Chang Wah Electromaterials Inc. and Subsidiaries

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

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Chang Wah Electromaterials Inc. as of and for the year ended December 31, 2020, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chang Wah Electromaterials Inc. and Subsidiaries did not prepare a separate set of combined financial statements.

Very truly yours,

Chang Wah Electromaterials Inc.

By

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Canon, Huang
Chairman

March 17, 2021

Deloitte.

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INDEPENDENT AUDITORS' REPORT

Chang Wah Electromaterials Inc.

Opinion

We have audited the accompanying consolidated financial statements of Chang Wah Electromaterials Inc. (the "Corporation") and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as "the consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of December 31, 2020 and 2019, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of the Republic of China.

Basis for Opinion

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

Emphasis of Matter

As described in Note 24 to the consolidated financial statements, the Corporation had changed the par value of its ordinary shares from NT$10 to NT$1 and had reissued the capital shares in August 2020. Moreover, as described in Note 28 to the consolidated financial statements, earnings per share were adjusted retrospectively.

Key Audit Matters

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

Key audit matters of the Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Revenue Recognition of Specific Product

Due to the fact that the management may be under the pressure of achieving certain goals and market expectations, the possibility of overstating sales may arise. Sales of EME and IC leadframe have significant influence on the consolidated financial statements. Thus, we deem the occurrence of sales and the recognition of revenue from sales of EME and IC leadframe as key audit matters.

The audit procedures we performed in response to the above key audit matters are the following:

a. We understood the design of internal control and tested the effectiveness of the implementation of the internal control on recognition of revenue from sales of EME and IC leadframe.

b. We selected appropriate samples from the sales revenue record of EME and IC leadframe, and examined the customer purchase order, proof of delivery, and proof of payment as pertaining to the same transaction counterparty.

c. We obtained details of sales returns and allowance for the year and after the year and verified that the sales transactions actually occurred before the balance sheet date.

Other Matter

We have also audited the standalone financial statements of the Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion with other matter paragraph.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the FSC of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Corporation and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Corporation and its subsidiaries' 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 consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors’ report are Yu-Hsiang Liu and Hung-Ju Liao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2021

<u>*Notice to Readers*</u>

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

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

Chang Wah Electromaterials Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 3,195,751	14	$ 3,820,359	21
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	115,440	-	36,443	-
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	767,426	3	771,843	4
Notes and accounts receivable, net (Notes 4, 5 and 9)	3,645,658	16	3,488,978	20
Accounts receivable - related parties (Notes 4, 5, 9 and 33)	33,556	-	20,340	-
Other receivables (Note 33)	55,416	-	63,137	-
Current tax assets (Note 27)	3,268	-	184	-
Inventories (Notes 4, 5 and 10)	1,866,973	8	1,657,237	9
Other financial assets - current (Notes 11 and 34)	1,293,618	6	50,000	-
Other current assets	140,880	1	113,830	1
Total current assets	11,117,986	48	10,022,351	55
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	188,944	1	231,946	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	4,414,533	19	796,140	5
Investments accounted for using the equity method (Notes 4 and 13)	3,087,780	13	2,912,992	17
Property, plant and equipment (Notes 4 and 14)	2,513,424	11	2,535,620	14
Right-of-use assets (Notes 4 and 15)	496,562	2	523,910	3
Investment properties (Notes 4, 16 and 33)	33,102	-	41,984	-
Goodwill (Notes 4 and 17)	661,696	3	676,767	4
Other intangible assets (Notes 4 and 18)	30,079	-	29,397	-
Deferred tax assets (Notes 4 and 27)	182,968	1	167,538	1
Refundable deposits	5,145	-	5,430	-
Other financial assets - non-current (Notes 11 and 34)	437,373	2	33,302	-
Other non-current assets (Note 23)	150,079	-	38,104	-
Total non-current assets	12,201,685	52	7,993,130	45
TOTAL	$ 23,319,671	100	$ 18,015,481	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 34)	$ 2,425,093	10	$ 1,865,650	11
Short-term bills payable (Note 19)	-	-	200,000	1
Contract liabilities - current (Notes 4 and 25)	105,695	1	160,654	1
Accounts payable (Note 21)	2,202,325	10	1,853,205	10
Accounts payable - related parties (Notes 21 and 33)	93,758	-	435,847	2
Dividends payable	230,534	1	320,199	2
Other payables (Notes 22, 23 and 33)	1,029,422	4	906,176	5
Current tax liabilities (Note 27)	106,503	1	72,081	-
Lease liabilities - current (Notes 4 and 15)	16,028	-	16,096	-
Other current liabilities	72,725	-	53,857	-
Total current liabilities	6,282,083	27	5,883,765	32
NON-CURRENT LIABILITIES				
Contract liabilities - non-current (Notes 4 and 25)	15,481	-	14,593	-
Bonds payable (Notes 4 and 20)	1,133,142	5	-	-
Long-term borrowings (Notes 19 and 34)	6,579,112	28	3,474,456	20
Deferred tax liabilities (Notes 4 and 27)	268,583	1	433,729	2
Lease liabilities - non-current (Notes 4 and 15)	89,568	1	106,768	1
Net defined benefit liabilities (Notes 4 and 23)	18,349	-	41,373	-
Guarantee deposits	11,051	-	7,502	-
Other non-current liabilities	6,762	-	6,361	-
Total non-current liabilities	8,122,048	35	4,084,782	23
Total liabilities	14,404,131	62	9,968,547	55
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 24)				
Ordinary shares	638,799	3	638,799	4
Capital surplus	2,112,872	9	2,066,051	11
Retained earnings				
Legal reserve	1,069,492	5	974,269	5
Special reserve	1,277	-	1,277	-
Unappropriated earnings	1,870,292	8	1,790,605	10
Total retained earnings	2,941,061	13	2,766,151	15
Other equity	804,423	3	119,954	1
Total equity attributable to owners of the Corporation	6,497,155	28	5,590,955	31
NON-CONTROLLING INTERESTS (Notes 12 and 24)	2,418,385	10	2,455,979	14
Total equity	8,915,540	38	8,046,934	45
TOTAL	$ 23,319,671	100	$ 18,015,481	100

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

(With Deloitte & Touche auditors' report dated March 17, 2021)

Chang Wah Electromaterials Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 25 and 33)	$ 16,424,018	100	$ 15,464,381	100
OPERATING COSTS (Notes 10, 14, 23, 26 and 33)	13,977,042	85	13,324,233	86
GROSS PROFIT	2,446,976	15	2,140,148	14
OPERATING EXPENSES (Notes 9, 23, 26 and 33)				
Selling and marketing expenses	308,664	2	293,606	2
General and administrative expenses	589,252	4	564,735	4
Research and development expenses	228,725	1	149,050	1
Expected credit loss (reversal of credit loss)	(742)	-	35,739	-
Total operating expenses	1,125,899	7	1,043,130	7
PROFIT FROM OPERATIONS	1,321,077	8	1,097,018	7
NON-OPERATING INCOME AND EXPENSES (Note 26)				
Interest income	36,125	-	56,468	-
Other income	321,134	2	85,474	1
Other gains and losses	(174,255)	(1)	203,732	1
Finance costs	(82,946)	-	(51,780)	-
Share of the profit of associates	192,231	1	383,668	2
Total non-operating income and expenses	292,289	2	677,562	4
PROFIT BEFORE INCOME TAX	1,613,366	10	1,774,580	11
INCOME TAX EXPENSE (Notes 4 and 27)	251,246	2	368,725	2
NET PROFIT FOR THE YEAR	1,362,120	8	1,405,855	9
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23, 24 and 27)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	3,558	-	(11,361)	-
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	714,419	4	235,662	2

(Continued)

Chang Wah Electromaterials Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2020		2019	
	Amount	%	Amount	%
Share of the other comprehensive income of associates	$ 96,856	1	$ 20,173	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	1,579	-	2,113	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	(102,989)	-	(148,193)	(1)
Share of the other comprehensive income (loss) of associates	13,400	-	(30,078)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	17,741	-	33,259	-
Other comprehensive income for the year, net of income tax	744,564	5	101,575	1
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,106,684	13	$ 1,507,430	10
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	$ 997,299		$ 1,098,144	
Non-controlling interests	364,821		307,711	
	$ 1,362,120		$ 1,405,855	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	$ 1,731,074		$ 1,241,597	
Non-controlling interests	375,610		265,833	
	$ 2,106,684		$ 1,507,430	
EARNINGS PER SHARE (Note 28)				
Basic	$ 1.56		$ 1.72	
Diluted	1.56		1.72	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

(With Deloitte & Touche auditors' report dated March 17, 2021)

Chang Wah Electromaterials Inc. and Subsidiaries

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

	Equity Attributable to Owners of the Corporation										
			Retained Earnings			Other Equity					
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains and Losses on Financial Assets At Fair Value Through Other Comprehensive Income	Total Other Equity	Total Equity Attributable to Owners of the Corporation	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	$ 638,799	$ 2,197,185	$ 830,462	$ 1,277	$ 1,793,174	$ (15,780)	$ 63,842	$ 48,062	$ 5,508,959	$ 2,646,648	$ 8,155,607
Appropriation of earnings (Note 24)											
Legal reserve	-	-	143,807	-	(143,807)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,028,467)	-	-	-	(1,028,467)	-	(1,028,467)
	-	-	143,807	-	(1,172,274)	-	-	-	(1,028,467)	-	(1,028,467)
Share of changes in capital surplus of associates accounted for using equity method	-	(18,571)	-	-	-	-	-	-	(18,571)	-	(18,571)
Net profit for the year ended December 31, 2019	-	-	-	-	1,098,144	-	-	-	1,098,144	307,711	1,405,855
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	(4,536)	(87,517)	235,506	147,989	143,453	(41,878)	101,575
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,093,608	(87,517)	235,506	147,989	1,241,597	265,833	1,507,430
Difference between consideration and carrying amount of subsidiaries acquired or disposed (Note 29)	-	(112,563)	-	-	-	-	-	-	(112,563)	-	(112,563)
Decrease in non-controlling interests (Note 24)	-	-	-	-	-	-	-	-	-	(456,502)	(456,502)
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 24)	-	-	-	-	76,097	-	(76,097)	(76,097)	-	-	-
BALANCE AT DECEMBER 31, 2019	638,799	2,066,051	974,269	1,277	1,790,605	(103,297)	223,251	119,954	5,590,955	2,455,979	8,046,934
Appropriation of earnings (Note 24)											
Legal reserve	-	-	95,223	-	(95,223)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(709,067)	-	-	-	(709,067)	-	(709,067)
	-	-	95,223	-	(804,290)	-	-	-	(709,067)	-	(709,067)
Equity component of convertible bond issued by the Corporation (Note 20)	-	66,659	-	-	-	-	-	-	66,659	-	66,659
Share of changes in capital surplus of associates accounted for using equity method	-	(1,939)	-	-	-	-	-	-	(1,939)	-	(1,939)
Net profit for the year ended December 31, 2020	-	-	-	-	997,299	-	-	-	997,299	364,821	1,362,120
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	2,203	(30,254)	761,826	731,572	733,775	10,789	744,564
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	999,502	(30,254)	761,826	731,572	1,731,074	375,610	2,106,684
Difference between consideration and carrying amount of subsidiaries acquired or disposed (Note 29)	-	(48,557)	-	-	(162,628)	-	-	-	(211,185)	-	(211,185)
Share of changes in equities of subsidiaries (Note 29)	-	30,658	-	-	-	-	-	-	30,658	-	30,658
Decrease in non-controlling interests (Note 24)	-	-	-	-	-	-	-	-	-	(413,204)	(413,204)
Disposal of investments in equity instruments at fair value through other comprehensive income (Note 24)	-	-	-	-	47,103	-	(47,103)	(47,103)	-	-	-
BALANCE AT DECEMBER 31, 2020	$ 638,799	$ 2,112,872	$ 1,069,492	$ 1,277	$ 1,870,292	$ (133,551)	$ 937,974	$ 804,423	$ 6,497,155	$ 2,418,385	$ 8,915,540

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

(With Deloitte & Touche auditors' report dated March 17, 2021)

Chang Wah Electromaterials Inc. and Subsidiaries

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

	For the Year Ended December 31	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 1,613,366	$ 1,774,580
Adjustments for:		
Depreciation expense	615,595	680,009
Amortization expense	12,481	15,274
Expected credit loss (reversal of credit loss)	(742)	35,739
Net gain on financial assets at fair value through profit or loss	(20,154)	(66,649)
Finance costs	82,946	51,780
Interest income	(36,125)	(56,468)
Dividend income	(207,886)	(46,602)
Share of the profit of associates	(192,231)	(383,668)
Loss (gain) on disposal of property, plant and equipment, net	18,458	(14,898)
Loss (gain) on disposal of investments accounted for using equity method	15,995	(162,602)
Impairment loss recognized on non-financial assets	27,776	25,693
Other	31,310	18,634
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(17,881)	37,021
Notes and accounts receivable, net	(155,845)	(191,477)
Accounts receivable - related parties	(13,216)	(1,641)
Other receivables	5,645	13,384
Inventories	(236,928)	54,679
Other current assets	(27,092)	18,028
Contract liabilities	(54,071)	(26,558)
Notes payable	-	(530)
Accounts payable	349,120	379,788
Accounts payable - related parties	(342,089)	32,167
Other payables	40,513	46,552
Other current liabilities	13,434	(55,803)
Net defined benefit liabilities	(20,285)	(9,762)
Other non-current liabilities	401	5,336
Cash generated from operations	1,502,495	2,172,006
Interest received	38,201	52,653
Dividends received	383,810	154,631
Interest paid	(69,796)	(48,905)
Income taxes paid	(382,796)	(314,837)
Net cash generated from operating activities	1,471,914	2,015,548
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	(3,336,680)	(1,052,133)

(Continued)

Chang Wah Electromaterials Inc. and Subsidiaries

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

	For the Year Ended December 31	
	2020	2019
Proceeds from disposal of financial assets at fair value through other comprehensive income	$ 458,513	$ 277,033
Acquisition of investments accounted for using the equity method	(295,152)	(28,000)
Proceeds from disposal of investments accounted for using the equity method	137,788	24,469
Proceeds from capital reduction of investments accounted for using equity method	71,145	48,285
Acquisition of property, plant and equipment	(443,596)	(527,237)
Proceeds from disposal of property, plant and equipment	2,452	31,854
Decrease in refundable deposits	242	547
Acquisition of intangible assets	(2,611)	(7,987)
Decrease (increase) in other financial assets	(1,647,656)	56,918
Increase in other non-current assets	(219,201)	(20,236)
Net cash used in investing activities	(5,274,756)	(1,196,487)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	625,432	74,758
Repayment of short-term borrowings	(69,293)	(62,097)
Proceeds from (repayment of) short-term bills payable	(200,000)	200,000
Proceeds from issuance of convertible bonds	1,200,741	-
Proceeds from long-term borrowings	4,624,217	2,910,942
Repayment of long-term borrowings	(1,527,000)	(1,780,000)
Proceeds from (refund of) guarantee deposits	3,398	(1,392)
Repayment of the principal portion of lease liabilities	(15,904)	(15,899)
Dividends paid	(804,887)	(766,559)
Decrease in non-controlling interests	(588,228)	(510,774)
Net cash generated from financing activities	3,248,476	48,979
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	(70,242)	(98,041)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(624,608)	769,999
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	3,820,359	3,050,360
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 3,195,751	$ 3,820,359

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

(With Deloitte & Touche auditors' report dated March 17, 2021)

Chang Wah Electromaterials Inc. and Subsidiaries

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

1. GENERAL INFORMATION

Chang Wah Electromaterials Inc. (the “Corporation”) was incorporated in May 1989. The Corporation trades electrical, telecommunication, and semiconductor materials and parts, and engages in import and export trading, leasing, manufacturing and selling of electrical appliances, telecommunications equipment, and mechanical parts, and retailing of synthetic resin, electronic materials and components.

In October 2003, the Corporation’s shares were listed on the Taipei Exchange. On December 31, 2007, the Corporation listed its shares on the Taiwan Stock Exchange. As of December 31, 2020 and 2019, Wah Lee Industrial Corp., main shareholder of the Corporation, owned 30.98% of the Corporation’s issued ordinary shares for both years.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors and authorized for issue on March 17, 2021.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Corporation and its subsidiaries’ accounting policies.

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

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform - Phase 2”	January 1, 2021

   As of the date the consolidated financial statements were reported to the board of directors for issue, the Corporation and its subsidiaries are in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on its financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

As of the date the consolidated financial statements were reported to the board of directors for issue, the Corporation and its subsidiaries are in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on its financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

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

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-Group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Corporation's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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 and attributed to the owners of the Corporation.

When the Corporation and its subsidiaries lose control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Corporation and its subsidiaries account for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation and its subsidiaries had directly disposed of the related assets or liabilities.

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the cost on initial recognition of an investment in an associate.

The detailed information of subsidiaries (including the percentage of ownership and main business) is as follows:

			Percentage of Ownership (%)		
Investor Company	**Investee Company**	**Main Businesses and Products**	**December 31, 2020**	**December 31, 2019**	**Remark**
The Corporation	CWE Holding Co., Ltd. (CWE Holding)	International investment activities	100	100	-
	Chang Wah Technology Co., Ltd. (CWTC)	Manufacturing of plastic products and electronic components for industrial use; retailing and wholesaling of electronic components and machinery	54	51	Note 1
	Chang Wah Energy Technology Co., Ltd. (CWEC)	Power generation of non-public business and renewable energy for equipment; leasing business; installing and retailing of electrical equipment, machinery and computer equipment	100	100	-
	Shanghai Chang Wah Electromaterials Inc. (CWES)	Acting as an agent for IC packing materials and equipment	31	-	Note 2
Chang Wah Technology Co., Ltd.	CWTC (Shanghai) Inc. (CWTS)	Selling of lighting materials and equipment, communication devices, semiconductor materials and equipment, electronic products, machinery and equipment, etc.	100	100	-
	SH Asia Pacific Pte. Ltd. (SHAP)	Trading of electronic components and equipment; investment activities	100	100	-
	SH Electronics Taiwan Co., Ltd. (SHT)	Manufacturing of electronic components and tools; international trade	100	100	-
SH Asia Pacific Pte. Ltd.	SH Electronics Chengdu Co., Ltd. (SHEC)	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	70	70	-
	SH Precision Chengdu Co., Ltd (SHPC)	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	70	70	-

(Continued)

Investor Company	Investee Company	Main Businesses and Products	Percentage of Ownership (%) December 31, 2020	Percentage of Ownership (%) December 31, 2019	Remark
	SH Electronics Suzhou Co., Ltd. (SHS)	Researching, developing, manufacturing and selling of leadframe, semiconductor packaging materials and precision tools	100	100	-
	Malaysian SH Electronics Sdn. Bhd. (MSHE)	Manufacturing and selling of leadframe and semiconductor materials	100	100	-
	WSP Electromaterials Ltd. (WSP)	International investment activities	100	100	-
WSP Electromaterials Ltd.	Shanghai Chang Wah Electromaterials Inc. (CWES)	Acting as an agent for IC packaging materials and equipment	69	69	-
	SH Electronics Chengdu Co., Ltd. (SHEC)	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	30	30	-
	SH Precision Chengdu Co., Ltd. (SHPC)	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	30	30	-

(Concluded)

Note 1: The Corporation purchased CWTC's shares and its treasury shares from the open market, resulting in the increase of ownership from 51% to 54%.

