shares in Trillion Science, which was not listed in the related parties transaction.

Note 4: In the process of bankruptcy and there are no related party transactions since the second quarter of 2020.

Note 5: The Company was the director of this company in the third quarter of 2020, therefore, it was included in related party transactions.

(2) Significant related party transactions

A. Operating revenue:

	Year ended December 31	
	2020	2019
Sales:		
– Subsidiaries	\$ 1,244,862	\$ 2,018,436
– Key management personnel of the Company	3,469	11,943
– Other related parties and its subsidiaries	852	5,263
	<u>\$ 1,249,183</u>	<u>\$ 2,035,642</u>

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Processing services:		
– Subsidiaries	\$ 1,681	\$ -
– Other related parties and its subsidiaries	99	-
	<u>\$ 1,780</u>	<u>\$ -</u>

Goods and processing services are provided based on the price lists in force and terms that would be available to third parties.

B. Purchases and processing:

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Purchases:		
– Subsidiaries		
UKST	\$ 1,995,509	\$ 2,105,789
Others	1,927,654	1,163,602
– Key management personnel of the entities and its subsidiaries	133,617	105,327
	<u>\$ 4,056,780</u>	<u>\$ 3,374,718</u>

Processing cost:		
– Subsidiaries	\$ 31,187	\$ 16,385
– Key management personnel of the entities and its subsidiaries		
Unipoint Technology	180,203	126,771
Advance Materials	152,517	160,519
Others	23	22
– Other related parties and its subsidiaries	19,476	10,678
	<u>\$ 383,406</u>	<u>\$ 314,375</u>

Certain goods and processing services are purchased based on normal commercial terms and conditions. Payments are settled by 60 to 150 days after acceptance.

C. Receivables from related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes receivable:		
– Subsidiaries – Qun Hong Technology	\$ -	\$ 42,019
– Others	-	451
	<u>\$ -</u>	<u>\$ 42,470</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts receivable:		
– Subsidiaries		
USZT	\$ 287,229	\$ 1,051,888
Others	175,447	72,507
– Key management personnel of the Company	-	3,983
– Other related parties and its subsidiaries	849	314
	<u>\$ 463,525</u>	<u>\$ 1,128,692</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other receivables:		
– Subsidiaries (Excluding the principles of loans to others)	\$ 198,032	\$ 127,200
– Key management personnel of the entities and its subsidiaries	6,499	11,311
– Other related parties and its subsidiaries	64	351
– Ultimate parent	224	-
	<u>\$ 204,819</u>	<u>\$ 138,862</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Finance lease receivables (shown as other non-current assets):		
– Subsidiaries – Qun Hong Technology	<u>\$ 310,503</u>	<u>\$ 342,706</u>
(a) The above other receivables primarily arise from payments on behalf of others and accounts receivable due from aforementioned related parties transferred to other receivables in accordance with the related regulations.		
(b) Information on loans to related parties is provided in Note 7(2) F.		

D. Payables to related parties

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable:		
– Subsidiaries	\$ 1,336,528	\$ 530,845
– Key management personnel of the entities and its subsidiaries	132,917	149,317
– Other related parties and its subsidiaries	12,800	655
	<u>\$ 1,482,245</u>	<u>\$ 680,817</u>

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Other payables:		
– Subsidiaries	\$ 24,905	\$ 10,607
– Key management personnel of the entities and its subsidiaries	21,407	14,521
– Key management personnel of the Company	454	-
– Other related parties and its subsidiaries	<u>-</u>	<u>353</u>
	<u>\$ 46,766</u>	<u>\$ 25,481</u>

E. Property transactions

(a) Disposal of property, plant and equipment

	<u>Year ended December 31, 2020</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
– Subsidiaries		
Unimicron Technology (SuZhou)	\$ 136,346	(\$ 9,918)
– Key management personnel of the entities	<u>65</u>	<u>65</u>
	<u>\$ 136,411</u>	<u>(\$ 9,853)</u>

	<u>Year ended December 31, 2019</u>	
	<u>Disposal proceeds</u>	<u>Gain on disposal</u>
– Subsidiaries		
Unimicron Technology (SuZhou)	\$ 84,540	\$ 3,610

(b) Acquisition of property, plant and equipment

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
– Other related parties	\$ 203,791	\$ 8,353
– Other related parties and its subsidiaries	<u>-</u>	<u>198</u>
	<u>\$ 203,791</u>	<u>\$ 8,551</u>

(c) Acquisition of financial assets:

			<u>Year ended December 31, 2020</u>	
	<u>Accounts</u>	<u>No. of shares</u>	<u>Objects</u>	<u>Consideration</u>
The Company	Investments accounted for using equity method	59,400,000	UniBest	\$ 1,732,459
The Company	Investments accounted for using equity method	18,764,642	Asia Pacific	<u>187,646</u>
				<u>\$ 1,920,105</u>

	Accounts	No. of shares	Year ended December 31, 2019	
			Objects	Consideration
The Company	Investments accounted for using equity method	28,000,000	Hemingway	\$ 863,520
The Company	Investments accounted for using equity method	7,212,819	Uniflex Technology	86,554
				<u>\$ 950,074</u>

For the year ended December 31, 2019, the Company's prepayment investment to Asia Pacific amounted to \$187,641. Please refer to Note 6(31) for details.

F. Loans to /from related parties:

Loans to related parties

(a) Outstanding balance

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
— Subsidiaries		
SI	\$ 2,050,560	\$ 1,323,520
U Germany	1,220,789	1,229,486
Unifley Technology (KunShan)	1,160,006	1,804,800
U JAPAN	1,056,994	837,144
Unimicron Technology (Huangshi)	569,600	1,203,200
Unimicron Technology (SuZhou)	-	902,400
Others	854,400	812,160
	<u>\$ 6,912,349</u>	<u>\$ 8,112,710</u>

(b) Interest income

	Year ended December 31	
	<u>2020</u>	<u>2019</u>
— Subsidiaries		
SI	\$ 33,592	\$ 29,231
Unifley Technology (KunShan)	32,473	42,448
Unimicron Technology (Huangshi)	26,565	40,512
Others	65,242	64,727
	<u>\$ 157,872</u>	<u>\$ 176,918</u>

The loans to subsidiaries are repayable based on the agreement and carry interest at 1.10%~2.00% and 1.50%~3.30% per annum for the years ended December 31, 2020 and 2019, respectively.

H. Endorsements and guarantees provided to related parties

As of December 31, 2020 and 2019, in order to support subsidiaries to obtain the borrowing facilities, the endorsements and guarantees provided to subsidiaries are as follows, respectively:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Unifley Technology (KunShan) and BO	\$ 199,360	\$ 300,800
Unifley Technology (KunShan)	712,000	541,440
UHL	569,600	601,600
Unimicron Technology (SuZhou)	569,600	-
Unimicron Technology (KunShan)	605,200	676,800
Unimicron Technology (Huangshi)	943,400	470,000
Qun Hong Technology	-	1,504,000

(3) Key management compensation

	<u>Year ended December 31</u>	
	<u>2020</u>	<u>2019</u>
Salaries and other short-term employee benefits	\$ 317,271	\$ 227,311

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>Book value</u>		<u>Purpose</u>
	<u>December 31, 2020</u>	<u>December 31, 2019</u>	
Time deposit (shown as other non-current assets)	\$ 65,480	\$ 123,481	Customs duty guarantee, guarantee for bonded factory, guarantee for applying research subsidy and guarantee for gas consumption used in production
Land	565,671	565,671	Long-term borrowings
Building and structures	1,500,757	1,571,072	Long-term borrowings
Investment property – Land	52,315	52,315	Short-term borrowings
Investment property – Building and structures	18,621	24,251	Short-term borrowings
	<u>\$ 2,202,844</u>	<u>\$ 2,336,790</u>	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2020 and 2019, the Company has applied for non-cancellable letters of credit. The letters of credit for the purchase of raw materials and equipment not yet imported amounted to \$3,104,224 and \$1,711,723, respectively.

