M31 Technology Corporation and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2020 are all the same as the companies required to be included in the consolidated financial statements of a parent and its subsidiaries under International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of a parent and its subsidiaries. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

M31 Technology Corporation

By:

Yuan-Hsun Chang
Chairman
February 23, 2021

DELOITTE

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

M31 Technology Corporation

Opinion

We have audited the accompanying consolidated financial statements of M31 Technology Corporation and its subsidiaries (collectively referred to as the "Group"), 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its 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 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 Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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 for the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Risk of Improper Recognition of Technical Service Revenue

The Group's major revenue source is derived from the technical service income and royalty income received from offering silicon intellectual property (SIP) service.

The recognition of revenue from technical services is based on the terms of each contract. Since the terms of each contract are different, there is a risk that revenue may be recognized before the contractual obligations are fulfilled.

Due to the fact that these transactions involve manual control, there is a risk that revenue will be recognized if the contractual obligations are not fulfilled due to errors. Therefore, we list the recognition of technical service revenue as a key audit matter. Please refer to Note 4, point 10, for relevant accounting policies.

We exercise audit processes as below towards the aforementioned risk of improper recognition of technical service revenue:

1. Understand the design and operating effectiveness of the Group’s internal control systems relevant to the recognition of technical service revenue contracts.
2. Sample the technical service revenue contracts recognized in 2020, checking relevant documents and receivable collections, reviewing critical contract provisions, for the purpose of ensuring the proper timing of revenue recognition.
3. Sample the technical service revenue contracts recognized in a period before/after the balance sheet dates to perform the cut-off test, for the purpose of ensuring proper satisfaction of performance obligations and revenue recognition prior to the balance sheet dates.

Other Matter

We have also audited the parent company only financial statements of M31 Technology Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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 IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission 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 Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group 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 Group’s 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 Group’s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to

the related disclosures in the 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 Group 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 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 audit resulting in this independent auditors' report are Yu-Feng Huang and Mei-Chen Tsai.

Deloitte & Touche

Taipei, Taiwan

Republic of China

February 23, 2021

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

The accompanying consolidated financial statements are intended only to present the consolidated financial position, consolidated financial performance and consolidated 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.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2020		2019	
ASSETS	**Amount**	%	**Amount**	%
CURRENT ASSETS				
Cash and cash equivalents（Notes 4 and 6）	$527,760	30	$589,555	37
Financial assets at fair value through profit or loss - current（Notes 4 and 7）	444,616	25	504,867	31
Financial assets at amortized cost - current（Notes 4 and 9）	227,840	13	73,960	5
Accounts receivable（Notes 4, 5, 10 and 20）	254,612	15	179,282	11
Other receivables	95	-	482	-
Current tax assets（Notes 4 and 22）	41,567	2	28,005	2
Prepayments（Note 15）	15,816	1	17,550	1
Other current assets（Notes 15 and 29）	8,475	1	1,868	-
Total current assets	1,520,781	87	1,395,569	87
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current（Notes 4 and 8）	28,000	2	9,350	1
Property, plant and equipment（Notes 4 and 12）	175,035	10	168,976	11
Right-of-use assets（Notes 4 and 13）	4,186	-	9,509	1
Intangible assets（Notes 4 and 14）	7,775	-	2,347	-
Deferred tax assets（Notes 4 and 22）	7,867	-	7,841	-
Other non-current assets（Note 15）	13,118	1	6,123	-
Total non-current assets	235,981	13	204,146	13
TOTAL	$ 1,756,762	100	$ 1,599,715	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Contract liabilities - current（Note 20）	$90,167	5	$27,531	2
Accounts payable（Note 16）	3,085	-	2,079	-
Other payables（Note 17）	114,637	7	89,670	6
Current tax liabilities（Notes 4 and 22）	28,861	2	23,607	1
Lease liabilities - current（Notes 4 and 13）	3,074	-	7,652	1
Other current liabilities（Note 17）	6,809	-	5,614	-
Total current liabilities	246,633	14	156,153	10
NON-CURRENT LIABILITIES				
Deferred tax liabilities（Notes 4 and 22）	-	-	60	-
Lease liabilities - non-current（Notes 4 and 13）	1,095	-	1,933	-
Total non-current liabilities	1,095	-	1,993	-
Total liabilities	247,728	14	158,146	10
EQUITY（Note 19）				
Share capital				
Ordinary shares	313,180	18	313,180	19
Capital surplus	634,551	36	634,551	40
Retained earnings				
Legal reserve	92,583	6	61,727	4
Unappropriated earnings	493,824	28	428,928	27
Total retained earnings	586,407	34	490,655	31
Other equity	22,960	1	3,183	-
Treasury Shares	(48,064)	(3)	-	-
Total equity	1,509,034	86	1,441,569	90
TOTAL LIABILITIES AND EQUITY	$ 1,756,762	100	$ 1,599,715	100