Note 2: The Corporation purchased 31% of Shanghai Chang Wah Electromaterials Inc., the subsidiary of non-controlling interest.

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss.

When a business combination is achieved in stages, the Corporation and its subsidiaries' previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if those interests were directly disposed of by the Corporation and its subsidiaries.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Corporation and its subsidiaries report provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Business combinations involving entities under common control are not accounted for using the acquisition method but are accounted for at the carrying amounts of the entities.

f. Foreign currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the closing rates at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for exchange difference in transactions entered into in order to hedge certain foreign currency.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the consolidated financial statements, the financial statements of foreign operations (including subsidiaries and associates in other countries that use currencies different from the currency of the Corporation) that are prepared using functional currencies which are different from the currency of the Corporation are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Corporation and its subsidiaries' entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets and liabilities acquired in the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the prevailing exchange rate at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

g. Sale of accounts receivable

If all the following conditions are met, accounts receivable are deemed disposed of:

1) Accounts receivable have been isolated from the Corporation and its subsidiaries and presumed to be out of control of the Corporation and its subsidiaries.

2) Accounts receivable have been assigned and the assignee has the right to pledge or exchange accounts receivable, and there is no limitation to the assignee's exercise of its right to pledge or exchange accounts receivable.

3) The Corporation and its subsidiaries do not, by one of the following two ways, maintain effective control of the accounts receivable:

   a) Before due date, the Corporation and its subsidiaries have the right and obligation to redeem or repurchase the receivable.

   b) Ability to unilaterally enable the holder to return specific assets.

When the receivables are sold, the difference between the proceeds from the selling price and the book value is recognized in non-operating income and expenses for the period.

h. Inventories

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

i. Investments in associates

An associate is an entity over which the Corporation and its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Corporation and its subsidiaries use the equity method to account for their investments in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Corporation and its subsidiaries' share of the profit or loss and other comprehensive income of the associate. The Corporation and its subsidiaries also recognize the changes in the share of equity of associates.

When the Corporation and its subsidiaries subscribe for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation and its subsidiaries' proportionate interest in the associate. The Corporation and its subsidiaries record such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in equity of investment accounted for using equity method of the associates and investments accounted for using equity method. If the Corporation and its subsidiaries' ownership interest is reduced due to non-subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be a deduction to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is deducted from retained earnings.

Any excess of the cost of acquisition over the Corporation and its subsidiaries' share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation and its subsidiaries' share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

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

The Corporation and its subsidiaries discontinue the use of the equity method from the date on which the investment ceased to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation and its subsidiaries account for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

When the Corporation and its subsidiaries transact with their associates, profits and losses on these transactions are recognized in the consolidated financial statements only to the extent of interests in the associates that are not related to the Corporation and its subsidiaries.

j. Property, plant, and equipment

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

Property, plant and equipment in the course of construction are measured at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use and depreciated accordingly.

Except land that is not depreciated, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant component is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on prospective basis.

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

k. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets that meet the definition of investment properties.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation.

Investment properties acquired through leases are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, less any lease incentives received. These investment properties are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

l. Goodwill

Goodwill arising from the acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Corporation and its subsidiaries' cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal.

m. Intangible assets

1) Intangible assets acquired separately

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

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

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

n. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each reporting period, the Corporation and its subsidiaries review the carrying amounts of their property, plant and equipment, right-of-use asset and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined for the asset or cash-generating unit (net of amortization and depreciation) had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

o. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value. Any dividends or interest earned on such financial assets are recognized in other income and interest income, respectively; and any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 32.

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

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

ii) Breach of contract, such as a default;

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

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

Cash equivalents include time deposits, commercial paper and bonds with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Corporation and its subsidiaries may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Corporation and its subsidiaries’ right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

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

The Corporation and its subsidiaries always recognize lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Corporation and its subsidiaries recognize lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Corporation and its subsidiaries measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

For internal credit risk management purposes, the Corporation and its subsidiaries consider the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Corporation and its subsidiaries):

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

ii. Financial asset is more than 30 days past due unless the Corporation and its subsidiaries have reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial instruments is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Corporation and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Repurchased equity instruments of the Corporation or its subsidiaries are recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Corporation's and its subsidiaries' equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Corporation is classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - others.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

p. Revenue recognition

The Corporation and its subsidiaries identify contracts with customers, allocate the transaction price to the performance obligations, and recognize revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods is recognized when the committed goods are delivered from the Corporation and its subsidiaries to customers and performance obligations are satisfied. Unearned sales revenue is recognized as contract liabilities until performance obligations are satisfied.

Revenue is measured at fair value, which is the transaction price (net of commercial discounts and quantity discounts) agreed to by the Corporation and its subsidiaries with customers. Estimated discount or other allowances of the consideration received are recognized as refund liabilities. For a contract where the period between the date the Corporation and its subsidiaries transfer a promised good to a customer and the date the customer pays for that good is one year or less, the Corporation and its subsidiaries do not adjust the promised amount of consideration for any effect of a significant financing component.

The Corporation and its subsidiaries do not recognize sales revenue on materials delivered to subcontractors because the delivery does not involve a transfer of ownership.

2) Revenue from the rendering of services

Commissions are charged according to the basis of calculation as stated in the contract. Since the period between the date of service transferred and the date of collection is less than one year, the Corporation and its subsidiaries do not adjust the promised amount of consideration for any effect of a significant financing component.

q. Leases

At the inception of a contract, the Corporation and its subsidiaries assess whether the contract is, or contains, a lease.

1) The Corporation and its subsidiaries as lessor

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

When the Corporation and its subsidiaries sublease a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Corporation and its subsidiaries, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Corporation and its subsidiaries as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities. Right-of-use assets are subsequently measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets, except for those that meet the definition of investment properties. With respect to the recognition and measurement of right-of-use assets that meet the definition of investment properties, refer to the accounting policies for investment properties.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Corporation and its subsidiaries remeasure the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

The Corporation and its subsidiaries negotiate with the lessor for rent concessions as a direct consequence of the Covid-19 to change the lease payments originally due by June 30, 2021, that results in the revised consideration for the lease substantially the same as, or less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Corporation and its subsidiaries elect to apply the practical expedient to all of these rent concessions and, therefore, do not assess whether the rent concessions are lease modifications. Instead, the Corporation and its subsidiaries recognize the reduction in lease payment in profit or loss as other operating income, in the period in which the events or conditions that trigger the concession occur, and makes a corresponding adjustment to the lease liability.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

r. Government grants

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

Government grants related to income are recognized in other income on a systematic basis over the periods in which the subsidiaries recognize as expenses the related costs that the grants intend to compensate.

Specifically, government grants whose primary condition is that the subsidiaries should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

The benefit of a government loan that the subsidiaries received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost as well as gains and losses on settlements) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

t. Share-based payment arrangements

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

u. Taxation

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

1) Current tax

Income tax payable (receivable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each jurisdiction.

According to the Income Tax Law of the ROC, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforward, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

3) Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Corporation and its subsidiaries review the estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Significant influence over associates

As stated in Note 13, the Corporation and its subsidiaries collectively owned 42%, 25%, 37% and 30% of the voting rights of JMC Electronics Co., Ltd., How Weih Holding (Cayman) Co., Ltd., Wellstech Optical Co., Ltd. and Silver Connection Co., Ltd., respectively. The combined ownership represents the single largest shareholding. However, considering the size of the Corporation and its subsidiaries' holding of voting rights relative to the size and dispersion of holdings of the other shareholders and the voting patterns at previous shareholders' meetings, which indicate that other shareholders are not passive, the Corporation and its subsidiaries are not able to hold more than half of the members of the above companies' governing bodies. Therefore, the Corporation and its subsidiaries cannot direct the relevant activities of and do not have control over the companies. Consequently, the Corporation and its subsidiaries considered and classified the above companies as associates by virtue of the Corporation and its subsidiaries' ability to exercise significant influence over the invested companies.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Corporation and its subsidiaries use judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Corporation and its subsidiaries' historical experience and existing market conditions. Where the actual future cash inflows are less than expected, a material impairment loss may arise. For details of the key assumptions and inputs used, see Note 9.

b. Valuation of inventories

Inventories are stated at the lower of cost or net realizable value, and the Company and its subsidiaries use judgment and estimates to determine the net realizable value of inventory at the end of the reporting period. The net realizable value of inventories is mainly evaluated based on estimation of future sales price. Changes in market conditions may significantly affect the results of these estimates.

c. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 372	$ 282
Checking accounts and demand deposits	2,622,372	2,230,346
Cash equivalents (investments with original maturities of less than three months)		
Time deposits	389,026	1,589,731
Bonds with repurchase agreements	183,981	-
	$ 3,195,751	$ 3,820,359

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	**2019**
Current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 87,430	$ -
Domestic listed shares	-	36,443
Domestic convertible bonds	23,570	-
Derivative financial assets (not under hedge accounting)		
Convertible bonds (Note 20)	4,440	-
	$ 115,440	$ 36,443
Non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets - foreign private equity funds	$ 188,944	$ 231,946

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31 2020	December 31 2019
Current		
Equity instruments		
Domestic listed shares	$ 767,426	$ 771,843
Non-current		
Equity instruments		
Domestic listed shares	$ 3,931,488	$ 465,353
Domestic unlisted shares	242,721	242,403
Foreign unlisted shares	83,962	88,384
Domestic preferred shares of listed companies sold to specific group	156,362	-
	$ 4,414,533	$ 796,140

These investments in equity instruments are not held for trading; instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Corporation and its subsidiaries' strategy of holding these investments for long-term purposes.

9. NOTES AND ACCOUNTS RECEIVABLE

	December 31 2020	December 31 2019
Notes and accounts receivable		
Measured at amortized cost	$ 3,689,113	$ 3,533,584
Less: Allowance for impairment loss	43,455	44,606
	$ 3,645,658	$ 3,488,978
Accounts receivable - related parties		
Measured at amortized cost	$ 33,556	$ 20,340

a. Notes and accounts receivable

The notes and accounts receivable of the Corporation and its subsidiaries are measured at amortized cost. For the related credit management policies, refer to Note 32.

The loss allowance of the Corporation and its subsidiaries' accounts receivable is recognized by using lifetime expected credit losses. The lifetime expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past collection experience and increase in late payments of the customers beyond the credit period. The Corporation and its subsidiaries write off a accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery after doing follow-up procedures. For accounts receivable that have been written off, the Corporation and its subsidiaries continue to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of notes and accounts receivable based on the Corporation and its subsidiaries' provision matrix.

December 31, 2020

	Not Past Due	Past Due 0 to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due Over 90 Days	Total
Expected credit loss rate	-	0-1	1-50	10-100	10-100	
Gross carrying amount	$ 3,506,265	$ 154,159	$ 35,292	$ 18,314	$ 8,639	$ 3,722,669
Loss allowance (Lifetime ECL)	-	(4)	(17,329)	(17,530)	(8,592)	(43,455)
Amortized cost	$ 3,506,265	$ 154,155	$ 17,963	$ 784	$ 47	$ 3,679,214

December 31, 2019

	Not Past Due	Past Due 0 to 30 Days	Past Due 31 to 60 Days	Past Due 61 to 90 Days	Past Due Over 90 Days	Total
Expected credit loss rate	-	0-1	1-50	10-100	10-100	
Gross carrying amount	$ 3,290,189	$ 181,667	$ 59,044	$ 14,219	$ 8,805	$ 3,553,924
Loss allowance (Lifetime ECL)	-	(7)	(23,543)	(14,219)	(6,837)	(44,606)
Amortized cost	$ 3,290,189	$ 181,660	$ 35,501	$ -	$ 1,968	$ 3,509,318

The movements of the loss allowance for notes and accounts receivable were as follows:

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	$ 44,606	$ 8,965
Recognition (reversal)	(742)	35,739
Amounts written off	(316)	-
Effect of foreign currency exchange difference	(93)	(98)
Balance, end of the year	$ 43,455	$ 44,606

b. For the years ended December 31, 2020 and 2019, the Corporation had credit line against sale of accounts receivable for NT$1,050,000 thousand in both years. As of December 31, 2020 and 2019, the Corporation had not drawn from the credit line.

10. INVENTORIES

	December 31	
	2020	2019
Raw materials	$ 470,099	$ 373,741
Work in progress	472,827	414,819
Finished goods	355,080	355,077
Merchandise	473,344	417,899
Consumable supplies	95,623	95,701
	$ 1,866,973	$ 1,657,237

The cost of inventories recognized as operating costs for the years ended December 31, 2020 and 2019 was NT$13,934,493 thousand and NT$13,287,580 thousand, respectively, which included the following items:

	For the Year Ended December 31	
	2020	2019
Loss on inventory obsolescence	$ 13,400	$ 1,272
Write-down (reversal) of inventories	14,394	(3,563)
Revenue from sale of scraps	(507,139)	(510,632)

11. OTHER FINANCIAL ASSETS

	December 31	
	2020	2019
Current		
Restricted deposits for projects	$ 832,808	$ -
Time deposits pledged (Note 34)	460,810	50,000
	$ 1,293,618	$ 50,000
Non-current		
Restricted deposits for projects	$ 404,035	$ -
Time deposits pledged (Note 34)	28,382	28,349
Deposits for reserve account (Note 34)	4,956	4,953
	$ 437,373	$ 33,302

Since the Corporation and its subsidiaries applied “The Management, Utilization, and Taxation of Repatriated Offshore Funds Act”, the earnings remitted from overseas subsidiary or investments accounted for using the equity method were recognized as restricted deposits for projects and determined whether they were current or non-current based on the expected time of use of funds.

12. SUBSIDIARIES

Details of subsidiaries that have material non-controlling interests

	Proportion of Ownership and Voting Rights Held by Non-controlling Interests (%)	
	December 31	
Name of Subsidiary	2020	2019
Chang Wah Technology Co., Ltd. (CWTC)	46	49

The information on the places of incorporation and principal places of business is provided in Table 7.

Name of Subsidiary	Profit Allocated to Non-controlling Interests For the Year Ended December 31 2020	2019	Non-controlling Interests December 31 2020	2019
CWTC	$ 357,071	$ 296,100	$ 2,418,385	$ 2,373,964
Others	7,750	11,611	-	82,015
	$ 364,821	$ 307,711	$ 2,418,385	$ 2,455,979

The summarized financial information below represents amounts before intragroup eliminations.

CWTC

	December 31 2020	2019
Current assets	$ 7,413,573	$ 6,502,446
Non-current assets	4,750,589	4,041,526
Current liabilities	(3,215,572)	(2,963,698)
Non-current liabilities	(3,522,331)	(2,593,864)
Equity	$ 5,426,259	$ 4,986,410
Equity attributable to:		
Owners of the Corporation	$ 3,007,874	$ 2,530,431
Non-controlling interests of CWTC	2,418,385	2,373,964
Non-controlling interests of CWTC’s subsidiaries	-	82,015
	$ 5,426,259	$ 4,986,410

	For the Year Ended December 31 2020	2019
Revenue	$ 9,678,146	$ 9,320,275
Net profit for the year	$ 790,618	$ 618,915
Other comprehensive income (loss) for the year	31,568	(83,358)
Total comprehensive income for the year	$ 822,186	$ 535,557
Net profit attributable to:		
Owners of the Corporation	$ 425,797	$ 311,204
Non-controlling interests of CWTC	357,071	296,100
Non-controlling interests of CWTC’s subsidiaries	7,750	11,611
	$ 790,618	$ 618,915
Total comprehensive income attributable to:		
Owners of the Corporation	$ 446,576	$ 269,724
Non-controlling interests of CWTC	370,151	257,634

(Continued)

	For the Year Ended December 31	
	2020	2019
Non-controlling interests of CWTC's subsidiaries	$ 5,459	$ 8,199
	$ 822,186	$ 535,557
Cash flow from:		
Operating activities	$ 987,280	$ 1,466,273
Investing activities	(2,346,371)	(636,129)
Financing activities	855,041	35,315
Effects of changes in exchange rate	(70,242)	(93,680)
Net cash inflow (outflow)	$ (574,292)	$ 771,779

(Concluded)

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD - INVESTMENTS IN ASSOCIATES

	December 31	
	2020	2019
Associates that are individually material		
JMC Electronics Co., Ltd.	$ 1,578,571	$ 1,573,068
How Weih Holding (Cayman) Co., Ltd.	756,416	739,242
Wellstech Optical Co., Ltd.	429,951	426,664
Silver Connection Co., Ltd.	322,842	-
	3,087,780	2,738,974
Associates that are not individually material	-	174,018
	$ 3,087,780	$ 2,912,992

a. Associates that are individually material

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights (%) December 31, 2020	Proportion of Ownership and Voting Rights (%) December 31, 2019
JMC Electronics Co., Ltd.	Manufacturing, processing, and selling of COF substrates	Taiwan	42	42
How Weih Holding (Cayman) Co., Ltd.	International investing activities	Cayman	25	25
Wellstech Optical Co., Ltd.	Manufacturing and retailing of electronic components, computers and peripherals, and precision instruments	Taiwan	37	37
Silver Connection Co., Ltd.	Manufacturing and selling of electrical contact materials such as silver contact and metal shaped materials, etc.	Seychelles	30	-

The summarized financial information below represents amounts shown in JMC Electronics Co., Ltd.'s financial statements prepared in accordance with IFRSs adjusted by the Corporation for equity accounting purposes.