(2) Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Property, plant and equipment	\$ 2,023,796	\$ 1,980,888

10. SIGNIFICANT DISASTER LOSS

Details of fire incidents of the Company in 2021 and 2020 are provided in Notes 6(4), 6(6), 6(25) and 11C.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

- (1) Please refer to Note 6(21)E.(b) for information on the earnings appropriation for the year ended December 31, 2020 proposed by the Board of Directors during its meeting held on February 23, 2021.
- (2) On October 27, 2020, the Board of Directors of the Company resolved to issue domestic unsecured bonds over several installments within one year for a total amount of not more than \$8,000,000. The first issuance amounted to \$3,000,000 with a par value of \$1,000, due in 5 years at fixed interest rate of 0.68%. The fund raising was completed on January 13, 2021.
- (3) The Shanying factory of the Company which caught fire on October 28, 2020, had another fire accident on February 4, 2021. Although no significant loss was incurred after the initial assessment, the origin and cause of the fire are yet to be investigated and identified by the fire department. As of February 23, 2021, the actual loss is still under assessment.

12. OTHERS

(1) Capital management

The objective of the Company's capital management is to ensure it has the necessary financial resources and operating plans to fund its working capital needs, capital expenditures, research and development expenses, debt repayments and dividend payments. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the parent company only balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the parent company only balance sheet plus net debt.

During the year ended December 31, 2020, the Company's strategy, which was unchanged from 2019, was to maintain the gearing ratio below 30%. The gearing ratios at December 31, 2020 and 2019 were as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Total borrowings	\$ 28,070,346	\$ 28,268,511
Less: Cash and cash equivalents	(15,613,563)	(12,040,137)
Net debt	12,456,783	16,228,374
Total equity	<u>48,427,010</u>	<u>43,891,683</u>
Total capital	\$ 60,883,793	\$ 60,120,057
Gearing ratio	<u>20.46%</u>	<u>26.99%</u>

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss	\$ 5,312,870	\$ 3,036,426
Financial assets at amortised cost (Note)	<u>34,190,375</u>	<u>30,516,769</u>
	<u>\$ 39,503,245</u>	<u>\$ 33,553,195</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss	\$ 36,853	\$ 8,967
Financial liabilities at amortised cost (Note)	42,777,283	39,274,964
Lease liability	<u>1,365,466</u>	<u>1,134,332</u>
	<u>\$ 44,179,602</u>	<u>\$ 40,418,263</u>

Note: Financial assets at amortised cost include cash and cash equivalents, 'notes and accounts receivable, net (including related parties)' and other receivables. Financial liabilities at amortised cost include short-term borrowings, short-term notes and bills payable, 'notes and accounts payable (including related parties)', other payables and long-term borrowings (including current portion).

B. Financial risk management policies

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Company complies with the policies, procedures and internal control which were built in accordance with the related regulations in order to identify, measure and control the Company's various financial risks, and reduce the unfavorable effects arising from floating financial market.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Company hedges foreign exchange rate by using forward exchanges and interest rate swaps. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Notes 6(2) and 6(13).
- ii. The Company's sales are primarily denominated in USD, and its purchases are denominated in NTD and RMB, as well as USD, JPY, and other currencies. The fair value changes according to fluctuations in market exchange rates. However, the potential risks of certain positions are avoided by entering into forward foreign exchange and interest rate exchange.
- iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

				December 31, 2020		
(Foreign currency: functional currency)	Foreign currency				Book value	
	amount		Exchange rate	(NTD)		
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 617,576		28.48	\$ 17,588,564		
JPY:NTD	5,664,630		0.2767	1,567,403		
EUR:NTD	38,536		35.06	1,351,072		
RMB:NTD	230,459		4.3658	1,006,138		
<u>Non-monetary items</u>						
<u>Investments accounted for using equity method</u>						
USD:NTD	457,287		28.48	13,023,525		
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	291,247		28.48	8,294,715		
JPY:NTD	9,514,216		0.2767	2,632,584		
				December 31, 2019		
(Foreign currency: functional currency)	Foreign currency				Book value	
	amount		Exchange rate	(NTD)		
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 547,430		30.03	\$ 16,439,323		
JPY:NTD	3,683,047		0.2751	1,013,206		
EUR:NTD	41,847		33.54	1,403,548		
RMB:NTD	251,174		4.2958	1,078,993		
<u>Non-monetary items</u>						
<u>Investments accounted for using equity method</u>						
USD:NTD	401,112		30.08	12,065,447		
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	316,581		30.13	9,538,586		
JPY:NTD	2,898,483		0.2792	809,256		
EUR:NTD	3,853		33.9400	130,771		

- iv. The total exchange loss, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019 amounted to (\$331,182) and (\$200,529), respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2020			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 140,709	\$ -
JPY:NTD	1%	12,539	-
EUR:NTD	1%	10,809	-
RMB:NTD	1%	8,049	-
<u>Non-monetary items</u>			
<u>Investments accounted for using equity method</u>	1%	-	104,188
USD:NTD			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	66,358	-
JPY:NTD	1%	21,061	-
Year ended December 31, 2019			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 131,515	\$ -
JPY:NTD	1%	8,106	-
EUR:NTD	1%	11,228	-
RMB:NTD	1%	8,632	-
<u>Non-monetary items</u>			
<u>Investments accounted for using equity method</u>	1%	-	96,524
USD:NTD			
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	76,309	-
JPY:NTD	1%	6,474	-
EUR:NTD	1%	1,046	-

Price risk

- i. The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio and invests in the familiar industries.
- ii. The Company's investments in equity securities comprise shares and closed-end funds issued by the domestic or foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by \$42,503 and \$24,291, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss.

Cash flow and fair value interest rate risk

The Company has short-term borrowings, short-term notes and bills payable and long-term borrowings (including current portion) with floating rate whose long-term and short-term effective rate would change with market interest, and then affect the future cash flow. Every 1% increase in the market interest rate would result in an increase of \$280,703 in the cash outflow.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at fair value through profit or loss.
- ii. The Company manages its credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, the Company is responsible for credit investigation and assessment of the credit risk for each of the new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- iv. The Company adopts the following assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- v. The Company classifies customer's accounts receivable by applying the simplified approach to estimate expected credit loss under the provision matrix basis.
- vi. The Company used the forecastability to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2020 and 2019, the provision matrix is as follows:

	<u>Not past due</u>	<u>1~30 days past due</u>	<u>31~60 days past due</u>	<u>61~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>At December 31, 2020</u>						
Expected loss rate	0~5%	20%	20%	20%	100.00%	
Total book value	\$ 10,117,836	\$ 6,256	\$ 942	\$ -	\$ 7,273	10,132,307
Loss allowance	28,245	1,251	188	-	7,273	36,957

	<u>Not past due</u>	<u>1~30 days past due</u>	<u>31~60 days past due</u>	<u>61~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>At December 31, 2019</u>						
Expected loss rate	0~5%	20%	20%	20%	100.00%	
Total book value	\$ 8,937,970	\$ 55,642	\$ 6,390	\$ 478	\$ 8,819	\$9,009,299
Loss allowance	29,885	11,128	1,278	96	8,819	51,206

vii. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable and other receivables are as follows:

	<u>2020</u>	
	<u>Accounts receivable</u>	<u>Other receivables</u>
At January 1	\$ 51,206	\$ 31,503
(Reversal of) provision for impairment loss	(14,227)	11,535
At December 31	<u>\$ 36,979</u>	<u>\$ 43,038</u>
	<u>2019</u>	
	<u>Accounts receivable</u>	<u>Other receivables</u>
At January 1	45,060	23,650
Provision for impairment loss	6,146	7,853
At December 31	<u>\$ 51,206</u>	<u>\$ 31,503</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.
- ii. Listed stocks invested by the Company all have active market, they can be rapidly sold at the price which is close to fair value, and will not have significant liquidity risk. The Company's investment in emerging stocks and unlisted stocks all have no active market, thus, they are expected having significant liquidity risk.
- iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on

the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>Non-derivative financial liabilities</u>			
		Between 1 year	
December 31, 2020	<u>Less than 1 year</u>	<u>and 3 years</u>	<u>Over 3 years</u>
Lease liabilities	\$ 280,720	\$ 449,107	\$ 758,478
Long-term borrowings (including current portion)	2,331,872	16,834,076	3,387,076

<u>Non-derivative financial liabilities</u>			
		Between 1 year	
December 31, 2019	<u>Less than 1 year</u>	<u>and 3 years</u>	<u>Over 3 years</u>
Lease liabilities	\$ 153,802	\$ 303,832	\$ 852,971
Long-term borrowings (including current portion)	1,432,733	16,302,532	2,838,714

Except for the above, the non-derivative and derivative financial liabilities of the Company are all due within one year.