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE（Notes 4 and 20）	$ 981,016	100	$ 869,077	100
GROSS PROFIT	981,016	100	869,077	100
OPERATING EXPENSES（Notes 14 and 21）				
Selling and marketing expenses	(50,918)	(6)	(48,247)	(6)
General and administrative expenses	(89,343)	(9)	(96,535)	(11)
Research and development expenses	(420,785)	(43)	(364,895)	(42)
Expected credit (loss) gain（Notes 4, 5 and 10）	(1,725)	-	10,493	1
Total operating expenses	(562,771)	(58)	(499,184)	(58)
OPERATING INCOME	418,245	42	369,893	42
NON-OPERATING INCOME AND EXPENSES				
Interest income（Notes 4 and 21）	6,844	1	6,842	1
Other income（Notes 4 and 21）	1,075	-	763	-
Other gains and losses（Notes 4 and 21）	(49,554)	(5)	(15,172)	(2)
Finance costs（Note 21）	(132)	-	(342)	-
Total non-operating income and expenses	(4	(4)	(7,909)	(1)
PROFIT BEFORE INCOME TAX	376,478	38	361,984	41
INCOME TAX EXPENSE（Notes 4 and 22）	(54,230)	(5)	(53,419)	(6)
NET PROFIT FOR THE YEAR	322,248	33	308,565	35

(Continued)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain(loss) on investments in equity instruments at fair value through other comprehensive income (Note 19)	$ 28,703	3	($ 10)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations (Note 19)	(671)	-	(442)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4, 19 and 22)	134	-	88	-
	(537)	-	(354)	-
Other comprehensive income(loss) for the year, net of income tax	28,166	3	(364)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 350,414	36	$ 308,201	35
EARNINGS PER SHARE (Note 23)				
Basic	$ 10.34		$ 9.90	
Diluted	$ 10.34		$ 9.89	

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Share Capital			Retained Earnings		Other Equity			
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Difference on Translating the Financial Statements of Foreign Operations	Unrealized Valuation Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Amount of Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2019	28,640	$ 286,400	$ 53,851	$ 33,736	$ 367,580	$ 287	$ 3,260	$ -	$ 745,114
Appropriation of 2018 earnings									
Legal reserve	-	-	-	27,991	(27,991)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(219,226)	-	-	-	(219,226)
Net profit for the year ended December 31, 2019	-	-	-	-	308,565	-	-	-	308,565
Other comprehensive income(loss) for the year ended December 31, 2019, net of income tax (Note 19)	-	-	-	-	-	(354)	(10)	-	(364)
Total comprehensive income(loss) for the year ended December 31, 2019	-	-	-	-	308,565	(354)	(10)	-	308,201
Proceeds from issuance of ordinary shares (Note 19)	2,678	26,780	578,692	-	-	-	-	-	605,472
Share-based payment (Notes 19 and 24)	-	-	826	-	-	-	-	-	826
Other changes in capital surplus (Note 19)	-	-	1,182	-	-	-	-	-	1,182
BALANCE AT DECEMBER 31, 2019	31,318	313,180	634,551	61,727	428,928	(67)	3,250	-	1,441,569
Appropriation of 2019 earnings									
Legal reserve	-	-	-	30,856	(30,856)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(234,885)	-	-	-	(234,885)
Net profit for the year ended December 31, 2020	-	-	-	-	322,248	-	-	-	322,248
Other comprehensive income(loss) for the year ended December 31, 2020, net of income tax (Note 19)	-	-	-	-	-	(537)	28,703	-	28,166
Total comprehensive income(loss) for the year ended December 31, 2020	-	-	-	-	322,248	(537)	28,703	-	350,414
Purchase of treasury shares (Note 19)	-	-	-	-	-	-	-	(48,064)	(48,064)
Disposal of investments in equity instruments at fair value through other comprehensive income (Notes 8 and 19)	-	-	-	-	8,389	-	(8,389)	-	-
BALANCE AT DECEMBER 31, 2020	31,318	$ 313,180	$ 634,551	$ 92,583	$ 493,824	($ 604)	$ 23,564	($ 48,064)	$ 1,509,034

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

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 376,478	$ 361,984
Adjustments for:		
Depreciation expenses	39,382	35,190
Amortization expenses	2,783	2,691
Expected credit loss(gain)	1,725	(10,493)
Net gain on fair value changes of financial assets at fair value through profit or loss	(1,548)	(2,840)
Finance costs	132	342
Interest income	(6,844)	(6,842)
Share-based payment	-	826
Gain on disposal of property, plant and equipment	(867)	-
Unrealized loss(gain) on foreign currency exchange	20,770	16,584
Changes in operating assets and liabilities		
Accounts receivable	(75,988)	59,026
Other receivables	387	(241)
Prepayments	1,734	(6,267)
Other current assets	(3)	847
Contract liabilities	62,636	(30,484)
Accounts payable	992	285
Other payables	18,444	4,207
Other current liabilities	1,195	416
Cash generated from operations	441,408	425,231
Interest received	6,844	6,842
Interest paid	(132)	(342)
Income tax paid	(62,489)	(72,174)
Net cash generated from operating activities	385,631	359,557
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,100)
Disposal of financial assets at fair value through other comprehensive income	10,053	-