	December 31	
	2020	2019
Current assets	$ 1,576,722	$ 1,347,546
Non-current assets	2,680,568	2,457,975
Current liabilities	(910,711)	(888,184)
Non-current liabilities	(1,079,588)	(660,111)
Equity	$ 2,266,991	$ 2,257,226
Proportion of the Corporation's ownership (%)	42	42
Equity attributable to the Corporation	$ 948,733	$ 944,647
Unrealized gains resulting from transactions	(10,328)	(11,745)
Goodwill	640,166	640,166
Carrying amount of the investment	$ 1,578,571	$ 1,573,068

Fair values (Level 1) of investments in associates with available published price quotation are summarized as follows:

	December 31	
Name of Associate	2020	2019
JMC Electronics Co., Ltd.	$ 1,900,026	$ 3,377,284

The summarized financial information below represents amounts shown in How Weih Holding (Cayman) Co., Ltd.'s financial statements prepared in accordance with IFRSs adjusted by the Corporation for equity accounting purposes.

	December 31	
	2020	2019
Current assets	$ 15,505	$ 10,324
Non-current assets	2,119,442	2,062,864
Current liabilities	(85)	(4,794)
Non-current liabilities	(181)	(287)
Equity	$ 2,134,681	$ 2,068,107
Proportion of the Corporation and its subsidiaries' ownership (%)	25	25
Equity attributable to the Corporation and its subsidiaries	$ 533,984	$ 516,810
Goodwill	222,432	222,432
Carrying amount of the investment	$ 756,416	$ 739,242

The summarized financial information below represents amounts shown in Wellstech Optical Co., Ltd.'s financial statements prepared in accordance with IFRSs adjusted by the Corporation for equity accounting purposes.

	December 31	
	2020	2019
Current assets	$ 225,282	$ 46,477
Non-current assets	1,097,801	1,312,885
Current liabilities	(156,925)	(163,507)
Non-current liabilities	(15,714)	(54,206)
Equity	$ 1,150,444	$ 1,141,649
Proportion of the Corporation's ownership (%)	37	37
Equity attributable to the Corporation	$ 429,951	$ 426,664
Carrying amount of the investment	$ 429,951	$ 426,664

In accordance with the Corporation and its subsidiaries' future strategic development plan, in April 2020, the Corporation paid NT$295,152 thousand (RMB66,000 thousand) in cash to purchase 30% of the shares of Silver Connection Co., Ltd. from Biostar Microtech International Co., Ltd., a non-related party, and obtained a material influence on Silver Connection Co., Ltd.

The summarized financial information below represents amounts shown in Silver Connection Co., Ltd.'s financial statements prepared in accordance with IFRSs adjusted by the Corporation for equity accounting purposes.

	December 31, 2020
Current assets	$ 172,449
Non-current assets	612,113
Current liabilities	(77,013)
Equity	$ 707,549
Proportion of the Corporation's ownership (%)	30
Equity attributable to the Corporation	$ 212,259
Goodwill	110,583
Carrying amount of the investment	$ 322,842

b. Associates that are not individually material

	For the Year Ended December 31	
	2020	2019
Subsidiaries' share of		
Net profit (loss) for the year	$ (654)	$ 7,201
Other comprehensive income (loss) for the year	-	-
Total comprehensive income (loss) for the year	$ (654)	$ 7,201

Since Ohkuchi Materials Co., Ltd. (OM) will terminate leadframe manufacturing business, the subsidiary CWTC disposed 44% of its ownership in OM for NT$137,788 thousand (JPY490,000 thousand) and lost its significant influence over OM in April 2020; hence, CWTC recognized loss on disposal of investment for NT$15,995 thousand. The remaining 5% interest held by CWTC was recognized at the fair value of the shares at the date of disposal of NT$15,658 thousand, and transferred to financial assets at FVTOCI - non-current. The amount generated by this transaction recognized in profit or loss is calculated as follows:

	For the Year Ended December 31, 2020
Proceeds from disposal	$ 137,788
Fair value of remaining investment (5%)	15,658
Less: Carrying amount of investment on the date of loss of material influence	(175,123)
Plus: Share of other comprehensive income from associates accounted for using the equity method	5,682
Loss recognized (included in other gains and losses)	$ (15,995)

The Corporation adopted equity method to evaluate VizionFocus Co., Ltd.; however, in January 2019, the Corporation did not subscribe for the capital increase of VizionFocus Co., Ltd. in proportion to its shareholding, and lost its material influence. The Corporation held the remaining 17% of the equity and the fair value on the date of disposal was NT$229,767 thousand. It was reclassified to financial assets at FVTOCI. The amount generated by this transaction is recognized in profit and loss and calculated as follows:

	For the Year Ended December 31, 2019
Fair value of remaining investment	$ 229,767
Less: Carrying amount of investment on the date of loss of material influence	(104,927)
Plus: Share of other comprehensive income from associates accounted for using the equity method	19,747
Gain recognized (included in other gains and losses)	$ 144,587

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of the investments for the years ended December 31, 2020 and 2019 were based on the associates’ audited financial statements for the same period.

14. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2020	2019
Assets used by the Corporation and its subsidiaries	$ 2,447,844	$ 2,464,410
Assets leased under operating leases	65,580	71,210
	$ 2,513,424	$ 2,535,620

a. Assets used by the Corporation and its subsidiaries

For the Year Ended December 31, 2020

	Land	Buildings	Machinery and Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Cost									
Balance at January 1, 2020	$ 55,498	$ 2,090,325	$ 4,734,859	$ 3,352,542	$ 32,106	$ 98,337	$ 318,183	$ 156,222	$ 10,838,072
Additions	-	18,336	207,035	228,810	-	6,437	12,341	122,746	595,705
Disposals	-	(56,080)	(89,205)	(55,650)	(1,722)	(12,821)	(8,409)	-	(223,887)
Reclassification	-	-	-	-	-	712	-	(4,577)	(3,865)
Effect of foreign currency exchange difference	-	(16,701)	(25,402)	(34,894)	(570)	(2,269)	1,043	1,227	(77,566)
Balance at December 31, 2020	55,498	2,035,880	4,827,287	3,490,808	29,814	90,396	323,158	275,618	11,128,459
Accumulated depreciation									
Balance at January 1, 2020	-	(1,350,919)	(3,591,251)	(2,903,878)	(24,917)	(79,007)	(229,574)	-	(8,179,546)
Depreciation	-	(76,003)	(228,634)	(232,748)	(3,283)	(8,682)	(29,032)	-	(578,382)
Disposals	-	26,109	85,089	55,628	1,722	12,805	8,409	-	189,762
Reclassification	-	-	-	-	-	(534)	-	-	(534)
Effect of foreign currency exchange difference	-	14,258	19,203	34,200	545	1,778	(966)	-	69,018
Balance at December 31, 2020	-	(1,386,555)	(3,715,593)	(3,046,798)	(25,933)	(73,640)	(251,163)	-	(8,499,682)
Accumulated impairment									
Balance at January 1, 2020	-	(55,963)	(17,636)	(120,226)	-	-	(291)	-	(194,116)
Reversal of impairment loss	-	-	18	-	-	-	-	-	18
Disposals	-	10,847	2,368	-	-	-	-	-	13,215
Effect of foreign currency exchange difference	-	-	(46)	-	-	-	(4)	-	(50)
Balance at December 31, 2020	-	(45,116)	(15,296)	(120,226)	-	-	(295)	-	(180,933)
Carrying amount at December 31, 2020	$ 55,498	$ 604,209	$ 1,096,398	$ 323,784	$ 3,881	$ 16,756	$ 71,700	$ 275,618	$ 2,447,844

For the Year Ended December 31, 2019

	Land	Buildings	Machinery and Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Cost									
Balance at January 1, 2019	$ 55,498	$ 2,111,595	$ 4,639,962	$ 3,277,719	$ 33,193	$ 100,074	$ 286,048	$ 208,821	$ 10,712,910
Additions	-	18,026	275,949	200,859	-	7,074	38,283	(50,791)	489,400
Disposals	-	(10,710)	(93,080)	(61,135)	(569)	(6,423)	(2,827)	-	(174,744)
Reclassification	-	10,315	-	-	-	-	-	-	10,315
Effect of foreign currency exchange difference	-	(38,901)	(87,972)	(64,901)	(518)	(2,388)	(3,321)	(1,808)	(199,809)
Balance at December 31, 2019	55,498	2,090,325	4,734,859	3,352,542	32,106	98,337	318,183	156,222	10,838,072
Accumulated depreciation									
Balance at January 1, 2019	-	(1,296,892)	(3,486,813)	(2,755,063)	(22,276)	(78,042)	(208,132)	-	(7,847,218)
Depreciation	-	(85,085)	(255,370)	(261,215)	(3,654)	(9,310)	(27,376)	-	(642,010)
Disposals	-	10,710	81,478	55,458	569	6,402	2,907	-	157,524
Reclassification	-	(8,003)	-	-	-	-	-	-	(8,003)

(Continued)

	Land	Buildings	Machinery and Equipment	Tooling Equipment	Transportation Equipment	Office Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Effect of foreign currency exchange difference	$ -	$ 28,351	$ 69,454	$ 56,942	$ 444	$ 1,943	$ 3,027	$ -	$ 160,161
Balance at December 31, 2019	-	(1,350,919)	(3,591,251)	(2,903,878)	(24,917)	(79,007)	(229,574)	-	(8,179,546)
Accumulated impairment									
Balance at January 1, 2019	-	(55,963)	(18,009)	(92,260)	-	-	(300)	-	(166,532)
Recognition of impairment loss	-	-	(18)	(27,966)	-	-	-	-	(27,984)
Disposals	-	-	264	-	-	-	-	-	264
Effect of foreign currency exchange difference	-	-	127	-	-	-	9	-	136
Balance at December 31, 2019	-	(55,963)	(17,636)	(120,226)	-	-	(291)	-	(194,116)
Carrying amount at December 31, 2019	$ 55,498	$ 683,443	$ 1,125,972	$ 328,438	$ 7,189	$ 19,330	$ 88,318	$ 156,222	$ 2,464,410

(Concluded)

The subsidiary determined that some of the equipment do not meet the production needs or the requirements of future business plan, therefore, no future cash flows are expected to arise from the equipment. The subsidiary carried out a review of the recoverable amount of the related equipment, which led to the recognition of an impairment loss of NT$27,984 thousand, which was recognized as operating costs for the year ended December 31, 2019.

b. Assets leased under operating leases

For the Year Ended December 31, 2020

	Rental Assets
Cost	
Balance at January 1 and at December 31, 2020	$ 112,007
Accumulated depreciation	
Balance at January 1, 2020	40,797
Depreciation	5,630
Balance at December 31, 2020	46,427
Carrying amount at December 31, 2020	$ 65,580

For the Year Ended December 31, 2019

	Rental Assets
Cost	
Balance at January 1, 2019	$ 107,490
Additions	4,517
Balance at December 31, 2019	112,007

(Continued)

	Rental Assets
Accumulated depreciation	
Balance at January 1, 2019	$ 35,122
Depreciation	5,675
Balance at December 31, 2019	40,797
Carrying amount at December 31, 2019	$ 71,210

(Concluded)

The subsidiary, Chang Wah Energy Technology Co., Ltd., leases solar energy equipment as operating leases with lease term of 20 years. The lessees do not have purchase options to acquire the assets at the end of the lease periods.

The above lease contracts stipulated that the lessees shall pay on a monthly basis the variable lease payment according to the specific percentage of the monthly Taipower wholesale purchase rate, which is different from the index or the rate.

Some of the lease contracts between the subsidiary and the lessees included the terms related to general risk management to reduce the risk on the remaining assets of the leased solar equipment at the end of the lease period.

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

Buildings	
Main building	15-50 years
Renovation	2-25 years
Machinery and equipment	
Solar energy equipment	7-20 years
Molding system	6 years
Cutting equipment	6-10 years
Electroplating equipment	6-10 years
Other	2-10 years
Tooling equipment	2-5 years
Transportation equipment	5-6 years
Office equipment	2-5 years
Other equipment	2-11years
Rental equipment	
Solar energy equipment	7-20 years

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	**2019**
Carrying amount		
Land	$ 447,724	$ 462,551
Buildings	47,817	59,050
Transportation equipment	908	2,139

(Continued)

	December 31	
	2020	2019
Other equipment	$ 113	$ 170
	$ 496,562	$ 523,910

(Concluded)

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ -	$ 653
Depreciation charge for right-of-use assets		
Land	$ 10,404	$ 10,546
Buildings	11,120	11,584
Transportation equipment	1,240	1,229
Other equipment	57	57
	$ 22,821	$ 23,416

Except for the above additions and depreciation of right-of-use assets, the Corporation and its subsidiaries' right-of-use assets were not subleased or impaired in 2020 and 2019.

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 16,028	$ 16,096
Non-current	$ 89,568	$ 106,768

Range of discount rate (%) for lease liabilities was as follows:

	December 31	
	2020	2019
Land	0.6922-2.171	0.6922-2.171
Buildings	1.4066-5.0932	1.4066-5.0932
Transportation equipment	1.01-4.4694	1.01-4.4694
Other equipment	1.52	1.52

c. Material lease activities and terms

The Corporation and its subsidiaries leased land from the government. The lease term will expire in August 2024, and the Corporation and its subsidiaries have the option to renew or terminate the contract. The Corporation and its subsidiaries do not have a purchase option to acquire the leased land at the expiration of the lease period. The government has the option to adjust the lease payments based on the changes in announced land value.

The main lease agreements of the subsidiaries SH Electronics Chengdu Co., Ltd., SH Electronics Suzhou Co., Ltd., and MSHE are right-of-use agreements for the lease of land with lease terms of 50-97 years, which will successively expire by February 2054.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases and low-value asset leases	$ 9,904	$ 10,065
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 3,851	$ 3,353
Total cash outflow for leases	$ (32,364)	$ (32,839)

For the leases of staff dormitory, office and transportation equipment that qualify as short-term leases and other equipment that qualify as low-value asset leases, the Corporation and its subsidiaries have elected to apply the recognition exemption; thus, the Corporation and its subsidiaries did not recognize right-of-use assets and lease liabilities for these leases.

16. INVESTMENT PROPERTIES

	December 31	
	2020	2019
Buildings	$ 29,261	$ 36,176
Right-of-use assets	3,841	5,808
	$ 33,102	$ 41,984

For the Year Ended December 31, 2020

	Buildings	Right-of-use Assets	Total
Cost			
Balance at January 1, 2020	$ 135,864	$ 7,691	$ 143,555
Remeasurement of lease liabilities	-	(120)	(120)
Balance at December 31, 2020	135,864	7,571	143,435
Accumulated depreciation			
Balance at January 1, 2020	99,688	1,883	101,571
Depreciation expense	6,915	1,847	8,762
Balance at December 31, 2020	106,603	3,730	110,333
Carrying amount at December 31, 2020	$ 29,261	$ 3,841	$ 33,102

For the Year Ended December 31, 2019

	Buildings	Right-of-use Assets	Total
Cost			
Balance at January 1, 2019	$ 146,179	$ 7,691	$ 153,870
Reclassification	(10,315)	-	(10,315)
Balance at December 31, 2019	135,864	7,691	143,555

(Continued)

	Buildings	Right-of-use Assets	Total
Accumulated depreciation			
Balance at January 1, 2019	$ 100,666	$ -	$ 100,666
Depreciation expense	7,025	1,883	8,908
Reclassification	(8,003)	-	(8,003)
Balance at December 31, 2019	99,688	1,883	101,571
Carrying amount at December 31, 2019	$ 36,176	$ 5,808	$ 41,984

(Concluded)

Investment properties are depreciated on a straight-line basis over their useful lives as follows:

Buildings	
Main building	10-35 years
Renovation	10 years
Right-of-use assets	4 years

The Corporation and its subsidiaries' management were unable to reliably measure the fair value of investment property located at the Nanzih export processing zone because the land belongs to the government, and the Corporation and its subsidiaries only hold the building's ownership. The market transactions are not frequent and comparable properties in active market and alternative reliable measurements of fair value are not available; therefore, the Corporation and its subsidiaries determined that the fair value of the investment property is not reliably measurable.

Right-of-use assets included in investment properties are units of office space located in Nanzih export processing zone and subleased under operating leases to its invested company using equity method, JMC Electronics Co., Ltd. The abovementioned investment properties are leased out until March 2027. The lease contracts contain market review clauses in the event that the lessee exercised its option to extend. The lessee does not have purchase options to acquire the investment properties at the expiry of the lease period. To reduce the residual asset risk related to the investment properties, the Corporation prepared the lease contract according to its general risk management strategy.

The maturity analysis of lease payments receivable under operating leases of investment properties at December 31, 2020 was as follows:

	December 31	
	2020	2019
Year 1	$ 21,425	$ 19,073
Year 2	21,425	18,905
Year 3	19,115	18,905
Year 4	18,905	18,905
Year 5	18,905	18,905
Year 6 onwards	23,630	42,535
	$ 123,405	$ 137,228

17. GOODWILL

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	$ 676,767	$ 684,151
Effect of foreign currency exchange difference	(15,071)	(7,384)
Balance, end of the year	$ 661,696	$ 676,767

The Corporation and its subsidiaries' goodwill carried out impairment testing on the recoverable amount of goodwill at the end of the annual reporting period. The recoverable amount was determined based on the value in use. The value in use was calculated based on the cash flow projections from the financial budgets covering a five-year period, using annual discount rates of 13.70% and 11.93% as of December 31, 2020 and 2019, respectively. Based on the assessment result, the recoverable amount exceeded the carrying amount; hence, the Corporation and its subsidiaries need not recognize any impairment loss on goodwill.