- (d) The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Fair value information of investment property at cost is provided in Note 6(9).

C. For financial instruments not measured at fair value, the carrying amounts of cash and cash equivalents, notes and accounts receivable, net (including related parties), other receivables, other financial assets, short-term borrowings, short-term notes and bills payable, notes and accounts payable (including related parties), other payables and long-term borrowings (including current portion) are approximate to their fair values.

D. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 6,108	\$ -	\$ 5,242,244	\$ 5,248,352
Foreign closed-end fund	-	-	64,518	64,518
	<u>\$ 6,108</u>	<u>\$ -</u>	<u>\$ 5,306,762</u>	<u>\$ 5,312,870</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Cross currency swap	\$ -	\$ 36,853	\$ -	\$ 36,853
December 31, 2019	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 6,756	\$ -	\$ 2,970,095	\$ 2,976,851
Foreign closed-end fund	-	-	59,575	59,575
	<u>\$ 6,756</u>	<u>\$ -</u>	<u>\$ 3,029,670</u>	<u>\$ 3,036,426</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 445	\$ -	\$ 445
Cross currency swap	-	8,522	-	8,522
	<u>\$ -</u>	<u>\$ 1,027</u>	<u>\$ -</u>	<u>\$ 1,027</u>

E. The methods and assumptions the Company used to measure fair value are as follows:

- (a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	<u>Listed shares</u>
Market quoted price	Closing price

- (b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.
- (c) Forward exchange contracts and interest rate swap contracts are usually valued based on the current forward exchange rate.
- (d) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, liquidity risk etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.
- (e) The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

F. For the years ended December 31, 2020 and 2019, there was no transfer between Level 1 and Level 2.

G. The following chart is the movement of Level 3 for the year ended December 31, 2020:

	<u>2020</u>		
	<u>Equity instrument</u>	<u>Funds instrument</u>	<u>Total</u>
At January 1	\$ 2,970,095	\$ 59,575	\$ 3,029,670
Acquired during the year	-	1,459	1,459
Recorded as non-operating income and expenses	<u>2,272,149</u>	<u>3,484</u>	<u>2,275,633</u>
At December 31	<u>\$ 5,242,244</u>	<u>\$ 64,518</u>	<u>\$ 5,306,762</u>
	<u>2019</u>		
	<u>Equity instrument</u>	<u>Funds instrument</u>	<u>Total</u>
At January 1	\$ 2,257,869	\$ 69,413	\$ 2,327,282
Acquired during the year	-	1,520	1,520
Recorded as non-operating income and expenses	<u>712,226</u>	<u>(11,358)</u>	<u>700,868</u>
At December 31	<u>\$ 2,970,095</u>	<u>\$ 59,575</u>	<u>\$ 3,029,670</u>

H. For the years ended December 31, 2020 and 2019, there was no transfer into or out from Level 3.

- I. Investment segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.
- J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Non-derivative equity instrument:				
Unlisted shares	\$ 124,862	Market comparable companies	Price to book ratio multiple, enterprise value to EBITA multiple	The higher the multiple and control premium, the higher the fair value; the higher the weighted average cost of capital and discount for lack of control, the lower the fair value; the higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value
	58	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin	The higher the net asset value, the higher the fair value; the higher the discount for marketability, the lower the fair value
	5,117,324	Net asset value	Discount for lack of marketability	The higher the net asset value, the higher the fair value; the higher the discount for marketability, the lower the fair value
Foreign closed-end fund	64,518	Net asset value	N/A	The higher the net asset value, the higher the fair value

	Fair value at <u>December 31, 2019</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Relationship of inputs to fair value</u>
Non-derivative equity instrument:				
Unlisted shares	\$ 153,361	Market comparable companies	Price to book ratio multiple, enterprise value to EBITA multiple	The higher the multiple and control premium, the higher the fair value; the higher the weighted average cost of capital and discount for lack of control, the lower the fair value; the higher the long-term revenue growth rate and long-term pre-tax operating margin, the higher the fair value
	1,788	Discounted cash flow	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin	
	2,814,946	Net asset value	Discount for lack of marketability	The higher the net asset value, the higher the fair value; the higher the discount for marketability, the lower the fair value
Foreign closed-end fund	59,575	Net asset value	N/A	The higher the net asset value, the higher the fair value

K. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2020			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple, enterprise value to EBITA multiple	±1%	\$ 1,249	(\$ 1,249)	\$ -	\$ -
Equity instrument	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin	±1%	1	(1)	-	-
Equity instrument	Net asset value	±1%	5,173	(5,173)	-	-
Foreign closed-end fund	Net asset value	±1%	645	(645)	-	-
			<u>\$ 7,068</u>	<u>(\$ 7,068)</u>	<u>\$ -</u>	<u>\$ -</u>
			December 31, 2019			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple, enterprise value to EBITA multiple	±1%	\$ 1,534	(\$ 1,534)	\$ -	\$ -
Equity instrument	Long-term revenue growth rate, weighted average cost of capital, long-term pre-tax operating margin	±1%	18	(18)	-	-
Equity instrument	Net asset value	±1%	28,149	(28,149)	-	-
Foreign closed-end fund	Net asset value	±1%	596	(596)	-	-
			<u>\$ 30,297</u>	<u>(\$ 30,297)</u>	<u>\$ -</u>	<u>\$ -</u>

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

In accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, the Company’s significant transactions for the year ended December 31, 2020 are as follows. For disclosure of investees, certain financial statements of investees were audited by other auditors, and following inter-company transactions within the Group were eliminated when preparing the consolidated statements. Following disclosure information is for reference only.

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company’s paid-in capital: Please refer to table 4.

E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: Please refer to table 5.

F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 6.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 7.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2) (13) and 12(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 8.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 9.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 10.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 11.

(4) Major shareholders information

Major shareholders information: Please refer to table 12.

14. SEGMENT INFORMATION

Not applicable.

Unimicron Technology Corp.
Loans to others
Year ended December 31, 2020

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	maximum outstanding balance during the year ended December 31, 2020 (Note 3)	Balance at December 31, 2020 (Note 8)	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)(Note 9)		Ceiling on total loans granted (Note 7)(Note 9)		Note
													Item	Value					
0	The Company	Unimicron JAPAN Co., Ltd.	Other receivables	Y	\$ 1,636,952	\$ 1,056,994	\$ 1,056,994	1.10%~1.50%	2	\$ -	Operation needs	\$ -	-	\$ -	\$ 19,370,804	\$ 19,370,804			
0	The Company	Best Option Investments Limited	Other receivables	Y	1,155,600	569,600	284,800	1.40%	2	-	Operation needs	-	-	-	19,370,804	19,370,804			
0	The Company	Unifley Technology (KunShan) Corp.	Other receivables	Y	3,023,000	1,729,606	1,160,006	1.50%~1.70%	2	-	Operation needs	-	-	-	19,370,804	19,370,804			
0	The Company	Qun Hong Technology Inc.	Other receivables	Y	800,000	800,000	-	-	2	-	Operation needs	-	-	-	19,370,804	19,370,804			
0	The Company	NEOCONIX, INC.	Other receivables	Y	221,175	99,680	-	-	2	-	Operation needs	-	-	-	19,370,804	19,370,804			
0	The Company	Unimicron Technology (ShenZhen) Corp.	Other receivables	Y	604,600	213,600	-	-	2	-	Operation needs	-	-	-	19,370,804	19,370,804			
0	The Company	Unimicron Technology (SuZhou) Corp.	Other receivables	Y	2,418,400	-	-	-	2	-	Operation needs	-	-	-	19,370,804	19,370,804			
0	The Company	Unimicron Holding Limited	Other receivables	Y	442,350	427,200	427,200	1.40%	2	-	Operation needs	-	-	-	19,370,804	19,370,804			
0	The Company	UniGreat Holding Limited	Other receivables	Y	265,320	142,400	142,400	1.40%	2	-	Operation needs	-	-	-	19,370,804	19,370,804			
0	The Company	Unimicron Technology (Hangshi) Corp.	Other receivables	Y	2,311,200	1,139,200	569,600	1.40%	2	-	Operation needs	-	-	-	19,370,804	19,370,804			
0	The Company	Unimicron Germany GmbH	Other receivables	Y	2,327,456	1,835,040	1,220,789	1.10%~1.60%	2	-	Operation needs	-	-	-	19,370,804	19,370,804			
0	The Company	Smart Idea Holding Limited	Other receivables	Y	2,977,480	2,050,560	2,050,560	1.40%~2.00%	2	-	Operation needs	-	-	-	19,370,804	19,370,804			
1	Unimicron Technology (KunShan) Corp.	Kunshan Dingchangxin Electronic Technology Co., Ltd.	Other receivables	Y	175,200	174,632	-	-	2	-	Operation needs	-	-	-	3,611,122	3,611,122			
1	Unimicron Technology (KunShan) Corp.	Unifley Technology (KunShan) Corp.	Other receivables	Y	706,876	454,043	454,043	1.35%~2.00%	2	-	Operation needs	-	-	-	3,611,122	3,611,122			
1	Unimicron Technology (KunShan) Corp.	Unimicron Technology (Hangshi) Corp.	Other receivables	Y	1,245,464	1,047,792	1,047,792	1.35%~2.96%	2	-	Operation needs	-	-	-	3,611,122	3,611,122			
2	Unimicron Technology (SuZhou) Corp.	Unimicron -Carrier Technology (Huangshi) Inc.	Other receivables	Y	765,642	-	-	-	2	-	Operation needs	-	-	-	3,010,559	3,010,559			

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables-related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2020.

Note 4: The column of 'Nature of loan' shall fill in

(1) Business transaction is 1.

(2) Short-term financing is 2.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Fill in limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company's "Procedures for Provision of Loans",

and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies", the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Note 9: The foreign subsidiary that was directly or indirectly wholly owned by the Company was not limited by above restriction.

Unimicron Technology Corp.
Provision of endorsements and guarantees to others
Year ended December 31, 2020

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/guarantor	Party being endorsed/guaranteed			Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2020 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)(Note 8)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements / guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3) (Note 8)	Company name											Number
0	The Company	3	\$ 14,528,103	\$ 454,500	\$ 427,200	\$ 199,360	\$ -	0.88%	\$ 24,213,505	Y	N	Y		
0	The Company	3	14,528,103	1,666,500	1,139,200	712,000	-	2.35%	24,213,505	Y	N	Y		
0	The Company	3	14,528,103	1,515,000	-	-	-	-	24,213,505	Y	N	N		
0	The Company	3	14,528,103	1,060,500	569,600.00	569,600	-	1.18%	24,213,505	Y	N	N		
0	The Company	3	14,528,103	589,800	569,600	569,600	-	1.18%	24,213,505	Y	N	Y		
0	The Company	3	14,528,103	1,662,650	712,000	605,200	-	1.47%	24,213,505	Y	N	Y		
0	The Company	3	14,528,103	1,588,950	1,566,400	943,400	-	3.23%	24,213,505	Y	N	Y		

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following six categories; fill in the number of category each case belongs to:

- (1). Having business relationship.
- (2). The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3). The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4). The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5). Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6). Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7). Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Fill in limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company's "Procedures for Provision of Endorsements and Guarantees", and state each individual party to which the endorsements/guarantees have been provided and the calculation for ceiling on total amount of endorsements/guarantees provided in the footnote.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 8: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", limit on total endorsements granted by the Company is 50% of the Company's net assets. Limit on total endorsements to a single party is 20% of the Company's net assets. The Ceiling of the Company's total endorsements/ guaranteed is 50% of the Company's net assets.

Unimicron Technology Corp.

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2020			Footnote (Note 4)
				Book value (Note 3)	Ownership (%)	Fair value	
The Company	Unitech Capital Inc.'s stocks	Investee of United Microelectronics Corp.	Financial assets at fair value through profit or loss-non-current	6,500,000	\$ 218,354	13.00%	\$ 218,354
The Company	Shieh Yong Investment Co., Ltd.'s stocks	None	Financial assets at fair value through profit or loss-non-current	127,182,000	2,336,021	16.67%	2,336,021
The Company	NexPower Technology Corp.'s stocks	None	Financial assets at fair value through profit or loss-non-current	400,326	-	0.56%	-
The Company	Shihlien Fine Chemicals Co., Ltd.'s stocks	None	Financial assets at fair value through profit or loss-non-current	12,778,831	82,389	4.92%	82,389
The Company	Emax Tech Co., LTD.'s stocks	The Company is the company's director	Financial assets at fair value through profit or loss-non-current	1,526,996	42,473	5.86%	42,473
The Company	Unistars Corp.'s stocks	The Company is the company's director	Financial assets at fair value through profit or loss-non-current	3,820,779	-	6.93%	-
The Company	PI R&D Co., Ltd's stocks	None	Financial assets at fair value through profit or loss-non-current	8,000	-	0.40%	-
The Company	TNP Small/Medium Size & Venture Enterprises Growth Promotion Investment Limited Partnership funds	None	Financial assets at fair value through profit or loss-non-current	310	64,518	6.38%	64,518
The Company	Trillion Science Inc.'s stocks	None	Financial assets at fair value through profit or loss-non-current	4,666,666	-	9.96%	-
The Company	Yann Yuan Investment Co., Ltd.'s stocks	The Company is the company's director	Financial assets at fair value through profit or loss-non-current	20,000,000	2,562,949	13.42%	2,562,949
The Company	Eminent Materials Corporation's stocks	The Company is the company's director	Financial assets at fair value through profit or loss-non-current	1,000,000	(966)	16.67%	(966)
The Company	Eagle Technology., Ltd's stocks	None	Financial assets at fair value through profit or loss-non-current	10,000	1,024	14.29%	1,024
The Company	Faraday Technology Corp.'s stocks	The Company is the company's director	Financial assets at fair value through profit or loss-current	120,000	6,108	0.05%	6,108
Hsin Yang Investment Corp.	Shihlien Fine Chemicals Co., Ltd.'s stocks	None	Financial assets at fair value through profit or loss-non-current	5,123,771	32,990	1.97%	32,990
Hsin Yang Investment Corp.	Stack Devices Corporation's stocks	None	Financial assets at fair value through profit or loss-non-current	76,626	-	0.12%	-
Hsin Yang Investment Corp.	ADL Engineering Inc.'s stocks	None	Financial assets at fair value through profit or loss-non-current	217,676	-	1.82%	-
Hsin Yang Investment Corp.	Platum Technology Corporation's stocks	None	Financial assets at fair value through profit or loss-non-current	1,375,000	-	12.50%	-
Hsin Yang Investment Corp.	Ocean Net Inc.'s stocks	None	Financial assets at fair value through profit or loss-non-current	91,575	-	9.16%	-
Hsin Yang Investment Corp.	Solargate Technology Croporation's stocks	None	Financial assets at fair value through profit or loss-non-current	30,769	-	0.51%	-
Hsin Yang Investment Corp.	Ability I Venture Capital Corporation's stocks	None	Financial assets at fair value through profit or loss-non-current	1,530,000	14,077	2.00%	14,077
Hsin Yang Investment Corp.	Integrated Digital Technologies, Inc.'s stocks	None	Financial assets at fair value through profit or loss-non-current	520,000	-	1.81%	-

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2020			Footnote (Note 4)
				Book value (Note 3)	Ownership (%)	Fair value	
Hsin Yang Investment Corp.	NeoPac Lighting, Ltd.'s stocks	None	Financial assets at fair value through profit or loss-non-current	4,500,000	\$ -	5.73%	-
Hsin Yang Investment Corp.	Pomiran Metalization Research Co., Ltd.	None	Financial assets at fair value through profit or loss-non-current	700,000	-	0.32%	-
Hsin Yang Investment Corp.	Unimemory Technologr (s) Pte Ltd.	None	Financial assets at fair value through profit or loss-non-current	325,945	12,414	10.81%	12,414
Hsin Yang Investment Corp.	Taimide Technology Inc.'s stocks	None	Financial assets at fair value through profit or loss-current	134,037	7,412	0.10%	7,412
Hsin Yang Investment Corp.	Topoint Technology Co., Ltd.'s stocks	None	Financial assets at fair value through profit or loss-non-current	1,750,635	48,404	1.23%	48,404
UMTC Holdings Limited	AMC Holding Limited's stocks	None	Financial assets at fair value through profit or loss-non-current	897,750	30,570	7.09%	30,570
UMTC Holdings Limited	UMT Technology Corp.'s stocks	None	Financial assets at fair value through profit or loss-non-current	230,000	-	19.01%	-
Plato Electronics (Cayman) Limited	Biloda International Limited 's stocks	None	Financial assets at fair value through profit or loss-non-current	1,440,000	23,266	18.00%	23,266
UniSmart Holding Limited	PI R&D Co., Ltd's stocks	None	Financial assets at fair value through profit or loss-non-current	173,300	-	8.70%	-
UniSmart Holding Limited	Trillion Science Inc.'s stocks	None	Financial assets at fair value through profit or loss-non-current	3,199,999	-	6.83%	-
UniSmart Holding Limited	Aqua Science Corporation's stocks	None	Financial assets at fair value through profit or loss-non-current	333	-	0.36%	-
UniSmart Holding Limited	Shocking Technologies, Inc.'s stocks	None	Financial assets at fair value through profit or loss-non-current	1,468,533	-	2.26%	-
UniSmart Holding Limited	MARUWA CORPORATION's bonds	None	Financial assets at fair value through profit or loss-non-current	2,450	6,504	27.65%	6,504
Unimicron Germany GmbH	Naavinya CAD Soft Pvt Ltd 's equity shares	None	Financial assets at fair value through profit or loss-non-current	-	3,971	-	3,971