Detail of the Corporation and its subsidiaries' goodwill generated from the merger and acquisition of other companies is as follows:

	December 31	
	2020	2019
Acquisition of SHAP's ownership	$ 679,064	$ 679,064
Acquisition of other company's ownership	488	488
Effect of foreign currency exchange difference	(17,856)	(2,785)
	$ 661,696	$ 676,767

18. OTHER INTANGIBLE ASSETS

	December 31	
	2020	2019
Computer software	$ 25,233	$ 25,244
Patent	4,846	4,153
	$ 30,079	$ 29,397

Intangible assets are amortized on a straight-line basis over their useful lives as follows:

Computer software	3-10 years
Patent	10-20 years

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	2019
Bank credit loans	$ 2,071,093	$ 1,865,650
Bank secured loans (Note 34)	354,000	-
	$ 2,425,093	$ 1,865,650
Interest rate range (%)	0.35-3.85	0.46-1.02

b. Short-term bills payable

	December 31	
	2020	2019
Commercial paper	$ -	$ 200,000

Outstanding short-term bills payable were as follows:

December 31, 2019

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate (%)
Commercial paper				
China Bills Finance Corporation	$ 100,000	$ -	$ 100,000	0.948
Taiwan Cooperative Bills Finance Corporation	100,000	-	100,000	0.938
	$ 200,000	$ -	$ 200,000	

c. Long-term borrowings

	December 31	
	2020	2019
Syndicated bank loans (hosted by Bank of Taiwan) - subsidiary CWTC		
Loan B - Interest rate at 1.797%	$ 550,000	$ 550,000
Less: Syndicated loan fee	2,167	4,167
	547,833	545,833
Syndicated bank loans (hosted by Bank of Taiwan) - the Corporation		
Interest rate at 1.797%	-	300,000
Less: Syndicated loan fee	-	2,559
	-	297,441

(Continued)

	December 31	
	2020	2019
Syndicated bank loans (hosted by Taishin International Bank) - the Corporation		
Loan A - Interest rate at 1.797%	$ -	$ 300,000
Loan B - Interest rate at 1.174%	1,800,000	-
Less: Syndicated loan fee	11,280	14,160
	1,788,720	285,840
Bank credit loans		
Maturities before June 2030, interest rates at 0%-1.19% and 0.1%-1.39 % p.a.	4,242,559	2,345,342
	$ 6,579,112	$ 3,474,456

(Concluded)

d. Facility agreements and financial covenants

1) Under the syndicated loan agreements, the Corporation and its subsidiaries should meet certain percentages and amounts for the current ratio, debt ratio, interest coverage ratio and total equity, which are reviewed at least once every six months. If the Corporation and its subsidiaries are not in compliance with the aforementioned restrictions on the financial rations and amounts, the Corporation and its subsidiaries should make improvements after the end of the year or the end of the second quarter of the next year. If the restrictions are met, the Corporation and its subsidiaries will be deemed as not in violation of the restrictions, however, the interest rate will be raised. The Corporation and its subsidiaries were in compliance with the syndicated loan agreements based on the audited annual consolidated financial statements for the years ended December 31, 2020 and 2019.

2) The Corporation entered into a syndicated loan agreement of NT$7,200,000 thousand with thirteen banks led by Taishin International Bank in March 2019 and the initial drawdown was in December 2019. The credit line can be used for loan A and loan B. The credit line of loan A is NT$7,200,000 thousand (or equivalent amount in USD, RMB or JPY), and the joint credit line with loan B cannot exceed NT$7,200,000 thousand. The credit line of loan B is NT$4,320,000 thousand, which can be used on a revolving basis during the loan period (5 years from the initial drawdown date), and is used for the purpose of repaying the loans of financial institutions and enriching medium-term working capital.

3) The Corporation entered into a syndicated loan agreement of NT$2,850,000 thousand with six banks led by Bank of Taiwan in January 2017 and the initial drawdown was in March 2017. The credit line can be used on a revolving basis during the loan period (5 years from the initial drawdown date), and is used for the purpose of repaying the loans of financial institutions and enriching medium-term working capital.

4) The Corporation’s subsidiary, CWTC, entered into a syndicated loan agreement of NT$7,200,000 thousand with seven banks led by First Commercial Bank in December 2020. The credit line can be used for loan A and loan B. The credit line of loan A is NT$7,200,000 thousand (or equivalent amount in USD, RMB or JPY), and the joint credit line with loan B cannot exceed NT$7,200,000 thousand. The credit line of loan B is NT$5,760,000 thousand, which can be used on a revolving basis during the loan period (5 years from the initial drawdown date), and is used for the purpose of repaying the loans of financial institutions and enriching medium-term working capital. In addition, CWTC may extend the loan period by 2 years after obtaining the consent of the seven banks, within the period of six months starting from 4 years after the initial drawdown date. As of December 31, 2020, the Corporation’s subsidiary, CWTC, has not utilized the credit line.

5) The Corporation's subsidiary, CWTC, entered into a syndicated loan agreement of NT$4,000,000 thousand with six banks led by Bank of Taiwan in January 2017 and the initial drawdown was in February 2017. The credit line can be used for loan A and loan B. The credit line of loan A is JPY7,350,000 thousand (or equivalent amount in NTD or USD), and cannot be used on a revolving basis. The loan is to be used only for the purpose of acquiring the shares of SHAP and its subsidiaries. The credit line of loan B is NT$1,500,000 thousand (or equivalent amount in foreign currencies), and can be used on a revolving basis within the loan period (5 years from the initial drawdown date), and the purpose of the loan is to enrich medium-term working capital. The Corporation issued a letter of support and committed that during the borrowing period, the Corporation's ownership (whether direct or indirect) of its subsidiary, CWTC should not be less than 30%. Moreover, the Corporation should maintain its status as the largest shareholder and have substantial control over its subsidiary, CWTC.

   In addition, during the extension of the credit line, the Corporation and its subsidiary, CWTC, should directly or indirectly hold all the issued shares of SHAP, and hold 2/3 or more of the seats in the board of directors; SHAP should directly or indirectly hold all the issued shares of its subsidiaries, MSHE, SHS, SHEC, SHPC and SHT, and hold 2/3 or more of the seats in the board of directors of the subsidiaries.

   The collateral of the syndicated loan is the entire equity of SHAP that is held by the Corporation's subsidiary, CWTC of NT$3,922,784 thousand which has been eliminated when preparing the consolidated financial statements.

6) The Corporation's subsidiary, CWTC, obtained the business qualification verification letter from the "Action Plan for Welcoming Taiwanese Businessmen to Invest in Taiwan" hosted by the Ministry of Economic Affairs. As stated in the regulations, CWTC should invest within three years starting from the date it received the letter.

20. BONDS PAYABLE

	December 31, 2020
Unsecured domestic convertible bonds	$ 1,133,142

On November 25, 2020, the Corporation issued 12 thousand with nil coupon rate unsecured convertible bonds in Taipei Exchange (TPEx), with an aggregate principal amount of NT$1,200,000 thousand.

Each holder of the bonds has the right to convert the bonds into ordinary shares of the Corporation at the conversion price of NT$24 per share. In the case of ex-right or ex-dividend, the convertible price shall be adjusted according to the conversion price adjustment formula. As of December 31, 2020, the conversion price was NT$23.7 per share. Conversion may occur at any time between February 26, 2021 and November 25, 2025. If the bonds are not converted, they will be redeemed on November 25, 2025 in cash. If certain criteria are met, the Corporation is entitled to redeem the convertible bonds at face value of the bond.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - share options. The liability component contains derivative financial instruments and non-derivative financial instruments. As of December 31, 2020, assets for derivative financial instruments were NT$4,440 thousand and liabilities for non-derivative instruments at amortized cost were NT$1,133,142 thousand. The effective interest rate of the liability component was 1.1665% per annum on initial recognition.

Proceeds from issuance (less transaction costs of NT$5,259 thousand)	$ 1,200,741
Equity component (less transaction costs allocated to the equity component of NT$301 thousand)	(66,659)
Liability component at the date of issuance (less transaction costs allocated to the liability component of NT$4,958 thousand, including bonds payable of NT$1,132,042 thousand and financial liabilities measured at FVTPL of NT$2,040 thousand)	1,134,082
Interest charged at an effective interest rate of 1.1665%	1,100
Gains on change in value of financial instruments	(6,480)
Net liability component at December 31, 2020 (including financial instruments measured at FVTPL of NT$4,440 thousand and bonds payable of NT$1,133,142 thousand)	$ 1,128,702

As of December 31, 2020, no bondholders have executed the conversion or sell-back rights of the above-mentioned unsecured domestic convertible bonds. The Corporation did not execute its right of redemption as well.

21. ACCOUNTS PAYABLE

	December 31	
	2020	**2019**
Accounts payable	$ 2,202,325	$ 1,853,205
Accounts payable - related parties	$ 93,758	$ 435,847

The Corporation and its subsidiaries have established financial risk management policies to ensure that all payments are made on the agreed due date.

22. OTHER PAYABLES

	December 31	
	2020	**2019**
Salaries and bonus	$ 594,787	$ 572,382
Payable for equipment	109,871	60,460
Compensation of employees and remuneration of directors	51,802	59,707
Others (business VAT, insurance expense and tooling usage fee, etc.)	272,962	213,627
	$ 1,029,422	$ 906,176

23. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Corporation and its domestic subsidiaries adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Based on the LPA, the Corporation and its subsidiaries make monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The subsidiaries in foreign countries contribute monthly to pension funds based on a certain percentage of employees' monthly salaries and wages according to local laws and regulations.

b. Defined benefit plans

The Corporation and its subsidiary, SH Electronics Taiwan Co., Ltd., adopted a defined benefit plan under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation and its subsidiary, SH Electronics Taiwan Co., Ltd. make contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Corporation and its subsidiary, SH Electronics Taiwan Co., Ltd., assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Corporation and its subsidiary, SH Electronics Taiwan Co., Ltd., are required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Corporation and its subsidiary, SH Electronics Taiwan Co., Ltd. have no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Corporation and its subsidiaries' defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	$ 21,849	$ 173,658
Fair value of plan assets	(9,410)	(137,808)
Present value of other long-term employee benefit obligation	8,554	9,451
	20,993	45,301
Recorded under other payables	(3,463)	(3,928)
Net defined benefit liabilities	$ 17,530	$ 41,373

Net defined benefit liabilities were recorded under other non-current assets of NT$819 thousand and net defined benefit liabilities of NT$18,349 thousand, respectively for the year ended December 31, 2020.

Movements of net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Present Value of Other Long-term Employee Benefit Obligation	Net Defined Benefit Liabilities
Balance at January 1, 2019	$ 157,221	$ (122,920)	$ 9,769	$ 44,070
Service cost				
Current service cost	182	-	936	1,118
Interest expense (income)	1,858	(1,528)	103	433
Recognized in profit or loss	2,040	(1,528)	1,039	1,551
Remeasurement				
Return on plan assets (excluding amounts included in net interest)	-	(3,973)	-	(3,973)
Actuarial loss - changes in demographic assumptions	1,180	-	389	1,569

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Present Value of Other Long-term Employee Benefit Obligation	Net Defined Benefit Liabilities
Actuarial loss - changes in financial assumptions	$ 7,488	$ -	$ 136	$ 7,624
Actuarial loss (gain) - experience adjustments	6,666	-	(814)	5,852
Recognized in other comprehensive income (other long-term employee benefit recognized in profit or loss)	15,334	(3,973)	(289)	11,072
Contributions from the employer	-	(10,324)	-	(10,324)
Plan assets paid	(937)	937	-	-
Benefits paid	-	-	(1,068)	(1,068)
	(937)	(9,387)	(1,068)	(11,392)
Balance at December 31, 2019	173,658	(137,808)	9,451	45,301
Service cost				
Current service cost	222	-	914	1,136
Gains on settlements	(9,115)	-	-	(9,115)
Interest expense (income)	1,462	(1,207)	70	325
Recognized in profit or loss	(7,431)	(1,207)	984	(7,654)
Remeasurement				
Return on plan assets (excluding amounts included in net interest)	-	(2,932)	-	(2,932)
Actuarial loss - changes in financial assumptions	6,645	-	182	6,827
Actuarial gain - experience adjustments	(7,271)	-	(591)	(7,862)
Recognized in other comprehensive income (other long-term employee benefit recognized in profit or loss)	(626)	(2,932)	(409)	(3,967)
Contributions from the employer	-	(12,563)	-	(12,563)
Liabilities extinguished on settlement	(113,406)	113,406	-	-
Plan assets claimed (paid)	(30,229)	31,694	-	1,465
Benefits paid	(117)	-	(1,472)	(1,589)
	(143,752)	132,537	(1,472)	(12,687)
Balance at December 31, 2020	$ 21,849	$ (9,410)	$ 8,554	$ 20,993

(Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2020	**2019**
Operating costs	$ (6,177)	$ 657
Selling and marketing expenses	(532)	321
General and administrative expenses	(1,354)	284
	$ (8,063)	$ 1,262

Through the defined benefit plans under the Labor Standards Law, the Corporation and its subsidiary, SH Electronics Taiwan Co., Ltd., are exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity securities, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation of the Corporation and its subsidiary, SH Electronics Taiwan Co, Ltd., were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	**2019**
Discount rate (%)	0.375-0.50	0.75-0.875
Expected rate of salary increase (%)	2-2.25	2-2.25
Turnover rate (%)	0-11	0-11
Voluntary retirement rate (%)	3-100	3-100

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2020	**2019**
Discount rate		
0.25% increase	$ (378)	$ (5,428)
0.25% decrease	$ 391	$ 5,667
Expected rate of salary increase		
0.25% increase	$ 378	$ 5,493
0.25% decrease	$ (368)	$ (5,291)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	2019
The expected contributions to the plan for the next year	$ 180	$ 9,447
The average duration of the defined benefit obligation	3.7-12.3 years	9.9-13.7 years

24. EQUITY

a. Share capital

	December 31	
	2020	2019
Number of shares authorized (in thousands)	1,200,000	120,000
Shares authorized	$ 1,200,000	$ 1,200,000
Number of shares issued and fully paid (in thousands)	638,799	63,880
Shares issued	$ 638,799	$ 638,799

The Corporation had passed the revision of its articles of incorporation regarding par value per share through its shareholders' meeting in June 2020. The par value per share had been changed from NT$10 to NT$1 and the reissuance of stocks was completed in August 2020.

Preferred shares can be issued within authorized number of shares. A 1/10 portion of the total authorized shares should be used in employee share options, restricted stock awards, preferred shares with options and bonds with options.

b. Capital surplus

The adjustments of all types of capital surplus balance is referred to Table 11.

c. Retained earnings and dividend policy

The shareholders of the Corporation held their regular meeting in June 2020 and in that meeting, resolved the amendments to the Corporation's Articles of Incorporation. The amendments explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of the six months of the fiscal year. If the Corporation made a profit in the six months of a fiscal year, the profit shall be first utilized for offsetting losses of previous years, estimating and reserving for taxes, compensation of employees and remuneration of directors to be paid, then setting aside as legal reserve 10% of the remaining profit until the accumulated legal reserve equals the Corporation's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan. If the distribution is in the form of issuing new shares, it should be resolved in the shareholders' meeting; if the distribution is in the form of cash, it should be resolved in the board of director's meeting.

If the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit until the accumulated legal capital reserve equals the Corporation's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit after distribution of dividends from the preferred shares in accordance with Rule No.4-1, together with any undistributed retained earnings should be used by the Corporation's board of directors as the basis for proposing a distribution plan and reported to the shareholders' meeting. If the distribution is in the form of issuing new shares, it should be resolved in the shareholders' meeting.

The shareholders of the Corporation held their regular meeting in June 2020 and in that meeting, resolved the amendments of the Corporation's Articles of Incorporation. Before the amendments, the Corporation's Articles of Incorporation explicitly stipulate that the proposal for profit distribution or offsetting of losses should be made at the end of the six months of the fiscal year. If the Corporation made a profit in the six months of a fiscal year, the profit shall be first utilized for offsetting losses of previous years, estimating and reserving for taxes, compensation of employees and remuneration of directors to be paid, then setting aside as legal reserve 10% of the remaining profit until the accumulated legal reserve equals the Corporation's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan. If the distribution is in the form of issuing new shares, it should be resolved in the shareholders' meeting; if the distribution is in the form of cash, it should be resolved in the board of director's meeting.

If the Corporation made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit until the accumulated legal capital reserve equals the Corporation's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations. Apart from distribution of dividends, any remaining profit after the distribution of the dividend together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan and reported to the shareholder's meeting. If the distribution is in the form of issuing new shares, it should be resolved in the shareholders' meeting.

Remuneration of directors is set aside within a fixed annual budget of NT$8 million. When the Corporation's annual net income (calculated as pre-tax profit prior to deducting compensation of employees and remuneration of directors) is over NT$800 million, and the surplus is from NT$800 million to NT$1 billion, and over NT$1 billion, the budget for remuneration of directors will be increased to 2% and 4% of net income, respectively, and will be reported to the shareholders' meeting. Remuneration of directors is determined by reference to the views of the remuneration committee authorized by the board of directors, and paid in accordance with the degree of involvement of the Corporation's operations and contribution to the industry in general.

The Corporation shall undertake aggressive business plan to keep the Corporation operating as a going concern and in stable prosperity in view of the economic environment and the trend of industry growth. Dividend policy is mainly based on a residual dividend concept, i.e. the Corporation shall measure its annual cash requirement in accordance with its capital budget and regular operational cash requirement to determine the amounts of dividends in cash and/or in stock, but cash dividend shall not be less than 10% of the total amount of dividends.

Appropriation of earnings to legal reserve could be made until the legal reserve equals the Corporation's paid-in capital. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Under Rule No. 1010012865, Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Corporation should appropriate or reverse a special reserve.

The appropriations of earnings for 2018 which had been approved in the shareholder's meeting in June 2019 were follows:

	Appropriations of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 85,608	
Cash dividends	766,559	$ 12
	$ 852,167	

The appropriations of earnings for 2019 which had been approved by the Corporation's board of directors and were reported in the shareholders' meeting in June 2020 are as follows:

	2nd half of the year 2019	1st half of the year 2019
Date of the board of directors' meeting	March 18, 2020	November 7, 2019
Legal reserve	$ 58,771	$ 58,199
Cash dividends	542,979	261,908
	$ 601,750	$ 320,107
Dividend per share (NT$)	$ 8.5	$ 4.1

The appropriations of earnings for 2020 which had been approved by the Corporation's board of directors and will be reported in the shareholders' meeting to be held in June 2021 are as follows:

	2nd half of the year 2020	1st half of the year 2020
Date of the board of directors' meeting	March 17, 2021	November 9, 2020
Legal reserve	$ 51,946	$ 36,452
Cash dividends	701,361	166,088
	$ 753,307	$ 202,540
Dividend per share (NT$)	$ 1.04	$ 0.26

d. Special reserve

On first-time adoption of IFRSs, the amount of the cumulative translation differences transferred to retained earnings was NT$1,277 thousand, and appropriated the same amount to the special reserve.

e. Other equity items

1) Exchange differences on translation of foreign operations

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	$ (103,297)	$ (15,780)

(Continued)

	For the Year Ended December 31	
	2020	2019
Recognized during the year		
Exchange differences on translation of foreign operations	$ (40,475)	$ (62,780)
Share of exchange differences of associates accounted for using the equity method	13,400	(30,485)
Related income tax	(3,179)	5,341
Reclassification adjustment		
Share of disposal of associates accounted for using the equity method	-	407
Balance, end of the year	$ (133,551)	$ (103,297)

(Concluded)

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	$ 223,251	$ 63,842
Recognized for the year		
Unrealized gains and losses - equity instruments	665,091	216,296
Share of associates accounted for using the equity method	96,735	19,369
Related income tax	-	(159)
Other comprehensive income recognized for the year	761,826	235,506
Cumulative unrealized gains and losses of equity instruments transferred to retained earnings due to disposal	(47,103)	(76,097)
Balance, end of the year	$ 937,974	$ 223,251

f. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance, beginning of the year	$ 2,455,979	$ 2,646,648
Share of net profit for the year	364,821	307,711
Other comprehensive income during the year		
Exchange differences on translation of foreign operations	(62,514)	(85,413)
Income tax related to exchange differences on translation of foreign operations	20,920	27,918
Unrealized gains and losses on financial assets at FVTOCI	49,328	19,366
Income tax related to unrealized gains and losses on financial assets at FVTOCI	2,290	-
Remeasurement of defined benefit plans	1,184	(5,681)
Income tax related to remeasurement on defined benefit plans	(419)	1,932
Decrease in non-controlling interests (Note 29)	(200,239)	(100,733)
Cash dividends paid	(212,965)	(355,769)
Balance, end of the year	$ 2,418,385	$ 2,455,979

25. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	$ 16,298,601	$ 15,343,947
Revenue from rendering of services	66,159	64,506
	16,364,760	15,408,453
Rental revenue	31,833	30,588
Other operating revenue	27,425	25,340
	$ 16,424,018	$ 15,464,381

a. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes and accounts receivable	$ 3,679,214	$ 3,509,318	$ 3,351,841
Contract liabilities (including current and non-current)			
Sale of goods	$ 121,176	$ 175,247	$ 201,805

The changes in the balance of contract liabilities resulted primarily from the difference in timing between the satisfaction of performance obligations and customer payment, there were no other significant changes in 2020 and 2019.