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities in accordance with IFRS 9.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Unimicron Technology Corp.
Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital
Year ended December 31, 2020

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2020		Addition (Note 3)		Disposal (Note 3)			Balance as at December 31, 2020		
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Unimicron Technology (KunShan) Corp.	Unimicron Maragerent (KunShan) Corp., Ltd.	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	-	\$ 2,800,272	-	\$ 226,652 (Note 5)	-	\$ -	\$ -	\$ -	-	\$ 3,026,924
Unimicron Maragerent (KunShan) Corp., Ltd.	Unimicron Technology (Huangshi) Corp.	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	-	2,124,778	-	231,626 (Note 6)	-	-	-	-	-	2,356,404
The Company	UniBest Holding Limited	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	5,000,000	182,177	59,400,000	1,244,476 (Note 7)	-	-	-	-	64,400,000	1,426,653
UniBest Holding Limited	Unimicron Holding Limited	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	4,464,286	182,162	25,000,000	1,039,259 (Note 8)	-	-	-	-	29,464,286	1,221,421
Hemingway Int'l Limited	Unimicron Holding Limited	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	38,000,000	1,585,185	15,151,515	695,405 (Note 9)	-	-	-	-	53,151,515	2,280,590
Unimicron Holding Limited	Unimicron Technology (SuZhou) Corp.	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	-	5,598,101	-	1,928,219 (Note 10)	-	-	-	-	-	7,526,320
UniBest Holding Limited	Best Option Investments Limited	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	-	-	2,222,222,222	201,385 (Note 11)	-	-	-	-	2,222,222,222	201,385
Best Option Investments Limited	Unifley Technology (KunShan) Inc.	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	-	652,616	-	(96,024) (Note 12)	-	-	-	-	-	556,592
Smart Idea Holdings Limited	Unimicron (KS) Trading Ltd.	Investment accounted for using equity method	Capital increase by cash for stocks subscription	The Company's subsidiary	1	(539,957)	20,000,000	585,248 (Note 13)	-	-	-	-	20,000,001	45,291

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20% of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: The amount includes investment increase of \$477,043, investment loss recognized for the year of \$302,850 and translation differences increase of \$52,459.

Note 6: The amount includes investment increase of \$477,043, investment loss recognized for the year of \$288,782 and translation differences increase of \$43,365.

Note 7: The amount includes investment increase of \$1,732,459, investment loss recognized for the year of \$87,338, translation differences increase of \$64,657 and decrease of \$465,302 in capital surplus from purchase of new stock of subsidiary not proportionate to ownership.

Note 8: The amount includes investment increase of \$974,094, investment gain recognized for the year of \$11,489, translation differences increase of \$46,326 and increase of \$7,350 in capital surplus from purchase of new stock of subsidiary not proportionate to ownership.

Note 9: The amount includes investment increase of \$584,800, investment gain recognized for the year of \$32,283, translation differences increase of \$62,900 and increase of \$15,422 in capital surplus from purchase of new stock of subsidiary not proportionate to ownership.

Note 10: The amount includes investment increase of \$1,470,940, investment gain recognized for the year of \$335,413 and translation differences increase of \$121,866.

Note 11: The amount includes investment increase of \$573,200, investment loss recognized for the year of \$96,581, translation differences increase of \$15,522 and decrease of \$290,756 in capital surplus from purchase of new stock of subsidiary not proportionate to ownership.

Note 12: The amount includes investment increase of \$573,200, investment loss recognized for the year of \$675,978 and translation differences increase of \$6,754.

Note 13: The amount includes investment increase of \$582,000, investment loss recognized for the year of \$13,568 and translation differences increase of \$16,816.

Unimicron Technology Corp.
Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more
Year ended December 31, 2020

Table 5 Expressed in thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:					Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
						Relationship with the counterparty	Original owner who sold the real estate to the counterparty	Relationship original owner and the acquirer	Date of the original transaction	Amount			
The Company		2019.08.12	\$ 530,000	Note 4	Carnival Industrial Corporation	-	-	-	-	\$ -	It was appraised by CCIS Real Estate Joint Appraisers Firm.	For the necessity of the Company's future development.	-
The Company		2019.08.23	1,520,000	Fully paid \$772,768 based on the contract.	Ever Accord Construction Corp.	-	-	-	-	-	NA	For production.	-
The Company		2020.03.23	333,800	Fully paid \$126,400 based on the contract.	Ever Accord Construction Corp.	-	-	-	-	-	NA	For production.	-

Note 1: The appraisal result should be presented in the 'Basis or reference used in setting the price' column if the real estate acquired should be appraised pursuant to the regulations.

Note 2: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 3: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Note 4: The Company paid \$424,000 in 2019 as agreed and the outstanding was paid off in January 2020.

Unimicron Technology Corp.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
							Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
The Company	Unimicron (KS) Trading Limited	The Company's subsidiary	Sales	\$ 411,343	1%	3 months after monthly billings	\$ -	-	\$ 140,081	1%	
The Company	Unimicron (SZ) Trading Limited	The Company's subsidiary	Sales	800,050	1%	3 months after monthly billings	-	-	287,229	3%	
Unimicron Technology (KunShan) Corp.	Unimicron (KS) Trading Limited	Same parent company	Sales	3,565,050	24%	3 months after monthly billings	-	-	1,020,782	31%	
Unimicron Technology (KunShan) Corp.	Unimicron Germany GmbH	Same parent company	Sales	308,946	2%	3 months after monthly billings	-	-	126,296	4%	
Unimicron Technology (Huangshi) Corp.	Unimicron Technology (KunShan) Corp.	Same parent company	Sales	412,002	13%	3 months after monthly billings	-	-	139,448	10%	
Unimicron Technology (Huangshi) Corp.	Unimicron (KS) Trading Limited	Same parent company	Sales	2,391,346	77%	3 months after monthly billings	-	-	1,010,242	71%	
Unifley Technology (KunShan) Corp.	Unimicron Technology (KunShan) Corp.	Same parent company	Sales	860,496	18%	3 months after monthly billings	-	-	111,652	8%	
Unifley Technology (KunShan) Corp.	Best Option Investments Limited	Same parent company	Sales	533,152	11%	3 months after monthly billings	-	-	251,165	18%	
Unimicron Technology (ShenZhen) Corp.	NEOCONIX, INC.	Same parent company	Sales	379,448	9%	3 months after monthly billings	-	-	207,416	24%	
Unimicron Technology (SuZhou) Corp.	Unimicron Technology (KunShan) Corp.	Same parent company	Sales	421,920	7%	3 months after monthly billings	-	-	52,821	3%	
Unimicron Technology (SuZhou) Corp.	Unimicron Holding Limited	Same parent company	Sales	3,686,332	59%	3 months after monthly billings	-	-	1,007,575	58%	
Qun Hong Technology Inc.	The Company	Ultimate parent company	Sales	1,266,714	18%	3 months after monthly billings	-	-	516,670	30%	
Qun Hong Technology Inc.	Unimicron Technology (ShenZhen) Corp.	Same parent company	Sales	195,808	3%	3 months after monthly billings	-	-	99,681	6%	
Apm Communication, Inc.	The Company	Ultimate parent company	Sales	186,456	88%	3 months after monthly billings	-	-	26,467	87%	
Unimicron (KS) Trading Limited	The Company	Ultimate parent company	Sales	1,995,509	24%	3 months after monthly billings	-	-	565,920	22%	
Unimicron Holding Limited	The Company	Ultimate parent company	Sales	588,913	16%	3 months after monthly billings	-	-	250,130	38%	