Revenue recognized in the current reporting period from the contract liabilities at the beginning of the year and from the performance obligations satisfied in the previous periods was summarized as follows:

	For the Year Ended December 31	
	2020	2019
From the contract liabilities at the beginning of the year		
Sale of goods	$ 146,464	$ 173,702

b. Disaggregation of revenue

	IC Leadframe	LED Leadframe	EME	Substrate	Others	Total
For the year ended December 31, 2020						
Type of revenue						
Sale of goods	$ 7,817,102	$ 717,555	$ 4,503,845	$ 1,208,035	$ 2,052,064	$ 16,298,601
Rendering of services	-	-	-	-	66,159	66,159
Rental revenue	-	-	-	-	31,833	31,833
Others	-	-	-	-	27,425	27,425
	$ 7,817,102	$ 717,555	$ 4,503,845	$ 1,208,035	$ 2,177,481	$ 16,424,018
For the year ended December 31, 2019						
Type of revenue						
Sale of goods	$ 7,548,985	$ 619,334	$ 4,081,524	$ 960,754	$ 2,133,350	$ 15,343,947
Rendering of services	-	-	-	-	64,506	64,506
Rental revenue	-	-	-	-	30,588	30,588
Others	-	-	-	-	25,340	25,340
	$ 7,548,985	$ 619,334	$ 4,081,524	$ 960,754	$ 2,253,784	$ 15,464,381

c. Partially completed contracts

The transaction prices, excluding any estimated amounts of variable consideration that are constrained, allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as follows:

	December 31	
	2020	2019
Sale of goods		
Fulfill in 2020	$ -	$ 160,654
Fulfill in 2021	105,695	14,593
Fulfill in 2022	15,481	-
	$ 121,176	$ 175,247

26. PROFIT BEFORE INCOME TAX

The following items were included in profit before income tax:

a. Other income

	For the Year Ended December 31	
	2020	2019
Dividend income	$ 207,886	$ 46,602
Tooling revenue	16,077	14,669
Government grants	83,370	14,590
Others	13,801	9,613
	$ 321,134	$ 85,474

Government grants mainly include the coronavirus relief that the Corporation and its subsidiaries received from the government and the interest subsidy for their borrowings via the "Action Plan for Welcoming Taiwanese Businessmen to Invest in Taiwan" project.

b. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net foreign exchange loss	$ (166,205)	$ (20,619)
Gains (losses) on disposal of investments accounted for using the equity method (Note 13)	(15,995)	162,602
Gain on financial assets at FVTPL	20,154	66,649
Others	(12,209)	(4,900)
	$ (174,255)	$ 203,732

c. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 73,140	$ 45,331
Bond discount amortization	1,100	-
Interest on lease liabilities	2,770	3,318
Other finance costs	6,064	3,380
Less: Amounts included in the cost of qualifying assets	128	249
	$ 82,946	$ 51,780

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2020	2019
Capitalized interest amount	$ 128	$ 249
Capitalization rate (%)	0.93-1.02	1.01

d. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
Depreciation expense		
Property, plant and equipment	$ 584,012	$ 647,685
Right-of-use assets	22,821	23,416
Investment properties	8,762	8,908
	$ 615,595	$ 680,009
Analysis of depreciation expense by function		
Operating costs	$ 550,745	$ 618,747
Operating expenses	63,617	60,030
Non-operating income and expenses	1,233	1,232
	$ 615,595	$ 680,009
Amortization expense		
Computer software	$ 11,688	$ 11,050
Patent	462	670
Others	331	3,554
	$ 12,481	$ 15,274
Analysis of amortization expense by function		
Operating costs	$ 1,382	$ 3,962
Operating expenses	11,099	11,312
	$ 12,481	$ 15,274

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2020	2019
Direct operating expenses on investment properties that generated rental income	$ 9,650	$ 9,711

f. Employee benefits

	For the Year Ended December 31	
	2020	2019
Post-employment benefits		
Defined contribution plans	$ 62,524	$ 64,348
Defined benefit plans	(8,638)	512
	53,886	64,860
Other employee benefits	1,444,586	1,410,687
	$ 1,498,472	$ 1,475,547
Analysis of employee benefits by function		
Operating costs	$ 863,883	$ 873,948
Operating expenses	634,589	601,599
	$ 1,498,472	$ 1,475,547

The Articles of Incorporation of the Corporation stipulate to distribute compensation of employees and remuneration of directors at the rates of 1%-12% and at certain rate of income exceeding a specified amount of pre-tax profit. The Corporation distributed compensation of employees and remuneration of directors for 2020 at the rates of 2% and 2.66%, respectively, of income exceeding a specified amount of pre-tax profit; the distributed amounts approved by the Corporation's board of directors in March 2021 are as follows:

	For the Year Ended December 31, 2020
Compensation of employees - cash	$ 21,966
Remuneration of directors - cash	7,933

The difference between the amounts recognized and the amounts approved by Corporation's board of directors is recorded as a change in accounting estimate and will be adjusted in the next year.

The compensation of employees and remuneration of directors (all in cash) for 2019 and 2018 which were approved by the Corporation's board of directors in March 2020 and 2019, and accrual amounts recognized in the consolidated financial statements were as follows:

	For the Year Ended December 31			
	2019		2018	
	Compensation of Employees	Remuneration of Directors	Compensation of Employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	$ 24,409	$ 12,818	$ 19,049	$ 3,049
Amounts recognized in the annual consolidated financial statements	(24,409)	(12,818)	(19,049)	(3,049)
Difference	$ -	$ -	$ -	$ -

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

g. Impairment loss on non-financial assets - recognized in operating costs

	For the Year Ended December 31	
	2020	2019
Write-down (reversal) on inventories	$ 14,394	$ (3,563)
Loss on inventory obsolescence	13,400	1,272
Impairment loss (reversal) on property, plant and equipment - recognized in operating costs	(18)	27,984
	$ 27,776	$ 25,693

h. Others

	For the Year Ended December 31	
	2020	2019
Net gain on disposal of property, plant and equipment - recognized in operating costs	$ (18,458)	$ 14,898

27. INCOME TAX

a. Income tax recognized in profit or loss

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 414,907	$ 237,376
Income tax on unappropriated earnings	12,392	13,030
Adjustments for prior years	(13,165)	(8,267)
	414,134	242,139
Deferred tax		
In respect of the current year	(162,345)	126,330
Adjustments for prior years	(543)	256
	$ 251,246	$ 368,725

The reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2020	**2019**
Profit before income tax	$ 1,613,366	$ 1,774,580
Income tax expense calculated at the statutory rate	$ 554,220	$ 543,282
Non-deductible expenses in determining taxable income	(172,985)	(178,480)
Investment credits	-	(2,945)
Income tax on unappropriated earnings	12,392	13,030
Separate taxation on repatriated offshore funds	150,444	-
Recognition (reversal) of temporary differences	(279,117)	1,849
Adjustments for prior years	(13,708)	(8,011)
	$ 251,246	$ 368,725

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Corporation and its subsidiaries only deduct the amount of the unappropriated earnings that has been reinvested in capital expenditure.

b. Income tax recognized directly in equity

	For the Year Ended December 31	
	2020	**2019**
Deferred tax		
Difference between consideration and carrying amount of subsidiaries acquired or disposed	$ 980	$ -
Changes in equity of associates accounted for using the equity method	(485)	438
	$ 495	$ 438

c. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	**2019**
Deferred tax		
Exchange differences on translation of foreign operations	$ (17,741)	$ (33,259)
Remeasurement of defined benefit plans	711	(2,272)
Financial assets at fair value through other comprehensive income	(2,290)	159
	$ (19,320)	$ (35,372)

d. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Tax refund receivable	$ 3,268	$ 184
Current tax liabilities		
Income tax payable	$ 106,503	$ 72,081

e. Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2020

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Recognized Directly in Equity	Recognized Directly in Retained Earnings	Effect of Foreign Currency Exchange Difference	Balance, End of Year
Deferred tax assets							
Temporary differences							
Exchange difference on translation of foreign operations	$ 42,262	$ -	$ 17,741	$ -	$ -	$ -	$ 60,003
Difference between tax reporting and financial reporting - property, plant and equipment	27,650	(7,678)	-	-	-	(367)	19,605
Write-down (reversal) of inventories	25,211	1,376	-	-	-	(341)	26,246
Remeasurement of defined benefit plans	10,599	(4,013)	(711)	-	-	-	5,875
Subscribed for additional new shares of foreign operations at a percentage different from its existing ownership percentage	10,309	-	-	-	-	-	10,309
Unrealized gains on disposal of property, plant and equipment	14,947	(2,340)	-	-	-	-	12,607
Others	36,560	9,902	2,290	-	-	(429)	48,323
	$ 167,538	$ (2,753)	$ 19,320	$ -	$ -	$ (1,137)	$ 182,968
Deferred tax liabilities							
Temporary differences							
Share of profits of foreign subsidiaries and associates accounted for using the equity method	$ 394,490	$ (151,498)	$ -	$ -	$ -	$ -	$ 242,992
Adjustment relating to changes in capital surplus of foreign operations	25,733	-	-	495	-	-	26,228
Others	13,506	(14,143)	-	-	-	-	(637)
	$ 433,729	$ (165,641)	$ -	$ 495	$ -	$ -	$ 268,583

For the Year Ended December 31, 2019

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Recognized Directly in Equity	Recognized Directly in Retained Earnings	Effect of Foreign Currency Exchange Difference	Balance, End of Year
Deferred tax assets							
Temporary differences							
Exchange difference on translation of foreign operations	$ 9,003	$ -	$ 33,259	$ -	$ -	$ -	$ 42,262
Difference between tax reporting and financial reporting - property, plant and equipment	27,382	1,319	-	-	-	(1,051)	27,650
Write-down (reversal) of inventories	26,381	(1,321)	-	-	-	151	25,211
Remeasurement of defined benefit plans	10,048	(1,721)	2,272	-	-	-	10,599
Subscribed for additional new shares of foreign operations at a percentage different from its existing ownership percentage	10,309	-	-	-	-	-	10,309
Unrealized gains on disposal of property, plant and equipment	17,443	(2,496)	-	-	-	-	14,947
Others	17,443	19,544	-	-	-	(427)	36,560
	$ 118,009	$ 15,325	$ 35,531	$ -	$ -	$ (1,327)	$ 167,538
Deferred tax liabilities							
Temporary differences							
Share of profits of foreign subsidiaries and associates accounted for using the equity method	$ 259,544	$ 134,946	$ -	$ -	$ -	$ -	$ 394,490
Adjustment relating to changes in capital surplus of foreign operations	25,295	-	-	438	-	-	25,733
Others	6,382	6,965	159	-	-	-	13,506
	$ 291,221	$ 141,911	$ 159	$ 438	$ -	$ -	$ 433,729

f. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets.

	December 31	
	2020	**2019**
Deductible temporary differences		
Unrealized expenditures and losses	$ 230,369	$ 225,301

g. Income tax assessments

The income tax returns of the Corporation and its subsidiaries, Chang Wah Technology Co., Ltd., Chang Wah Energy Technology Co., Ltd. and SH Electronics Taiwan Co, Ltd. through 2018 have been assessed by the tax authorities.

28. EARNINGS PER SHARE

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retrospectively for the par value per share change on August 14, 2020. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2019 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 17.19	$ 1.72
Diluted earnings per share	$ 17.15	$ 1.72

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

Net Profit for the Year

	For the Year Ended December 31	
	2020	2019
Profit for the year attributable to owners of the Corporation	$ 997,299	$ 1,098,144

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	638,799	638,799
Effect of potentially dilutive ordinary shares		
Compensation of employees	1,105	1,640
Weighted average number of ordinary shares used in the computation of diluted earnings per share	639,904	640,439

As of December 31, 2020, the conversion rights of the convertible bonds are not yet exercisable; therefore, they are not included when calculating diluted earnings per share.

The Corporation may settle the compensation of employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

29. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In 2020 and 2019, the Corporation subscribed for additional new shares of its subsidiary, Chang Wah Technology Co., Ltd. The subsidiary transferred its treasury shares to employees. In June 2020, the Corporation purchased from non-controlling interest 31% of the equity of its subsidiary, Shanghai Chang Wah Electromaterials Inc., which resulted in the increase of ownership from 69% to 100%.

The above transactions were accounted for as equity transactions, since the Corporation did not cease to have control over the subsidiary. Information was as follows:

	For the Year Ended December 31	
	2020	2019
Cash received in the acquisition of additional interest	$ 53,745	$ -
Cash consideration paid to acquire additional interest	(456,596)	(213,296)
Compensation cost of employee share options	23,065	-
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from non-controlling interests	200,239	100,733
Differences recognized from equity transaction	$ (179,547)	$ (112,563)

The above transactions were accounted for as equity transactions and were adjusted by the following line items:

	For the Year Ended December 31	
	2020	2019
Capital surplus - difference between consideration and carrying amount of subsidiaries acquired or disposed	$ (48,557)	$ (112,563)
Capital surplus - changes in percentage of ownership interests in subsidiaries	30,658	-
Retained earnings	(162,628)	-
Effect of income tax	980	-
	$ (179,547)	$ (112,563)

30. NON-CASH TRANSACTION

For the years ended December 31, 2020 and 2019, the Corporation and its subsidiaries entered into the following non-cash investing activities that were not reflected in the statements of cash flows:

	For the Year Ended December 31	
	2020	2019
Investing activities affecting both cash and non-cash items		
Acquisition of property, plant and equipment	$ 595,705	$ 493,917
Decrease in prepayments for equipment (recorded under other non-current assets)	(108,754)	(17,722)
Decrease (increase) in payable for equipment	(43,227)	51,291
Capitalized interest	(128)	(249)
Cash paid	$ 443,596	$ 527,237
Acquisition of intangible assets	$ 8,374	$ 13,199
Decrease in prepayments for equipment (recorded under other non-current assets)	(4,537)	(5,792)
Decrease (increase) in payable for equipment	(1,226)	580
Cash paid	$ 2,611	$ 7,987
Acquisition of financial assets at FVTOCI	$ 3,342,412	$ 1,052,133
Increase in other payables	(5,732)	-
Cash paid	$ 3,336,680	$ 1,052,133

31. CAPITAL MANAGEMENT

The Corporation and its subsidiaries manage their capital to ensure that the entities will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Corporation and its subsidiaries consist of net debt and equity. The Corporation and its subsidiaries' long-term borrowings are subject to certain capital and ratio requirements based on signed contracts. See Note 19 for long-term borrowings information.

The key management personnel of the Corporation and its subsidiaries review the capital structure periodically, based on the condition of industry operation and future development of the Corporation and its subsidiaries, and consider the changes in the external environment. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Corporation and its subsidiaries adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

32. FINANCIAL INSTRUMENTS

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

The management of the Corporation and its subsidiaries believe the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Financial instruments at FVTPL				
Mutual funds	$ 87,430	$ -	$ -	$ 87,430
Domestic convertible bonds	23,570	-	-	23,570
Foreign private equity fund	-	-	188,944	188,944
Call option and put option of convertible bonds, net	-	-	4,440	4,440
	$ 111,000	$ -	$ 193,384	$ 304,384

(Continued)

	Level 1	Level 2	Level 3	Total
Financial instruments at FVTOCI				
Equity instruments				
Domestic listed shares	$ 4,698,914	$ -	$ -	$ 4,698,914
Domestic unlisted shares	-	-	242,721	242,721
Foreign unlisted shares	-	-	83,962	83,962
Domestics preferred shares of listed companies sold to specific group	-	156,362	-	156,362
	$ 4,698,914	$ 156,362	$ 326,683	$ 5,181,959
December 31, 2019				
Financial instruments at FVTPL				
Domestic listed shares	$ 36,443	$ -	$ -	$ 36,443
Foreign private equity fund	-	-	231,946	231,946
	$ 36,443	$ -	$ 231,946	$ 268,389
Financial instruments at FVTOCI				
Equity instruments				
Domestic listed shares	$ 1,237,196	$ -	$ -	$ 1,237,196
Domestic unlisted shares	-	-	242,403	242,403
Foreign unlisted shares	-	-	88,384	88,384
	$ 1,237,196	$ -	$ 330,787	$ 1,567,983

(Concluded)

There was no transfer between Level 1 and Level 2 during the years ended December 31, 2020 and 2019.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the Year Ended December 31, 2020

	Financial Assets at FVTPL		Financial Assets at FVTOCI	
	Derivatives	Foreign Private Equity Fund	Equity Instruments	Total
Balance, beginning of the year	$ -	$ 231,946	$ 330,787	$ 562,733
Reclassification	-	-	15,658	15,658
Purchases	-	173,177	-	173,177

(Continued)

	Financial Assets at FVTPL		Financial Assets at FVTOCI	
	Derivatives	Foreign Private Equity Fund	Equity Instruments	Total
Returned amount of investment/distribution	$ -	$ (207,866)	$ -	$ (207,866)
Recognized in profit or loss	4,440	(8,313)	-	(3,873)
Recognized in other comprehensive income	-	-	(19,762)	(19,762)
Balance, end of the year	$ 4,440	$ 188,944	$ 326,683	$ 520,067

(Concluded)

For the Year Ended December 31, 2019

	Financial Assets at FVTPL		Financial Assets at FVTOCI	
	Derivatives	Foreign Private Equity Fund	Equity Instruments	Total
Balance, beginning of the year	$ -	$ 183,159	$ 12,928	$ 196,087
Reclassification	-	-	229,767	229,767
Purchases	-	25,530	91,097	116,627
Returned amount of investment/distribution	-	(35,333)	-	(35,333)
Recognized in profit or loss	-	58,590	-	58,590
Recognized in other comprehensive income	-	-	(3,005)	(3,005)
Balance, end of the year	$ -	$ 231,946	$ 330,787	$ 562,733

3) Valuation techniques and inputs applied for Level 2 fair value measurement

The fair value of domestic preferred shares of listed companies sold to specific group is determined by valuation model.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair value of foreign private equity fund is determined by the net asset valuation report provided by the investment companies.