Unimicron Technology Corp.
Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more
Year ended December 31, 2020

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Transaction		Percentage of total purchases (sales)	Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		Footnote (Note 2)
				Amount	Percentage of total purchases (sales)		Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Unimicron (KS) Trading Limited	Unimicron Technology (KunShan) Corp.	Same parent company	Sales	\$ 4,274,350	52%	3 months after monthly billings	\$ -	-	\$ 1,760,220	67%	
Unimicron (SZ) Trading Limited	Unimicron Technology (ShenZhen) Corp.	Same parent company	Sales	869,321	32%	3 months after monthly billings	-	-	295,936	100%	
The Company	Unipoint Technology Co., Ltd.	The Company's investee	Processing expense	(180,203)	17%	3 months after monthly billings	-	-	(64,329)	1%	
The Company	Advance Materials Corp.	The Company's investee	Purchase and processing expense	(196,951)	17%	3 months after monthly billings	-	-	(44,731)	1%	

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the 'Unit price' and 'Credit term' columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity paid-in capital shall be replaced by 10% of equity

Note 4: These transactions are shown in revenue, and related transactions were no longer disclosed.

Unimicron Technology Corp.

Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more

December 31, 2020

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
The Company	Unimicron (KS) Trading Limited	The Company's subsidiary	\$ 140,081	4.29	\$ -	-	\$ 10,354	\$ -
The Company	Unimicron (SZ) Trading Limited	The Company's subsidiary	287,229	1.19	-	-	68,714	-
Unimicron Technology (KunShan) Corp.	Unimicron (KS) Trading Limited	Same parent company	1,020,782	4.49	-	-	453,106	-
Unimicron Technology (KunShan) Corp.	Unimicron Germany GmbH	Same parent company	126,296	2.72	-	-	-	-
Unimicron Technology (Huangshi) Corp.	Unimicron Technology (KunShan) Corp.	Same parent company	139,448	2.55	-	-	85,071	-
Unimicron Technology (Huangshi) Corp.	Unimicron (KS) Trading Limited	Same parent company	1,010,242	2.42	-	-	236,257	-
Unifley Technology (KunShan) Inc.	Unimicron Technology (KunShan) Corp.	Same parent company	111,652	7.98	-	-	84,075	-
Unifley Technology (KunShan) Inc.	Best Option Investments Limited	Same parent company	251,165	1.93	-	-	35,955	-
Unimicron Technology (ShenZhen) Corp.	NEOCONIX, INC.	Same parent company	207,416	2.05	-	-	23,609	-
Unimicron Technology (SuZhou) Corp.	Unimicron Holding Limited	Ultimate parent company	1,007,575	3.81	-	-	275,190	-
Qun Hong Technology Inc.	Unimicron Technology Corp.	Ultimate parent company	516,670	3.55	-	-	346,456	-
Unimicron (KS) Trading Limited	Unimicron Technology Corp.	Ultimate parent company	565,920	4.85	-	-	296,685	-
Unimicron Holding Limited	Unimicron Technology Corp.	Ultimate parent company	250,130	3.33	-	-	30,467	-
Unimicron (KS) Trading Limited	Unimicron Technology (KunShan) Corp.	Same parent company	1,760,220	3.01	-	-	455,351	-
Unimicron (SZ) Trading Limited	Unimicron Technology (ShenZhen) Corp.	Same parent company	295,936	1.29	-	-	61,268	-
The Company	3D Circuit Taiwan Company Ltd.	Investee accounted for using equity method	156,564	Note 3	156,564	Note 4	-	156,564
The Company	Unimicron Technology (Huangshi) Corp.	The Company's subsidiary	570,692	Note 2	-	-	-	-
The Company	Smart Idea Holdings Limited	The Company's subsidiary	2,064,901	Note 2	-	-	-	-
The Company	Unimicron Germany GmbH	The Company's subsidiary	1,223,646	Note 2	-	-	-	-
The Company	Best Option Investments Limited	The Company's subsidiary	287,413	Note 2	-	-	2,002	-

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020 (Note 1)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
The Company	Unifley Technology (KunShan) Inc.	The Company's subsidiary	\$ 1,171,081	Note 2	\$ -	-	\$ -	\$ -
The Company	Unimicron Holding Limited	The Company's subsidiary	438,480	Note 2	-	-	-	-
The Company	Unimicron JAPAN Co., Ltd.	The Company's subsidiary	1,063,378	Note 2	-	-	-	-
The Company	UniGreat Holding Limited	The Company's subsidiary	145,429	Note 2	-	-	2,264	-
Unimicron Technology (KunShan) Corp.	Unimicron Technology (Huangshi) Corp.	Same parent company	1,095,431	Note 2	-	-	220	-
Unimicron Technology (KunShan) Corp.	Unifley Technology (KunShan) Inc.	Same parent company	458,694	Note 2	-	-	-	-

Note 1: Fill in separately the balances of accounts receivable-related parties, notes receivable-related parties, other receivables-related parties....

Note 2: Primarily other receivables arising from financing and payments made on behalf of other parties, therefore calculation of turnover rate is not needed.

Note 3: No sales were made to the company for the year.

Note 4: The company has declared bankruptcy. Allowance for doubtful accounts equal to the full amount of the receivables due from this company has been recorded.

Unimicron Technology Corp.
Significant inter-company transactions during the reporting period
Year ended December 31, 2020

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction (Note 5)			Percentage of total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
1	Unimicron Technology (KunShan) Corp.	Unimicron (KS) Trading Limited	3	Accounts receivable	\$ 1,020,782	Available for the third party	1%
2	Unimicron Technology (Huangshi) Corp.	Unimicron (KS) Trading Limited	3	Accounts receivable	1,010,242	Available for the third party	1%
3	Unimicron Technology (SuZhou) Corp.	Unimicron Holding Limited	3	Accounts receivable	1,007,575	Available for the third party	1%
4	Unimicron (KS) Trading Limited	Unimicron Technology (KunShan) Corp.	3	Accounts receivable	1,760,220	Available for the third party	1%
5	The Company	Smart Idea Holdings Limited	1	Other receivables	2,064,901	Available for the third party	2%
6	The Company	Unimicron Germany GmbH	1	Other receivables	1,223,646	Available for the third party	1%
7	The Company	Unifley Technology (KunShan) Inc.	1	Other receivables	1,171,081	Available for the third party	1%
8	The Company	Unimicron JAPAN Co., Ltd.	1	Other receivables	1,063,378	Available for the third party	1%
9	Unimicron Technology (KunShan) Corp.	Unimicron Technology (Huangshi) Corp.	3	Other receivables	1,095,431	Available for the third party	1%
10	Unimicron Technology (KunShan) Corp.	Unimicron (KS) Trading Limited	3	Sales	3,565,050	Available for the third party	4%
11	Unimicron Technology (Huangshi) Corp.	Unimicron (KS) Trading Limited	3	Sales	2,391,346	Available for the third party	3%
12	Unimicron Technology (SuZhou) Corp.	Unimicron Holding Limited	3	Sales	3,686,332	Available for the third party	4%
13	Qun Hong Technology Inc.	The Company	2	Sales	1,266,714	Available for the third party	1%
14	Unimicron (KS) Trading Limited	The Company	2	Sales	1,995,509	Available for the third party	2%
15	Unimicron (KS) Trading Limited	Unimicron Technology (KunShan) Corp.	3	Sales	4,274,350	Available for the third party	5%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between

parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Individual transactions not exceeding \$1 billion are not disclosed. Those transactions are shown in assets and revenue. Relative related are not disclosed.