The fair values of unlisted equity securities were determined using the purchase price, the market approach or income approach. In the income approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. In the market approach, the fair market values are estimated by referring to the type of industry, similar companies and the company’s operation.

The fair value of derivative assets - convertible bonds redemption rights and sell-back rights is measured using binominal tree model by using significant but unobservable inputs as fluctuation of stock price. When the fluctuation of stock price increases, the fair value is deemed to increase.

c. Categories of financial instruments

	December 31			
	2020		2019	
Financial assets				
Financial assets mandatorily classified as at FVTPL	$	304,384	$	268,389
Financial assets at amortized cost 1)		8,666,517		7,481,546
Financial assets at FVTOCI - equity instruments		5,181,959		1,567,983
Financial liabilities				
Financial liabilities at amortized cost 2)		13,704,437		9,063,035

1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, other financial assets (including current and non-current) and refundable deposits.

2) The balances included financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, accounts payable (including related parties), dividend payable, other payables, bonds payable, long-term borrowings and guarantee deposit.

d. Financial risk management objectives and policies

The Corporation and its subsidiaries' major financial instruments include equity investments, notes and accounts receivable, accounts payable, bonds payable, borrowing and lease liabilities. The Corporation and its subsidiaries' treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Corporation and its subsidiaries through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The significant financial activities of the Corporation and its subsidiaries are reviewed by the board of directors in accordance with relevant regulations and internal controls. Compliance with policies and exposure limits is continually reviewed by the internal auditors. The Corporation and its subsidiaries did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Corporation and its subsidiaries' activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), interest rates (see (b) below) and other price (see (c) below).

There had been no change to the Corporation and its subsidiaries' exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Corporation and its subsidiaries were exposed to foreign currency risk due to sales, purchases, capital expenditures and equity investments denominated in foreign currencies. Exchange rate exposures were managed by natural hedges of foreign deposits, foreign borrowings or the same category of foreign currency right and debts from transaction.

For the carrying amounts of the Corporation and its subsidiaries' significant non-functional currency denominated monetary assets and liabilities at the balance sheet date, refer to Note 37.

Sensitivity analysis

The Corporation and its subsidiaries are mainly exposed to the U.S. dollars. The following table details the Corporation and its subsidiaries' sensitivity to a 1% increase and decrease in the functional currencies against U.S. dollars. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%.

The sensitivity analysis included only outstanding foreign currency denominated monetary items.

	USD Impact	
	For the Year Ended December 31	
	2020	**2019**
Profit before income tax (Note)	$ (38,248)	$ (25,329)

Note: This was mainly attributable to the exposure to outstanding U.S. dollar cash and cash equivalents, accounts receivable (including related parties), other receivables, other financial assets, short-term borrowings, accounts payable (including related parties) and other payables which were not hedged at the balance sheet date.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the period. Sales in U.S. dollar will fluctuate according to the terms of contracts and business cycle.

b) Interest rate risk

The Corporation and its subsidiaries were exposed to interest rate risk because the Corporation and its subsidiaries borrowed funds at both fixed and floating interest rates. The risk is managed by the Corporation and its subsidiaries by utilizing low-interest-rate financing methods. By taking advantage of the low interest rates, the Corporation and its subsidiaries incur low financing costs and have sufficient lines of credit to utilize.

The carrying amounts of the Corporation and its subsidiaries' financial assets and liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial liabilities	$ 3,027,458	$ 122,864
Cash flow interest rate risk		
Financial assets	3,389,479	2,253,612
Financial liabilities	7,215,485	5,340,106

The sensitivity analysis below was determined based on the Corporation and its subsidiaries' exposure to financial instruments at the balance sheet date. For floating rate liabilities, the analysis was prepared assuming the amount of the liabilities outstanding at the balance sheet date were outstanding for the whole year. A 1% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates of financial liabilities had been higher/lower by 1% and all other variables were held constant, the Corporation and its subsidiaries' pre-tax profit for the years ended December 31, 2020 and 2019 would have decreased/increased by NT$72,155 thousand and NT$53,401 thousand, respectively.

c) Other price risk

The Corporation and its subsidiaries were exposed to equity price risk through its investments in domestic listed shares, mutual funds and convertible bonds.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by NT$1,110 thousand and NT$364 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2020 and 2019 would have increased/decreased by NT$46,989 thousand and NT$12,372 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Corporation and its subsidiaries.

As of the balance sheet date, the Corporation and its subsidiaries' maximum exposure to credit risk is the carrying amount of the financial assets on the consolidated balance sheets.

Business units grant credit amount according to the experience in various credit transactions, and monitor customer payment situations regularly. The Corporation and its subsidiaries do not expect significant credit risk because the counterparties are creditworthy financial institutions.

Accounts receivable counterparties are concentrated in a number of significant customers. They are mostly engaged in commercial activities, and have similar economic characteristics and similar ability to fulfill contracts affected by the economic or other conditions. The receivables (notes receivable, accounts receivable and other receivables) with significant credit risk were as follows:

	December 31	
Customer	**2020**	**2019**
A Corporation	$ 461,048	$ 377,020

The Corporation's subsidiary, CWTC, provided endorsement guarantee for its investee companies for the year ended December 31, 2019. The maximum amount of credit risk for providing endorsement guarantees for the investee companies was NT$338,100 thousand.

3) Liquidity risk

The management of the Corporation and its subsidiaries continuously monitor the movements of cash flows, net cash position and the utilization of bank loan commitments to control proportion of long-term and short-term bank loans and ensure the compliance with loan covenants.

As of December 31, 2020 and 2019, the Corporation and its subsidiaries' unused credit facilities were NT$26,150,656 thousand and NT$19,468,822 thousand, respectively.

The following table details the Corporation and its subsidiaries' remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Corporation and its subsidiaries can be required to pay. The table includes both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rate, the undiscounted amount was estimated by the interest rate at the end of the reporting period.

	Less than 1 Year	1-5 Years	Over 5 Years	Total
December 31, 2020				
Non-interest bearing liabilities	$ 3,556,040	$ 7,293	$ 3,757	$ 3,567,090
Lease liabilities	18,346	43,796	59,257	121,399
Bonds payable	-	1,200,000	-	1,200,000
Variable interest rate liabilities	2,472,776	3,901,009	905,160	7,278,945
Fixed interest rate liabilities	21,132	1,863,396	-	1,884,528
	$ 6,068,294	$ 7,015,494	$ 968,174	$ 14,051,962
December 31, 2019				
Non-interest bearing liabilities	$ 3,515,427	$ 3,644	$ 3,858	$ 3,522,929
Lease liabilities	18,896	54,796	68,015	141,707
Variable interest rate liabilities	1,913,994	3,356,664	196,004	5,466,662
Fixed interest rate liabilities	200,000	-	-	200,000
Financial guarantee liabilities	338,100	-	-	338,100
	$ 5,986,417	$ 3,415,104	$ 267,877	$ 9,669,398

The amounts included above for financial guarantee contracts are the maximum amounts the Corporation and its subsidiaries could be required to settle under the arrangement where the counterparty has an option to demand payment of the full guaranteed amount. Based on expectations at the end of the year, the Corporation and its subsidiaries consider that it is more likely than not that no amount will be payable under the arrangement.

33. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Corporation and its subsidiaries and related parties were disclosed below:

a. Related party names and relationships

Related Party Name	Relationship
Wah Lee Industrial Corp.	Key management personnel
ThinFlex Corporation Co., Ltd.	The Corporation's chairman is the key management personnel
VizionFocus Inc.	The Corporation is appointed as member of the board of directors
JMC Electronics Co., Ltd.	Investment accounted for using the equity method
Wellstech Optical Co., Ltd.	Investment accounted for using the equity method
Ohkuchi Materials Co., Ltd. (OM)	Investment accounted for using the equity method (44% of its ownership was disposed in April 2020, which resulted in losing significant influence. OM was no longer related party after April 2020)
How Weih Holding (Cayman) Co., Ltd.	Investment accounted for using the equity method
Silver Connection Co., Ltd.	Investment accounted for using the equity method
How Weih International Limited	Investment accounted for using the equity method's subsidiary
TechNew Co., Ltd.	Investment accounted for using the equity method's subsidiary
Dongguan Huagang International Trading Co., Ltd.	Key management personnel's subsidiary
Shanghai Yikang Chemicals & Industries Co., Ltd.	Key management personnel's subsidiary

b. Operating revenues

Account Item	Related Party Category	For the Year Ended December 31 2020	2019
Revenue from sales of goods	Investments accounted for using the equity method	$ 5	$ 68
	Key management personnel's subsidiaries	74,673	56,806
		$ 74,678	$ 56,874

Sales to related parties were made at prices similar to those of general transactions except for some sales to related parties that were not comparable with non-related parties due to the nature of the sale. Transaction terms with related parties were made under normal terms. The unrealized gross profit on the sales to invested companies accounted for using the equity method was eliminated.

c. Purchase of goods

Related Party Category	For the Year Ended December 31 2020	2019
Investments accounted for using the equity method		
OM	$ 400,093	$ 1,176,838
Others	123,213	104,118
Key management personnel	258,739	251,520
Key management personnel's subsidiaries	3,261	2,047
Other related party - the Corporation's chairman is the key management personnel	1,568	639
	$ 786,874	$ 1,535,162

The Corporation and its subsidiaries purchased from the above related parties and did not purchase similar products from non-related parties. Therefore, the purchase price is not comparable with non-related parties. Payments to related parties were made under normal terms.

d. Endorsements and guarantees made by related party

Related Party Category/Name	December 31 2020	2019
Investments accounted for using the equity method - OM		
Amount endorsed	$ -	$ 338,100
Amount utilized	-	256,956

The Corporation's subsidiary, CWTC, provided endorsement and guarantee for its investee company based on its shareholding. The endorsement and guarantee was released and deactivated on April 30, 2020.

e. Compensation of key management personnel

Remuneration of directors and other members of key management was as follows:

	For the Year Ended December 31 2020	2019
Short-term employee benefits	$ 80,829	$ 84,996
Share-based payment	6,020	-
Post-employment benefits	448	682
Long-term employee benefits	157	118
	$ 87,454	$ 85,796

f. Acquisition of investments accounted for using the equity method

For the year ended December 31, 2020

Related Party Category/Name	Account Item	Underlying Assets	Purchase Price
Key management personnel's subsidiary - Shanghai Yikang Chemicals & Industries Co., Ltd.	Investments accounted for using the equity method	Subsidiary - 31% of Shanghai Chang Wah Electromaterials Inc. (Note 29)	$ 82,572

The acquisition price was determined by referring to the equity amount and was agreed by both parties.

g. Other transactions with related parties

Lease arrangement - the Corporation is lessor

The Corporation leases right-of-use of land to JMC Electronics Co., Ltd. (investments accounted for using equity method) under an agreement expiring in March 2027, and the rent is collected monthly. The annual revenue (included in operating revenue) amounted to NT$18,920 thousand for both of the years ended December 31, 2020 and 2019.

The rent is decided by negotiation and payments are received pursuant to the contract. The contract price is equivalent to the local general rental rate.

Contract for rendering of service

The Corporation provides management service to its investment accounted for using the equity method, Silver Connection Co., Ltd. The service income amounted to NT$684 thousand in 2020.

h. Balance at period-end

	December 31	
	2020	**2019**
Accounts receivable - related parties		
Key management personnel's subsidiaries	$ 31,946	$ 18,751
Investments accounted for using the equity method	1,595	1,581
Other related party - the Corporation is appointed as member of the board of directors	5	5
Other related party - the Corporation's chairman is the key management personnel	10	3
	$ 33,556	$ 20,340
Other receivables		
Investments accounted for using the equity method	$ 1,328	$ 954
Key management personnel	59	78
Investments accounted for using the equity method's subsidiaries	-	2
	$ 1,387	$ 1,034
Accounts payable - related parties		
Investments accounted for using the equity method		
OM	$ -	$ 340,177
Others	23,893	18,650
Key management personnel	68,044	75,525
Key management personnel's subsidiaries	1,033	1,112
Other related party - the Corporation's chairman is the key management personnel	788	383
	$ 93,758	$ 435,847
Other payables		
Investments accounted for using the equity method	$ -	$ 5,446

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Corporation and its subsidiaries provided the following assets as collaterals for parts of short-term and long-term borrowings, guarantees for purchase performance and import tariff:

	December 31	
	2020	2019
Other financial assets (including current and non-current)		
Time deposits and reserve accounts	$ 494,148	$ 83,302

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. In September 2016, Chipbond Technology Corp. filed a civil lawsuit against the Corporation for infringement of business secret. The main contents of the lawsuit include the prohibition on the use or disclosure of business secrets of Chipbond Technology Corp., the destruction of relevant files, the prohibition on the people involved in the case to serve the Corporation during a specific period of time, and the destruction of products that infringed business secrets. Chipbond Technology Corp. sought for an indemnification of NT$1,765,137 thousand. Based on the legal opinion issued by the Corporation's lawyers for the aforementioned litigation case, no significant adverse impact on the Corporation was concluded after the assessment of the lawyers. Therefore, the management of the Corporation believes that the lawsuit will not have a significant impact on the Corporation's business and financial position. The aforementioned case is not adjudged by the court as of March 17, 2021.

b. The amount that the subsidiaries have committed to purchase property, plant and equipment was approximately NT$235,611 thousand, of which NT$159,477 thousand was unpaid.

36. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

During the subsidiary's board of directors' meeting that was held in March 2021, the board had agreed to sign a contract of intent for building factories. The estimated contracted amount is approximately NT$390,000 thousand. The final amount is yet to be determined by both parties after agreeing on all terms.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and its subsidiaries and the exchange rates between foreign currencies and respective functional currencies were disclosed.

The significant assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
December 31, 2020				
Financial assets				
Monetary items				
USD	$ 188,813	28.48	(USD:NTD)	$ 5,377,411
USD	32,364	6.5249	(USD:RMB)	921,729
JPY	3,442,036	0.2763	(JPY:NTD)	951,035
RMB	39,262	4.3648	(RMB:NTD)	171,369
MYR	10,697	0.2384	(MYR:USD)	72,630
Non-monetary items				
Subsidiaries				
USD	137,738	28.48	(USD:NTD)	3,922,784
RMB	40,130	4.3648	(RMB:NTD)	175,160
Associates accounted for using the equity method				
RMB	247,264	4.3648	(RMB:NTD)	1,079,258
Financial assets at FVTPL				
USD	6,634	28.48	(USD:NTD)	188,944
Financial assets at FVTOCI				
USD	2,948	28.48	(USD:NTD)	83,962
Financial liabilities				
Monetary items				
USD	57,027	28.48	(USD:NTD)	1,624,132
USD	29,854	6.5249	(USD:RMB)	850,229
JPY	2,473,929	0.2763	(JPY:NTD)	683,546
RMB	14,582	4.3648	(RMB:NTD)	63,647
MYR	11,345	0.2384	(MYR:USD)	77,028
December 31, 2019				
Financial assets				
Monetary items				
USD	121,296	29.98	(USD:NTD)	3,636,449
USD	38,655	6.9762	(USD:RMB)	1,158,883
JPY	3,375,441	0.2760	(JPY:NTD)	931,622
RMB	31,036	4.2975	(RMB:NTD)	133,376
MYR	8,448	0.2346	(MYR:USD)	59,413
Non-monetary items				
Subsidiaries				
USD	157,653	29.98	(USD:NTD)	4,726,432
RMB	16,209	4.2975	(RMB:NTD)	69,659
Associates accounted for using the equity method				
RMB	172,017	4.2975	(RMB:NTD)	739,242
JPY	630,497	0.2760	(JPY:NTD)	174,018

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
Financial assets at FVTPL				
USD	$ 7,737	29.98	(USD:NTD)	$ 231,946
Financial assets at FVTOCI				
USD	2,948	29.98	(USD:NTD)	88,384
Financial liabilities				
Monetary items				
USD	46,846	29.98	(USD:NTD)	1,404,444
USD	28,619	6.9762	(USD:RMB)	857,987
JPY	3,144,296	0.2760	(JPY:NTD)	867,826
RMB	13,728	4.2975	(RMB:NTD)	58,994
MYR	10,530	0.2346	(MYR:USD)	74,056

(Concluded)

The foreign exchange net loss amounted to NT$166,205 thousand and NT$20,619 thousand for the years ended December 31, 2020 and 2019, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies.

38. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3)

4) Marketable securities acquired or disposed at costs or prices at least NT$300 million or 20% of the paid-in capital (Table 4)

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

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 6)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 9)

b. Information on investees (Table 7)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment gains or losses, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period (Table 5)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period (Table 5)

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

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes (Table 2)

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services (None)

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 12)

39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Corporation and its subsidiaries' reportable segments were as follows:

- The Corporation - It trades electrical, communication, semiconductor materials and parts, and engages in import and export trade and manufacturing and selling, leasing of electrical appliances, telecommunications equipment, mechanical parts, and retail of EME, electronic materials and components.

- CWTC and its subsidiaries - Mainly industry is referred to Note 4.

- Others - Other subsidiaries which were below the quantitative threshold were not listed as reportable segments, refer to Note 4 for details.

a. Segment revenue and results

The analysis of the Corporation and its subsidiaries' revenue and results from continuing operations by reportable segment is referred to Table 10.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, gain recognized on the disposal of interest in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of financial instruments, exchange gain or loss, valuation gain or loss on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31	
	2020	**2019**
Segment assets		
The Corporation	$ 14,667,430	$ 10,365,088
CWTC and its subsidiaries	12,164,162	10,543,972
Others	367,449	473,910
Adjustment and elimination	(3,879,370)	(3,367,489)
Consolidated total assets	$ 23,319,671	$ 18,015,481
Segment liabilities		
The Corporation	$ 8,170,275	$ 4,774,133
CWTC and its subsidiaries	6,737,903	5,557,562
Others	202,144	239,075
Adjustment and elimination	(706,191)	(602,223)
Consolidated total liabilities	$ 14,404,131	$ 9,968,547

c. Other segment information

	The Corporation	**CWTC and its Subsidiaries**	**Others**	**Total**
For the year ended December 31, 2020				
Depreciation and amortization	$ 15,051	$ 587,565	$ 25,460	$ 628,076
Impairment loss (reversal) of accounts receivable recognized in profit and loss	156	(898)	-	(742)
Loss (gain) on disposal of property, plant and equipment	(1)	18,459	-	18,458
Impairment loss of non-financial assets	108	27,668	-	27,776

(Continued)

For the year ended December 31, 2019	The Corporation	CWTC and its Subsidiaries	Others	Total
Depreciation and amortization	$ 14,647	$ 653,694	$ 26,942	$ 695,283
Impairment loss of accounts receivable recognized in profit and loss	35,406	333	-	35,739
Gain on disposal of property, plant and equipment	(6)	(14,892)	-	(14,898)
Impairment loss of non-financial assets	776	24,917	-	25,693

(Concluded)

d. Revenue from major products and services

The following is an analysis of the Corporation and its subsidiaries' revenue from its major products and services.

	For the Year Ended December 31	
	2020	2019
Sales revenue		
IC Leadframe	$ 7,817,102	$ 7,548,985
EME	4,503,845	4,081,524
Substrate	1,208,035	960,754
LED Leadframe	717,555	619,334
CRM	457,219	383,590
Light guide plate	389,862	362,712
Others	1,204,983	1,387,048
Revenue from rendering services	66,159	64,506
Rental revenue	31,833	30,588
Others	27,425	25,340
	$ 16,424,018	$ 15,464,381

e. Geographical information

The Corporation and its subsidiaries operate in two principal geographical areas – Taiwan and Asia.

The Corporation and its subsidiaries' revenue from external customers by country of operations and information about its non-current assets by location of assets are detailed below.

	For the Year Ended December 31		Non-current Assets December 31	
	2020	2019	2020	2019
Taiwan	$ 7,060,453	$ 6,299,531	$ 1,780,935	$ 1,678,255
Asia	8,473,694	8,063,211	2,103,188	2,167,527
Others	889,871	1,101,639	-	-
	$ 16,424,018	$ 15,464,381	$ 3,884,123	$ 3,845,782

Non-current assets exclude financial assets at FVTPL, financial assets at FVTOCI, investments accounted for using the equity method, deferred tax assets, refundable deposits, net defined benefit assets and other financial assets.

f. Information about major customers

Single customer that contributed 10% or more to the Corporation and its subsidiaries' revenue was as follows:

	For the Year Ended December 31			
	2020		2019	
	Amount	**%**	**Amount**	**%**
Customer A	$ 1,942,165	12	$ 1,686,884	11

Chang Wah Electromaterials Inc. and Subsidiaries

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature for Financing (Note 4)	Transaction Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limit	Note
													Item	Value			
0	The Corporation	Chang Wah Energy Technology Co., Ltd.	Other receivables	Yes	$ 400,000	$ 200,000	$ 20,000	1	2	$ -	Operating capital	$ -	None	$ -	$ 649,716	$ 2,598,862	Note 1
1	Chang Wah Technology Co., Ltd.	SH Electronics Suzhou Co., Ltd.	Other receivables	Yes	427,200	407,264	407,264	0.9-2.5	1	656,709	-	-	None	-	2,130,344	2,130,344	Note 2
1	Chang Wah Technology Co., Ltd.	Shanghai Chang Wah Electromaterials Inc.	Other receivables	Yes	42,720	42,720	-	2-2.5	2	-	Operating capital	-	None	-	2,130,344	2,130,344	Note 2
2	SH Electronics Chengdu Co., Ltd.	SH Electronics Suzhou Co., Ltd.	Other receivables	Yes	184,902	170,880	-	1-5	2	-	Repayments of loans	-	None	-	647,378	647,378	Note 3

Note 1: According to "The Process of Financing Other" established by the Corporation, limits are as follows:

1. The total amount of loans shall not exceed 40% of the Corporation's net worth in its latest audited or reviewed financial statements.
2. The amount of loans to any individual borrower shall not exceed 20% the Corporation's net worth in its latest audited or reviewed financial statements.
3. The amount of loans for advance in installments or via revolving utilization shall not exceed 10% of the Corporation's net worth in its latest audited or reviewed financial statements.

Note 2: Chang Wah Technology Co., Ltd.: The amount of loans for any individual borrower or the total amount of loans shall not exceed 40% of its net worth.

Note 3: SH Electronics Chengdu Co., Ltd.: The total amount of loans among the subsidiaries, where the parent entity has direct or indirect shareholding of 100%, shall not exceed the company's net worth in its latest audited or reviewed financial statements.

Note 4: The nature for financial is as follows:

1. Business relationship
2. The need for short-term financing

Note 5: Amount was eliminated from the consolidated financial statements.

TABLE 2

Chang Wah Electromaterials Inc. and Subsidiaries

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorsement/ Guarantor Provider	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Amount for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by Subsidiary	Guarantee Provided to Subsidiary in Mainland China	Note
		Name	Relationship (Note 3)											
0	The Corporation	Shanghai Chang Wah Electromaterials Inc.	2	$ 1,299,431	$ 48,843	$ 48,843	$ 48,843	$ -	0.75	$ 3,248,578	Yes	No	Yes	Note 1
1	Chang Wah Technology Co., Ltd.	Shanghai Chang Wah Electromaterials Inc.	2	1,065,172	110,645	110,645	110,645	-	2.08	2,662,930	No	No	Yes	Note 2
1	Chang Wah Technology Co., Ltd.	Ohkuchi Materials Co., Ltd.	6	1,065,172	341,530	-	-	-	-	2,662,930	No	No	No	Notes 2 and 4

Note 1: In accordance with the Corporation's "Procedures for Provision of Endorsements and Guarantees", limits are as follows:

1. The total amount of guarantees provided by the Corporation shall not exceed 50% of the Corporation's net worth in its latest audited or reviewed financial statements.

2. Except of the guarantor has business relationship with the guarantee, the amount of guarantees to any individual entity shall not exceed 20% of the Corporation's net worth in its latest audited or reviewed financial statements.

3. The total amount of guarantees provided by the Corporation and its subsidiaries shall not exceed the Corporation's net worth in its latest audited or reviewed financial statements.

4. Except of the guarantor has business relationship with the guarantee, the total amount of guarantees to any individual entity shall not exceed 50% of the Corporation's net worth in its latest audited or reviewed financial statements.

Note 2: Chang Wah Technology Co., Ltd.: The amount of guarantees to any individual entity shall not exceed 20% of its net worth. The total amount of guarantees shall not exceed 50% of its net worth.

Note 3: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

1. A company that the Corporation has business relationship with.

2. The Corporation owns directly or indirectly over 50% ownership of the investee company.

3. The company that owns directly or indirectly hold over 50% ownership of the Corporation.

4. In between companies that were held over 90% of voting shares directly or indirectly by an entity.

5. The Corporation is required to provide guarantees or endorsements for the construction project based on the construction contract.

6. Shareholder of the investee provides endorsements/guarantees to the company in proportion to their shareholding percentages.

7. According to Consumer Protection Act, companies in the same industry enter into collateral performance guarantees for pre-construction home sales agreements.

Note 4: The guarantee was investment accounted for using the equity method before April 2020. Please refer to Note 13 for more details.

TABLE 3

Chang Wah Electromaterials Inc. and Subsidiaries

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES AND ASSOCIATES)
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Corporation	Stock - ordinary shares							
	Top Energy Saving System Corp.	-	Financial assets at fair value through profit or loss - non-current	21,000	$ -	0.09	$ -	
	Mylight Technology Co., Ltd.	-	Financial assets at fair value through profit or loss - non-current	3,500,000	-	10.59	-	
	Greatek Electronics Inc.	-	Financial assets at fair value through other comprehensive income - current	5,717,000	320,152	1.01	320,152	
	Elite Semiconductor Microelectronics Technology Inc.	-	Financial assets at fair value through other comprehensive income - current	6,254,000	404,634	2.19	404,634	
	Cleanaway Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	260,000	42,640	0.24	42,640	
	Taiflex Scientific Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	17,406,000	950,368	8.32	950,368	
	Tian Zheng International Precision Machinery Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	1,055,800	60,709	2.86	60,709	
	ThinFlex Corporation Co., Ltd.	The Corporation's chairman is the key management personnel	Financial assets at fair value through other comprehensive income - non-current	5,926,720	212,177	5.89	212,177	
	Sumitomo Bakelite Taiwan Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	800,000	12,954	1.00	12,954	
	VizionFocus Inc.	The Corporation is appointed as member of the board of directors	Financial assets at fair value through other comprehensive income - non-current	8,205,970	229,767	16.41	229,767	
	Wah Lee Industrial Corp.	Key management personnel	Financial assets at fair value through other comprehensive income - non-current	3,490,000	265,240	1.51	265,240	
	Chipbond Technology Corp.	-	Financial assets at fair value through other comprehensive income - non-current	25,913,000	1,720,623	3.86	1,720,623	
	Atomic Material Group Inc.	-	Financial assets at fair value through other comprehensive income - non-current	591,750	83,962	8.33	83,962	
	Stock - preferred shares of listed companies sold to specific group							
	Tian Zheng International Precision Machinery Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,700,000	156,362	10.01	156,362	
	Convertible bonds							
	Chung Hsin Electric & Machinery Manufacturing Corp.	-	Financial assets at fair value through profit or loss - current	200,000	23,570	-	23,570	
	Fund							
	Wise Road Industry Investment Fund I, L.P.	-	Financial assets at fair value through profit or loss - non-current	Note	188,944	2.17	188,944	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
CWE Holding Co., Ltd.	Stock - ordinary shares							
	Telling International Corp.	-	Financial assets at fair value through other comprehensive income - non-current	753,500	$ -	19.00	$ -	
Chang Wah Technology Co., Ltd.	Stock - ordinary shares							
	Wah Lee Industrial Corp.	Key management personnel of Parent Company	Financial assets at fair value through other comprehensive income - non-current	1,638,000	124,488	0.71	124,488	
	Taiflex Scientific Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	268,000	14,633	0.13	14,633	
	JMC Electronics Co., Ltd.	Associates	Financial assets at fair value through other comprehensive income - non-current	620,010	33,914	0.75	33,914	
	Greatek Electronics Inc.	-	Financial assets at fair value through other comprehensive income - non-current	1,972,000	110,432	0.35	110,432	
	Chipbond Technology Corp.	-	Financial assets at fair value through other comprehensive income - non-current	6,610,000	438,904	0.98	438,904	
	Ohkuchi Materials Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	50	-	5.00	-	
	Fund							
	Yuanta Taiwan High-yield Leading Company Fund A	-	Financial assets at fair value through profit or loss - current	7,000,000	87,430	-	87,430	

(Concluded)

Note: The invested amount was USD6,737 thousand.

Chang Wah Electromaterials Inc. and Subsidiaries

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter-party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance		Note
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount	
The Corporation	Stock - ordinary shares														
	Taiflex Scientific Co., Ltd.	Financial assets at fair value through other comprehensive income - non-current	Note 1	-	10,580,000	$ 507,840	7,096,000	$ 328,835	270,000	$ 14,855	$ 11,556	$ 3,299	17,406,000	$ 950,368	Note 2
	Chipbond Technology Corp.	Financial assets at fair value through other comprehensive income - non-current	Note 1	-	-	-	26,035,000	1,590,080	122,000	6,632	6,886	(254)	25,913,000	1,720,623	Note 2
	Greatek Electronics Inc.	Financial assets at fair value through other comprehensive income - current	Note 1	-	1,216,000	58,185	4,511,000	203,705	10,000	468	443	25	5,717,000	320,152	Note 2
	Chang Wah Technology Co., Ltd.	Investments accounted for using the equity method	Note 1	Subsidiary	181,864,970	2,447,363	11,021,000	374,024	-	-	-	-	192,885,970	2,825,222	Note 2
	Silver Connection Co., Ltd.	Investments accounted for using the equity method	Biostar Microtech Int'l Corp.	-	-	-	300,000	295,152	-	-	-	-	300,000	322,842	Note 2
	Stock - preferred shares of listed companies sold to specific group														
	Tian Zheng International Precision Machinery Co., Ltd.	Financial assets at fair value through other comprehensive income - non-current	Tian Zheng International Precision Machinery Co., Ltd.	-	-	-	3,700,000	136,160	-	-	-	-	3,700,000	156,362	Note 2
Chang Wah Technology Co., Ltd.	Stock - ordinary shares														
	Chipbond Technology Corp.	Financial assets at fair value through other comprehensive income - non-current	Note 1	-	-	-	6,910,000	422,555	300,000	18,595	18,156	439	6,610,000	438,904	Note 2

Note 1: Acquired through open market

Note 2: Amounts include unrealized gains or losses for financial assets, shares of profit or loss of subsidiaries and associates accounted for using the equity method and other related adjustments.

Note 3: The par value of the Corporation's ordinary shares was changed from NT$10 to NT$1 starting from August 2020. Before this change, it was calculated at 20% of the paid-in capital. After the change, it is calculated at 10% of the equity attributable to the owners of the Corporation.

TABLE 5

Chang Wah Electromaterials Inc. and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
The Corporation	Ohkuchi Materials Co., Ltd.	Investments accounted for using the equity method	Purchases	$ 128,824	2	30 days	No general terms and conditions can be compared	Note 33	$ -	-	Note 1
	Wah Lee Industrial Corp.	Key management personnel	Purchases	256,358	3	60 days	No general terms and conditions can be compared	Note 33	(67,565)	(4)	
	JMC Electronics Co., Ltd.	Investments accounted for using the equity method	Purchases	123,213	1	30 days	No general terms and conditions can be compared	Note 33	(23,893)	(1)	
Chang Wah Technology Co., Ltd.	The Corporation	Parent Company	Sales	(625,635)	(18)	60 days	Not significantly different	60 days	173,709	23	Note 2
	SH Asia Pacific Pte. Ltd.	Subsidiary	Sales	(144,191)	(4)	30 days	Not significantly different	30 days	11,060	1	Note 2
	CWTC (Shanghai) Inc.	Subsidiary	Sales	(137,774)	(4)	180 days	Not significantly different	180 days	52,137	7	Note 2
	Ohkuchi Materials Co., Ltd.	Investments accounted for using the equity method	Purchases	266,507	9	30 days to 120 days	No general terms and conditions can be compared	Note 33	-	-	Note 1
SH Electronics Taiwan Co., Ltd.	The Corporation	Parent Company	Sales	(1,640,167)	(78)	30 days	Not significantly different	30 days	363,203	80	Note 2
Malaysian SH Electronics Sdn. Bhd.	Chang Wah Technology Co., Ltd.	Parent Company	Sales	(598,085)	(30)	60 days	Not significantly different	60 days	180,147	36	Note 2
SH Electronics Chengdu Co., Ltd.	Chang Wah Technology Co., Ltd.	Parent company	Sales	(825,889)	(66)	45 days	Not significantly different	45 days	110,374	57	Note 2
SH Precision Chengdu Co., Ltd.	SH Electronics Chengdu Co., Ltd.	Sister Company	Sales	(642,326)	(100)	60 days	Not significantly different	60 days	105,149	100	Note 2
SH Electronics Suzhou Co., Ltd.	Chang Wah Technology Co., Ltd.	Parent Company	Sales	(661,036)	(37)	15 days	Not significantly different	15 days	56,531	19	Note 2
	Malaysian SH Electronics Sdn. Bhd.	Sister Company	Sales	(111,856)	(6)	30 days	Not significantly different	30 days	12,857	4	Note 2
	SH Electronics Taiwan Co., Ltd.	Sister Company	Sales	(382,373)	(22)	15 days	Not significantly different	15 days	20,803	7	Note 2

Note 1: The related party was investment accounted for using the equity method before April 2020. Please refer to Note 13 for more details.

Note 2: Amount was eliminated from the consolidated financial statements.

Chang Wah Electromaterials Inc. and Subsidiaries

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance (Note 1)		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
						Amount	Actions Taken		
Chang Wah Technology Co., Ltd.	The Corporation	Parent Company	Accounts receivable	$ 176,402 (Note 2)	4.08	$ -	-	$ 176,348	$ -
SH Electronics Taiwan Co., Ltd.	The Corporation	Parent Company	Accounts receivable	363,203	5.41	-	-	355,991	-
SH Electronics Chengdu Co., Ltd.	Chang Wah Technology Co., Ltd.	Parent Company	Accounts receivable	110,374	5.97	-	-	80,327	-
Malaysian SH Electronics Sdn. Bhd.	Chang Wah Technology Co., Ltd.	Parent Company	Accounts receivable	180,147	3.97	-	-	119,334	-
Chang Wah Technology Co., Ltd.	SH Electronics Suzhou Co., Ltd.	Subsidiary	Other receivables	409,293	Note 3	-	-	-	-
SH Precision Chengdu Co., Ltd.	SH Electronics Chengdu Co., Ltd.	Sister Company	Accounts receivable	105,149	5.62	-	-	102,938	-
Chang Wah Technology Co., Ltd.	SH Precision Chengdu Co., Ltd.	Subsidiary	Accounts receivable	100,141	Note 4	-	-	43,016	-

Note 1: Amount was eliminated from the consolidated financial statements.

Note 2: Amounts include receivables from rendering service of NT$2,693 thousand.

Note 3: Amounts include other receivables such as intercompany loan and interest receivable. Turnover rate is not appropriate to present in this case.

Note 4: Amounts include purchases of raw materials on behalf of subsidiaries. Turnover rate is not appropriate to present in this case.