Unimicron Technology Corp.
Information on investees
Year ended December 31, 2020

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 2(3))	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value (Note 4)			
The Company	Subtron Technology Co., Ltd.	Taiwan	Manufacture and sale of electronic parts	\$ 1,333,548	\$ 1,333,548	90,613,516	31.40	\$ 1,242,147	\$ 206,658	\$ 64,883	
The Company	Hsin Yang Investment Corp.	Taiwan	Holding company	3,414,878	3,414,878	195,918,290	99.16	1,030,314 (	557) (	522)	
The Company	Advance Materials Corp.	Taiwan	Manufacture and sale of electronic parts	198,962	198,962	19,175,303	17.17	213,074 (	41,442) (	7,128)	
The Company	Asia Pacific Microsystems, Inc.	Taiwan	Manufacture and sale of electronic parts	982,156	794,510	29,476,572	62.78	305,520	29,832	7,912	
The Company	Hemingway Int'l Limited	BVI	Holding company	6,118,151	6,118,151	187,988,866	100.00	7,823,153 (	616,692) (	616,692)	
The Company	UMTC Holdings Limited	BVI	Holding company	5,695,851	5,695,851	138,607,740	100.00	3,812,400 (	447,031) (	447,031)	
The Company	3D Circuit Taiwan Company Ltd.	Taiwan	Manufacture and sale of electronic parts	220,833	220,833	10,416,962	42.83 (	74,899)	-	-	
The Company	UniBest Holding Limited.	Samoa	Holding company	1,902,194	169,735	64,400,000	100.00	1,426,653 (	87,338) (	87,338)	
The Company	Uniflex Technology Inc.	Taiwan	Manufacture and sale of electronic parts	342,385	342,385	15,586,822	9.98	114,887 (	272,816) (	33,174)	
The Company	NEOCONIX, INC.	USA	Design and manufacture of connector	118,963	118,963	865,526,530	92.00 (	50,385)	42,940	39,387	
The Company	APM communication, Inc.	Taiwan	Manufacture and sale of electronic parts	107,959	107,959	4,657,650	49.57	15,754	12,945	6,796	
The Company	UniCuisine, Inc.	Taiwan	Food and restaurants	26,000	26,000	2,600,000	24.42	10,900	7,953	1,430	

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 2(3))	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value (Note 4)			
The Company	HK3D-Circuit Ltd.	Hong Kong	Manufacture and sale of electronic parts	\$ 31,170	\$ 31,170	7,750,000	18.61	\$ -	\$ -	\$ -	
The Company	Yih Dar Technologies Co., Ltd.	Taiwan	Manufacture and sale of electronic parts	40,000	40,000	4,000,000	26.67	-	-	-	
The Company	Qun Hong Technology Inc.	Taiwan	Manufacture and sale of electronic parts	2,435,152	2,435,152	153,653,543	91.41	1,632,536	(395,968)	(346,069)	
The Company	Unidisplay Holding Corp.	Samoa	Holding company	342,372	342,372	11,790,000	100.00	8,623	(5,066)	(4,669)	
The Company	PAVIDA Trading Limited	Samoa	Holding company and trading	4,406	4,406	139,818	17.27	3,078	4,691	810	
Hsin Yang Investment Corp.	UniCuisine, Inc.	Taiwan	Food and restaurants	80,480	80,480	8,048,000	75.58	38,721	7,953	4,447	
Hsin Yang Investment Corp.	UniSense Technology Co. Ltd.	Taiwan	Manufacture and sale of electronic parts	48,231	48,231	4,823,074	31.12	67,482	1,573	609	
Hsin Yang Investment Corp.	Asia Pacific Microsystems, Inc.	Taiwan	Manufacture and sale of electronic parts	355,496	355,496	1,952,861	4.16	20,855	29,832	1,241	
Hsin Yang Investment Corp.	Advance Materials Corp.	Taiwan	Manufacture and sale of electronic parts	95,935	95,935	7,781,675	6.97	77,945	(41,442)	(2,895)	
Hsin Yang Investment Corp.	Subtron Technology Co., Ltd	Taiwan	Manufacture and sale of electronic parts	9,934	9,934	4,620,710	1.60	60,018	206,658	3,310	
Hsin Yang Investment Corp.	Unimax C.P.I Technology Corp.	Mauritius	Holding company	112,326	112,326	2,304,000	23.79	17,158	4,093	1,009	
Hsin Yang Investment Corp.	3D Circuit Taiwan Company Ltd.	Taiwan	Manufacture and sale of electronic parts	18,360	18,360	612,000	2.52	(4,669)	-	-	
Hsin Yang Investment Corp.	Unipoint Technology Co., Ltd.	Taiwan	Manufacture and sale of electronic parts	190,037	190,037	19,003,703	38.24	250,704	35,281	13,480	

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss) of the investee for the year ended December 31, 2020 (Note 2(2))	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 2(3))	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value (Note 4)			
Hsin Yang Investment Corp.	Uniflex Technology Inc.	Taiwan	Manufacture and sale of electronic parts	\$ 502,294	\$ 427,121	25,307,736	16.21	\$ 242,672	(\$ 272,816)	(\$ 40,895)	
Hsin Yang Investment Corp.	Unidisplay Trading Corp.	Samoa	Trading	859,190	859,190	41,666,666	76.50	25,951	(22,643)	(17,322)	
Hsin Yang Investment Corp.	APM communication, Inc.	Taiwan	Manufacture and sale of electronic parts	58,337	58,337	168,801	1.80	(393)	12,945	233	
Hsin Yang Investment Corp.	Qun Hong Technology Inc.	Taiwan	Manufacture and sale of electronic parts	110,863	110,863	5,947,153	3.54	64,865	(395,968)	(13,521)	
UniCuisine, Inc.	UniFresh, Inc.	Taiwan	Sales and manufacture of food	81,622	81,622	1,398,507	69.97	11,434	8,782	5,407	
APM communication, Inc.	PAVIDA Trading Limited	Samoa	Holding company and trading	20,832	20,832	670,000	82.73	14,747	4,691	3,881	
Asia Pacific Microsystems, Inc.	APM communication, Inc.	Taiwan	Manufacture and sale of electronic parts	332,259	332,259	2,911,867	30.99	6,662	12,945	4,012	
Hemingway Int'l Limited	Plato Electronics (Cayman) Limited	Cayman	Holding company	1,926,000	1,926,000	44,553,346	72.02	1,706,508	103,234	74,349	
Hemingway Int'l Limited	Smart Idea Holdings Limited	Cayman	Holding company	888,787	888,787	30,000,000	42.10	3,748,378	(266,297)	(112,111)	
Hemingway Int'l Limited	Best Option Investments Limited	Samoa	Holding company	2,944,634	2,944,634	627,263,312	21.61	29,211	(756,908)	(608,554)	
Hemingway Int'l Limited	Unimicron Holding Limited	Samoa	Holding company	1,719,360	1,134,560	53,151,515	33.68	2,280,590	101,232	32,283	
Hemingway Int'l Limited	UniSmart Holding Limited	Samoa	Holding company	174,124	174,124	5,099,086	15.55	27,901	(46,078)	(8,474)	
UMTC Holdings Limited	Plato Electronics (Cayman) Limited	Cayman	Holding company	289,378	289,378	7,122,043	11.51	177,660	103,234	11,882	
UMTC Holdings Limited	Smart Idea Holdings Limited	Cayman	Holding company	629,580	629,580	20,761,904	29.13	2,566,635	(266,297)	(77,572)	
UMTC Holdings Limited	Best Option Investments Limited	Samoa	Holding company	1,149,576	1,149,576	39,195,000	1.35	7,943	(756,908)	(38,072)	
UMTC Holdings Limited	Unimicron Holding Limited	Samoa	Holding company	1,210,064	1,210,064	40,400,000	25.60	1,665,626	101,232	30,876	
UMTC Holdings Limited	UniSmart Holding Limited	Samoa	Holding company	703,420	703,420	21,286,112	64.93	62,772	(46,078)	(35,360)	
UMTC Holdings Limited	UniClover Holding Limited	Cayman	Holding company	1,113,854	1,113,854	1	100.00	(740,873)	(343,175)	(338,874)	
Plato Electronics (Cayman) Limited	Unimicron(SZ) Trading Ltd.	Samoa	Trading	202,525	202,525	6,500,000	100.00	(81,781)	(44,882)	(44,882)	