TABLE 7

Chang Wah Electromaterials Inc. and Subsidiaries

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2020			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	Percentage of Ownership (%)	Carrying Amount			
The Corporation	CWE Holding Co., Ltd.	Samoa	International investment activities	$ 68,352	$ 68,352	2,400,000	100	$ 53,985	$ (2,299)	$ (2,299)	Notes 1 and 2
The Corporation	Wellstech Optical Co., Ltd.	Taiwan	Manufacturing and retailing of electronic components, computers and peripherals, and precision instruments	198,742	198,742	19,314,164	37	429,951	134,220	50,162	
The Corporation	How Weih Holding (Cayman) Co., Ltd.	British Cayman Islands	International investment activities	354,314	354,314	17,000,000	25	755,971	224,687	56,172	Note 2
The Corporation	Chang Wah Technology Co., Ltd.	Taiwan	Manufacturing of plastic products and electronic components for industrial use; retailing and wholesaling of electronic components and machinery	2,806,148	2,432,124	192,885,970	54	2,825,222	773,840	415,802	Notes 1 and 3
The Corporation	JMC Electronics Co., Ltd.	Taiwan	Manufacturing, processing and selling of COF substrates	539,564	610,709	34,735,390	42	1,578,571	148,328	63,491	Note 3
The Corporation	Chang Wah Energy Technology Co., Ltd.	Taiwan	Power generation of non-public business and renewable energy for equipment; leasing business; installing and retailing of electrical equipment, machinery and computer equipment	90,000	90,000	9,000,000	100	111,320	17,538	17,538	Note 1
The Corporation	Silver Connection Co., Ltd.	Seychelles	Manufacturing and selling of electrical contact materials such as silver contact and metal shaped materials, etc.	295,152	-	300,000	30	322,842	83,004	23,027	Notes 2 and 4
CWE Holding Co., Ltd.	How Weih Holding (Cayman) Co., Ltd.	British Cayman Islands	International investment activities	394	394	10,000	-	445	224,687	33	Note 2
Chang Wah Technology Co., Ltd.	SH Asia Pacific Pte. Ltd	Singapore	Trading of electronic components and equipment; investing activities	3,273,072	3,273,072	21,206,103	100	3,922,784	591,496	580,205	Notes 1, 2 and 3
Chang Wah Technology Co., Ltd.	SH Electronics Taiwan Co., Ltd.	Taiwan	Manufacturing of electronic components and tools; international trade	1,258,700	1,258,700	41,000,000	100	1,213,514	65,938	63,156	Notes 1 and 3
Chang Wah Technology Co., Ltd.	Ohkuchi Materials Co., Ltd.	Japan	Manufacturing of IC leadframe	-	132,006	-	-	-	(1,335)	(654)	Note 5
SH Asia Pacific Pte. Ltd.	Malaysian SH Electronics Sdn. Bhd.	Malaysia	Manufacturing and selling of leadframe and semiconductor materials	532,588	560,638	23,000,000	100	1,400,746	211,099	211,099	Notes 1 and 2
SH Asia Pacific Pte. Ltd.	WSP Electromaterials Ltd.	British Virgin Islands	International investment activities	617,114	649,617	5,235,000	100	783,636	84,395	84,395	Notes 1 and 2

Note 1: Amount was eliminated from the consolidated financial statements.

Note 2: Translated into NTD using the average exchange rate for the reporting period and exchange rate at the balance sheet date.

Note 3: The difference between the net income (loss) of investees and the investment income or loss recognized by the Corporation is the unrealized gains and losses from the intercompany transaction and the amortization of the investment cost premium.

Note 4: The investment income recognized is based on the amount from the time the equity was acquired to the end of the year.

Note 5: The investee company was accounted for using the equity method before April 2020. Please refer to Note 13 for more details.

TABLE 8

Chang Wah Electromaterials Inc. and Subsidiaries

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 7 and 8)	Carrying Amount as of December 31, 2020 (Notes 7 and 8)	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
SH Electronics Chengdu Co., Ltd.	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	$ 242,080	2	$ 66,077	$ -	$ -	$ 66,077	$ 154,067	100	$ 154,067	$ 832,981	$ 697,802	Note 2
Shanghai Chang Wah Electromaterials Inc.	Acting as an agent for IC packaging materials and equipment	113,920	2	67,096	82,572	-	149,668	54,785	100	47,035	328,052	181,110	Note 2
SH Precision Chengdu Co., Ltd.	Researching, developing, manufacturing and selling of leadframe, semiconductor materials and precision tools	99,680	2	31,807	-	-	31,807	58,624	100	58,921	351,959	346,645	Note 2
CWTC (Shanghai) Inc.	Selling of lighting materials and equipment, communication devices, semiconductor materials and equipment, electronic products, machinery and equipment, etc.	56,960	1	64,308	-	-	64,308	3,936	100	3,936	74,761	-	
SH Electronics Suzhou Co., Ltd.	Researching, developing, manufacturing and selling of leadframe, semiconductor packaging materials and precision tools	712,000	2	-	-	-	-	151,527	100	155,973	428,263	-	

Investor Company	Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020 (Note 3)	Investment Amount Authorized by the Investment Commission, MOEA (Notes 4 and 5)	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 6)
The Corporation	$ 530,229	$ 1,057,631	$ -
Chang Wah Technology Co., Ltd.	64,308	1,299,913	-

Note 1: Investment methods are classified into the following two categories:

1. Direct investment
2. Invest through holding company registered in a third region.

Note 2: SH Electronics Chengdu Co., Ltd. accumulated repatriation of investment income of RMB160,431 thousand (USD23,182 thousand); SH Precision Chengdu Co., Ltd. accumulated repatriation of investment income of RMB81,202 thousand (USD11,642 thousand); Shanghai Chang Wah Electromaterials Inc. accumulated repatriation of investment income of RMB39,682 thousand (USD6,027 thousand)

(Continued)

Note 3: The difference with the accumulated investment amount remitted from Taiwan of the above table was mainly due to the loss of control in equity or the reinvestment by the invested company at fair value through other comprehensive income.

Note 4: Investments approved by the Ministry of Economic Affairs were SH Electronics Chengdu Co., Ltd. USD2,100 thousand, SH Precision Chengdu Co., Ltd. USD1,050 thousand, Wuxi E&R Semiconductor Material Technology Co., Ltd. USD76 thousand, How Weih Precision Technology (Shenzhen) Co., Ltd. USD6,200 thousand, How Yu Technology (Shenzhen) Co., Ltd. USD644 thousand, Shanghai Chang Wah Electromaterials Inc. RMB19,729 and USD2,775 thousand, Wujiang Binmao Optronics Co., Ltd. USD551 thousand, Huizhou Weite Electronics Co., Ltd. RMB100,020 thousand and USD900 thousand, How Weih Electronic Technology (Huizhou) Co., Ltd. USD7,613 thousand, Ningbo Wanquan Photoelectricity Technology Co., Ltd. USD868 thousand and CTRON Advanced Material Co., Ltd. RMB20,000 thousand. In March 2017, the Corporation purchased 40% of the shares of SH Asia Pacific Pte. Ltd. from SH Materials Co., Ltd. and indirectly acquired the shares of other 3 companies included mainland region of SH Electronics Suzhou Co., Ltd. (USD1,571 thousand), SH Electronics Chengdu Co., Ltd. (USD6,463 thousand) and SH Precision Chengdu Co., Ltd. (USD2,454 thousand). In June 2017, the Corporation sold the 40% of SH Asia Pacific Pte. Ltd.'s shares to the subsidiary Chang Wah Technology Co., Ltd. by through organizational restructuring, and indirectly transferring three companies' shares of SH Electronics Suzhou Co., Ltd. (USD1,303 thousand), SH Electronics Chengdu Co., Ltd. (USD3,751 thousand) and SH Precision Chengdu Co., Ltd. (USD1,188 thousand). In October 2017, the Corporation sold 100% of its subsidiary, WSP Electromaterials Ltd. to SH Asia Pacific Pte. Ltd. and indirectly transferred ownership of SH Electronics Chengdu Co., Ltd. (USD9,833 thousand), SH Precision Chengdu Co., Ltd. (USD3,165 thousand) and Shanghai Chang Wah Electromaterials Inc. (USD8,670 thousand) by organizational restructuring. In March 2020, the Corporation purchased 30% of the shares of Silver Connection Co., Ltd. from Biostar Microtech Int'l Corp. for NTD295,152 thousand, which indirectly resulted in owning 30% of Dong Guan Sino-1 Electrical Contacts Alloy Co., Ltd.

Note 5: Investments of the Corporation's subsidiary, Chang Wah Technology Co., Ltd. approved by the Ministry of Economic Affairs were CWTC (Shanghai) Inc. USD2,000 thousand. In March 2017, the subsidiary, Chang Wah Technology Co., Ltd. purchased 60% of its shares of SH Asia Pacific Pte. Ltd. from SH Materials Co., Ltd. and indirectly acquired ownership of SH Electronics Suzhou Co., Ltd. (USD2,356 thousand), SH Electronics Chengdu Co., Ltd. (USD9,695 thousand) and SH Precision Chengdu Co., Ltd. (USD3,682 thousand). Moreover, in June 2017, the Corporation sold 40% of its shares of SH Asia Pacific Pte. Ltd. to its subsidiary, Chang Wah Technology Co., Ltd. and indirectly transferred ownership of SH Electronics Suzhou Co., Ltd. (USD1,303 thousand), SH Electronics Chengdu Co., Ltd. (USD3,751 thousand) and SH Precision Chengdu Co., Ltd. (USD1,188 thousand) that was owned by the Corporation by organizational restructuring. In October 2017, the Corporation's subsidiary, SH Asia Pacific Pte. Ltd. acquired 100% of WSP Electromaterials Ltd. and indirectly acquired SH Electronics Chengdu Co., Ltd. (USD9,833 thousand), SH Precision Chengdu Co., Ltd. (USD3,165 thousand) and Shanghai Chang Wah Electromaterials Inc. (USD8,670 thousand) by organizational restructuring.

Note 6: Pursuant to the Jing-Shen-Zi Letter No. 09704604680 of the Ministry of Economic Affairs, ROC and the amended "Regulation Governing the Approval of Investment or Technical Cooperation in Mainland China" dated August 29, 2008, the Corporation obtained the approval of the operational headquarters from the Industrial Development Bureau of Ministry of Economic Affairs, so there is no ceiling for the investment amount.

Note 7: The basis for investment income (loss) recognition is the financial statements audited and attested.

Note 8 Amount was eliminated from the consolidated financial statements.

(Concluded)

Chang Wah Electromaterials Inc. and Subsidiaries

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counter-party	Relationship	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% Total Sales or Assets
1	Chang Wah Technology Co., Ltd.	The Corporation	Subsidiary to parent	Sales	$ 625,635	Follow the terms of contract	3.81
1	Chang Wah Technology Co., Ltd.	The Corporation	Subsidiary to parent	Accounts receivable	173,709	Follow the terms of contract	0.74
1	Chang Wah Technology Co., Ltd.	SH Asia Pacific Pte. Ltd.	Parent to subsidiary	Sales	144,191	Follow the terms of contract	0.88
1	Chang Wah Technology Co., Ltd.	CWTC (Shanghai) Inc.	Parent to subsidiary	Sales	137,774	Follow the terms of contract	0.84
1	Chang Wah Technology Co., Ltd.	SH Precision Chengdu Co., Ltd.	Parent to subsidiary	Accounts receivable	100,141	Follow the terms of contract	0.43
1	Chang Wah Technology Co., Ltd.	SH Electronics Suzhou Co., Ltd.	Parent to subsidiary	Other receivables	409,293	Follow the terms of contract	1.76
2	SH Electronics Taiwan Co., Ltd.	The Corporation	Subsidiary to parent	Sales	1,640,167	Follow the terms of contract	9.99
2	SH Electronics Taiwan Co., Ltd.	The Corporation	Subsidiary to parent	Accounts receivable	363,203	Follow the terms of contract	1.56
3	Malaysian SH Electronics Sdn. Bhd.	Chang Wah Technology Co., Ltd.	Subsidiary to parent	Sales	598,085	Follow the terms of contract	3.64
3	Malaysian SH Electronics Sdn. Bhd.	Chang Wah Technology Co., Ltd.	Subsidiary to parent	Accounts receivable	180,147	Follow the terms of contract	0.77
4	SH Electronics Chengdu Co., Ltd.	Chang Wah Technology Co., Ltd.	Subsidiary to parent	Sales	825,889	Follow the terms of contract	5.03
4	SH Electronics Chengdu Co., Ltd.	Chang Wah Technology Co., Ltd.	Subsidiary to parent	Accounts receivable	110,374	Follow the terms of contract	0.47
5	SH Precision Chengdu Co., Ltd.	SH Electronics Chengdu Co., Ltd.	Subsidiary to subsidiary	Sales	642,326	Follow the terms of contract	3.91
5	SH Precision Chengdu Co., Ltd.	SH Electronics Chengdu Co., Ltd.	Subsidiary to subsidiary	Accounts receivable	105,149	Follow the terms of contract	0.45
6	SH Electronics Suzhou Co., Ltd.	Chang Wah Technology Co., Ltd.	Subsidiary to parent	Sales	661,036	Follow the terms of contract	4.02
6	SH Electronics Suzhou Co., Ltd.	SH Electronics Taiwan Co., Ltd.	Subsidiary to subsidiary	Sales	382,373	Follow the terms of contract	2.33
6	SH Electronics Suzhou Co., Ltd.	Malaysian SH Electronics Sdn. Bhd.	Subsidiary to subsidiary	Sales	111,856	Follow the terms of contract	0.68

Note: Amount was eliminated from the consolidated financial statements.

TABLE 10

Chang Wah Electromaterials Inc. and Subsidiaries

SEGMENT INFORMATION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	The Corporation	CWTC and Its Subsidiaries	Others	Adjustment and Elimination	Total
For the Year Ended December 31, 2020					
Revenue from external customers	$ 8,988,050	$ 7,371,292	$ 64,676	$ -	$ 16,424,018
Inter-segment revenue	10,624	2,306,854	-	(2,317,478)	-
Segment revenue	$ 8,998,674	$ 9,678,146	$ 64,676	$ (2,317,478)	$ 16,424,018
Segment income	$ 330,063	$ 960,286	$ 23,332	$ 7,396	$ 1,321,077
Interest income	6,797	29,137	1,183	(992)	36,125
Other income	179,880	149,641	-	(8,387)	321,134
Other gains and losses	(39,621)	(131,847)	(2,787)	-	(174,255)
Share of profits of subsidiaries and associates accounted for using equity method	632,921	(654)	33	(440,069)	192,231
Finance costs	(41,621)	(40,203)	(2,138)	1,016	(82,946)
Profit before income tax	1,068,419	966,360	19,623	(441,036)	1,613,366
Income tax	71,120	175,742	4,384	-	251,246
Net profit for the year	$ 997,299	$ 790,618	$ 15,239	$ (441,036)	$ 1,362,120
For the Year Ended December 31, 2019					
Revenue from external customers	$ 7,877,503	$ 7,527,654	$ 59,224	$ -	$ 15,464,381
Inter-segment revenue	14,792	1,792,621	-	(1,807,413)	-
Segment revenue	$ 7,892,295	$ 9,320,275	$ 59,224	$ (1,807,413)	$ 15,464,381
Segment income	$ 225,240	$ 832,870	$ 19,514	$ 19,394	$ 1,097,018
Interest income	11,760	42,609	3,585	(1,486)	56,468
Other income	53,184	50,344	97	(18,151)	85,474
Other gains and losses	205,766	(3,241)	1,207	-	203,732
Share of profits of subsidiaries and associates accounted for using equity method	707,062	7,201	45	(330,640)	383,668
Finance costs	(19,798)	(30,761)	(2,749)	1,528	(51,780)
Profit before income tax	1,183,214	899,022	21,699	(329,355)	1,774,580
Income tax	85,070	280,107	3,548	-	368,725
Net profit for the year	$ 1,098,144	$ 618,915	$ 18,151	$ (329,355)	$ 1,405,855

TABLE 11

Chang Wah Electromaterials Inc.

RECONCILIATION OF CAPITAL SURPLUS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Arising from Issuance of Common Shares (Note 1)	Arising from Consolidation Excess (Note 1)	Arising from Conversion of Bonds (Note 1)	Arising from Treasury Shares Transactions (Note 1)	Arising from Changes in Equity of Associates Accounted for Using Equity Method (Note 3)	Arising from Changes in Ownership Interest in Subsidiaries (Notes 2 and 3)	Arising from the Difference Between Consideration and Carrying Amount of Subsidiaries Acquired or Disposed (Note 1)	Share Options (Note 4)	Others (Notes 3 and 5)	Total
Balance at January 1, 2020	$ 914,988	$ 566,837	$ 440,763	$ 2,621	$ 67,938	$ 23,138	$ 48,557	$ -	$ 1,209	$ 2,066,051
Equity component of convertible bonds issued by the Corporation	-	-	-	-	-	-	-	66,659	-	66,659
Arising from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	-	-	-	-	-	(48,557)	-	-	(48,557)
Arising from changes in percentage of ownership interest in subsidiaries	-	-	-	-	-	30,658	-	-	-	30,658
Arising from changes in equity of associates accounted for using equity method	-	-	-	-	(1,939)	-	-	-	-	(1,939)
Balance at December 31, 2020	$ 914,988	$ 566,837	$ 440,763	$ 2,621	$ 65,999	$ 53,796	$ -	$ 66,659	$ 1,209	$ 2,112,872
Balance at January 1, 2019	$ 914,988	$ 566,837	$ 440,763	$ 2,621	$ 86,509	$ 23,138	$ 161,120	$ -	$ 1,209	$ 2,197,185
Arising from the difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	-	-	-	-	-	-	(112,563)	-	-	(112,563)
Arising from disposal of associates	-	-	-	-	(20,323)	-	-	-	-	(20,323)
Arising from changes in equity of associates accounted for using equity method	-	-	-	-	1,752	-	-	-	-	1,752
Balance at December 31, 2019	$ 914,988	$ 566,837	$ 440,763	$ 2,621	$ 67,938	$ 23,138	$ 48,557	$ -	$ 1,209	$ 2,066,051

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year), except for surplus arising from employee share options (classified as arising from issuance of common shares) of NT$1,978 thousand that may be used only to offset a deficit.

Note 2: Such capital surplus arises from the effect of changes in ownership interest in a subsidiary that resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using equity method.

Note 3: Such capital surplus may be used only to offset a deficit.

Note 4: Capital surplus - share options: It is the equity component of convertible bonds issued by the Corporation and cannot be used for any purpose.

Note 5: Capital surplus - others: The Corporation's shares for cash capital increase reserved for employees to subscribe, and the employees did not exercise part of the subscription. This column is for forfeited employee stock options.

TABLE 12

Chang Wah Electromaterials Inc.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Wah Lee Industrial Corp.	197,902,180	30.98
Shin Xin Investment Co., Ltd.	56,772,000	8.88
Fubon Life Assurance Co., Ltd.	46,310,000	7.24
Yuan Yao Energy Technology Co., Ltd.	42,106,820	6.59
Citibank hosting Singapore Government’s Investment Account	40,264,000	6.30

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.