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2020			Net profit (loss)	Investment	Footnote
				Balance as at December 31, 2020	Balance as at December 31, 2019	Number of shares	Ownership (%)	Book value (Note 4)	of the investee	income (loss)	
									for the year ended December 31, 2020 (Note 2(2))	recognized by the Company for the year ended December 31, 2020 (Note 2(3))	
Smart Idea Holdings Limited	UniGreat Holding Limited	Samoa	Holding company	\$ 1,407,974	\$ 1,203,527	45,900,050	100.00	\$ 877,768	(\$ 173,450)	(\$ 173,450)	
Smart Idea Holdings Limited	UniRuwel Holding Limited	Cayman	Holding company	1,049,300	1,049,300	35,000,000	100.00	915,671	(216,388)	(216,388)	
Smart Idea Holdings Limited	Unimicron (KS)Trading Ltd.	Samoa	Trading	582,000	-	20,000,001	100.00	45,291	(13,568)	(13,568)	
UniSmart Holding Limited	MARUWA CORPORATION	Japan	Manufacture and sales of flexible Print	118,482	118,482	3,900	45.88	(53,142)	-	-	
UniRuwel Holding Limited	Unimicron Germany GmbH	Germany	Manufacture and sale of electronic parts	917,473	917,473	25,000	100.00	913,182	(286,235)	(217,589)	
UniClover Holding Limited	Unimicron JAPAN Co., Ltd. (Formerly: Clover Electronics Co., Ltd)	Japan	Manufacture and sale of electronic parts	912,440	912,440	31,130	100.00	(733,666)	(337,703)	(338,865)	
Unidisplay Holding Corp.	Unidisplay Trading Corp.	Samoa	Trading	335,776	335,776	11,800,000	21.66	7,348	(22,643)	(4,904)	
UniBest Holding Limited	Unimicron Holding Limited	Samoa	Holding company	1,125,644	151,550	29,464,286	18.67	1,221,421	101,232	11,489	
UniBest Holding Limited	Best Option Investments Limited	Samoa	Holding company	573,200	-	2,222,222,222	76.55	201,385	(756,908)	(96,581)	
UniBest Holding Limited	UniSmart Holding Limited	Samoa	Holding company	185,165	-	6,400,000	19.52	3,831	(46,078)	(2,249)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1)The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2020' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2)The 'Net profit (loss) of the investee for the year ended December 31, 2020' column should fill in amount of net profit (loss) of the investee for this period.
- (3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Unrealised gains and losses have not been excluded.

Unimicron Technology Corp.
Information on investments in Mainland China
Year ended December 31, 2020

Table 10

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Amount remitted from Taiwan to			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020	Remitted to Mainland China								Remitted back to Taiwan
Unimicron Technology (ShenZhen) Corp.	Manufacture and sale of electronic parts	\$ 3,050,860	Plato-Cayman	\$ 1,484,856	\$ -	\$ -	\$ 1,484,856	\$ 139,110	83.53	\$ 116,197	\$ 1,322,423	\$ -	
Unimicron Technology (KunShan) Corp.	Manufacture and sale of electronic parts	2,369,600	SI	1,372,769	-	-	1,372,769	172,304	71.23	122,119	6,428,173	-	
Unifley Technology (KunShan) Inc.	Manufacture and sale of electronic parts	5,091,132	BO	4,067,711	573,200	-	4,640,911	(675,978)	99.51	(672,666)	553,865	-	
Unimicron Technology (SuZhou) Corp.	Manufacture and sale of electronic parts	4,971,298	UHL	951,290	886,140	-	1,837,430	335,413	77.95	261,454	5,866,767	-	
Suzhou AMC Technology Co., Ltd.	Manufacture and sale of electronic parts	1,263,293	AMCHOLDING LIMITED	192,869	-	-	192,869	6,930	6.28	-	30,570	-	
Unipoint Technology (KunShan) Corp.	Manufacture and sale of electronic parts	35,544	UMT Technology Corp.	6,813	-	-	6,813	-	19.01	-	-	-	
Unimicron Touch (ShenZhen) Corp.	Manufacture and sale of electronic parts	1,189,540	UniDT	1,159,920	-	-	1,159,920	(21,992)	98.16	(21,493)	44,248	-	
Kunshan 3D Circuit Technology Co., Ltd.	Manufacture and sale of electronic parts	125,925	HK3D-Circuit Ltd.	31,170	-	-	31,170	-	18.61	-	(12,265)	-	
Unimicron Technology (Huangshi) Corp.	Manufacture and sale of electronic parts	4,672,240	UniGreat and Unimicron Management (KunShan)	-	-	-	-	(412,546)	71.23	(293,857)	2,397,809	-	
Unimicron Management (KunShan) Corp., Ltd.	Business management consulting and property management	3,515,397	Unimicron Technology (KunShan)	-	-	-	-	(302,850)	71.23	(215,720)	2,156,078	-	

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Unimicron-Carrier Technology (Huangshi) Inc.	Manufacture and sale of electronic parts	\$ 484,758	UHL and Unimicron Technology (SuZhou)	\$ -	\$ 87,954	\$ -	\$ 87,954	\$ 1,447	77.95	\$ 1,128	\$ 367,483	\$ -	
Hu Se Sn Li Managemnet Corp., Ltd.	Business management consulting	686,007	Unimicron Management (KunShan)	-	-	-	(13,479)	(9,601)	71.23	(9,601)	457,757	-	
Gobo Lighting Technology Ltd.	Manufacture and sale of lighting products	38,943	PAVIDA	17,914	-	-	17,914	2,246	35.39	1,033	16,393	-	
Kunshan Dingchangxin Electronic Technology Co., Ltd.	Manufacture and sale of electronic parts	-	SI	-	-	-	-	-	71.23	-	-	-	
<u>Company name</u>	<u>as of December 31, 2020</u>	<u>(MOEA)</u>	<u>Commission of MOEA</u>										
The Company	\$ 11,017,876	\$ 13,234,176	\$ -										

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China
- (2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others : Investment in Mainland Chinese company through an investment company in the same region

Note 2: Investment income (loss) recognized for the year in accordance with the financial statements audited and attested by R.O.C. parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: Subsequent investments in Mainland China with disposal proceeds of other investments in Mainland China are included in ceiling on investments in Mainland China not remitted back to Taiwan.

Note 5: On November 11, 2020, the Company received an approval letter issued by the Industrial Development Bureau of the Ministry of Economic Affairs, effective from November 5, 2020 to November 4, 2023. Hence, calculation of investment limit is not needed.

Unimicron Technology Corp.

Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas

Year ended December 31, 2020

Table 11

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Balance at December 31, 2020	%	Balance at December 31, 2020	Purpose	Maximum balance during the year ended December 31, 2020	Balance at December 31, 2020	Interest rate	Interest during the year ended December 31, 2020	
Unimicron Technology (ShenZhen) Corp.	\$ 800,058	1%	\$ -	-	\$ 287,229	3%	\$ -	-	\$ 604,600	\$ 213,600	-	\$ 3,322	
Unimicron Technology (ShenZhen) Corp.	(35,440)	0%	-	-	(1,146)	0%	-	-	-	-	-	-	
Unimicron Technology (KunShan) Corp.	423,204	1%	-	-	169,398	2%	712,000	Borrowings	-	-	-	-	
Unimicron Technology (KunShan) Corp.	(1,995,509)	8%	-	-	(535,585)	8%	-	-	-	-	-	-	
Unifley Technology (KunShan) Inc.	-	-	-	-	-	-	1,139,200	Borrowings	3,023,000	1,729,606	1.50%~1.70%	32,473	
Unimicron Technology (SuZhou) Corp.	19,999	0%	136,346	100%	4,974	0%	569,600	Borrowings	2,418,400	-	-	15,368	
Unimicron Technology (SuZhou) Corp.	(588,913)	2%	-	-	(242,971)	4%	-	-	-	-	-	-	
Unimicron Technology (Huangshi) Corp.	(61,769)	-	-	-	(32,420)	0%	1,566,400	Borrowings	2,311,200	1,139,200	1.40%	26,565	

Note 1: The transactions between the Company and Unimicron Technology (ShenZhen) Corp., Unimicron Technology (KunShan) Corp., Unifley Technology (KunShan) Inc., Unimicron Technology (SuZhou) Corp., and Unimicron Technology (HuangShi) Corp. are through the indirect investee companies of the Company - Unimicron (SZ) Trading Limited, Unimicron (KS) Trading Limited, Best Option Investments Limited, Unimicron Holding Limited and UniGreat Holding Limited, respectively.

Unimicron Technology Corp.
Information on Major Shareholders
December 31, 2020

Table 12

Name of Major Shareholders	Shares	
	Number of Shares	Ownership(%)
United Microelectronics Corp.	196,136,008	13.03%