(Continued)

	2020	2019
Acquisition of financial assets at amortized cost	($ 484,850)	($ 13,620)
Disposal of financial assets at amortized cost	318,760	-
Acquisition of financial assets at fair value through profit or loss	(415,000)	(782,000)
Disposal of financial assets at fair value through profit or loss	476,799	330,004
Acquisition of property, plant and equipment	(30,141)	(41,348)
Disposal of property, plant and equipment	867	-
Increase in refundable deposits	(97)	(5,422)
Acquisition of intangible assets	(8,211)	(473)
(Increase) Decrease in other finance assets	(484)	55,494
Increase in prepayments for equipment	(13,018)	-
Net cash used in investing activities	(145,322)	(458,465)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	-	(40,000)
Repayment of the principal portion of lease liabilities	(8,887)	(7,531)
Dividends paid	(234,885)	(219,226)
Proceeds from issuance of ordinary shares	-	608,472
Payments to acquire treasury shares	(48,064)	-
Payment of shares issuance costs	-	(3,000)
Others	-	1,182
Net cash (used in) /generated from financing activities	(291,836)	339,897
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(10,268)	(13,879)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(61,795)	227,110
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	589,555	362,445
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 527,760	$ 589,555

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

M31 TECHNOLOGY CORPORATION 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

M31 Technology Corporation (the "Company") was incorporated on October 21th, 2011. The Company mainly offers Silicon IP design services in the integrated circuit industry.

The Company's shares have been listed on the Taipei Exchange (TPEx) since January 2019.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on February 23, 2021.

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

a. First-time application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and Interpretations of IAS (SIC) (collectively, "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, whenever applied, the application of the amended IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies:

Amendments to IAS 1 and IAS 8 "Definition of Material"

Upon the initial application of this amendment from January 1, 2020, the Group changed the threshold for materiality to "could reasonably be expected to influence the decisions of users." The Group also adjusted the disclosures in the consolidated financial statements, deleting immaterial information that might obscure the material information.

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

New/Revised/Amended Standards and Interpretations	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"	Effective for annual reporting periods beginning on or after January 1, 2021
Amendments to IFRS 16 "COVID-19-Related Rent Concessions"	Effective for annual reporting periods beginning on or after June 1, 2020

c. The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New/Revised/Amended Standards and Interpretations	**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/Revised/Amended Standards and Interpretations are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 are 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. IAS 41 "Agriculture" amendments are 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", are 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 first 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 application of this amendment is deferred for annual reporting periods beginning on or after January 1, 2023.

Note 7: This amendment are applicable to changes in accounting estimates and changes in accounting policies that occur in annual reporting periods beginning on or after January 1, 2023.

As of the date the consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance resulting from the application of other standards or interpretations. The related impact will be disclosed when the evaluation is 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 values.

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

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

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an 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 an 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 balance sheet dates; 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 balance sheet dates.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the balance sheet dates; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the balance sheet dates.

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 Company and the entities controlled by the Company (subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the effective dates of acquisitions or up to the effective dates 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 Company.

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 Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group’s ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group 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 Company.

Please refer to Note 11, Table 4, and Table 5 for the details, the ownership percentage, and the main business of subsidiaries.

e. Foreign currencies

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

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

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which 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 are not retranslated.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries locating in other countries or using currencies different from the currency of the Company) are translated into NT$ using exchange rates prevailing at the balance sheet dates. 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.

f. Property, plant and equipment

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

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each year, with the effects of any changes in the estimates accounted for on a prospective basis.

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

g. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets for any indication of 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 a corporate asset, the asset is tested for impairment in the context of the cash-generating unit (CGU) to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

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

i. Financial instruments

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as 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, 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 27.

ii. Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, accounts receivable, other receivables, and other financial assets - current and refundable deposits (other listed current assets and non-current assets), 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 assets, 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 assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

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

ii) Breach of contract, such as a default;

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

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

Cash equivalents include time deposits with original maturities of less than three months, 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 are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group 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 Group's 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

At each balance sheet date, the Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

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

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

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

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

ii. When a financial asset is more than 365 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

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

2) Equity instruments

Equity instruments issued by the Group entity are classified as equity in accordance with the substance of the contractual arrangements and the definitions of an equity instrument.

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

The repurchase of the Company's own equity instruments is 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 Company's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

j. Revenue recognition

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

1) Revenue from the rendering of services

The Group identifies performance obligations from contracts with customers and recognizes revenue when performance obligations are satisfied.

2) Licensing revenue

The functionality of the silicon intellectual property (Silicon IP) are not changed in silicon intellectual property (Silicon IP) licensing transactions. Furthermore, such silicon intellectual property (Silicon IP) remains functional without updates and technical support. While customers use the intellectual property in mass production at the foundries, the royalty prices are determined based on production, sales or other measures and the revenue is recognized with reference to the underlying arrangements.

k. Lease

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

The Group as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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 Group uses the lessee's incremental borrowing rate.

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

l. 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 expenses when employees have rendered services entitling them to the contributions

m. Share-based payment arrangements

Employee share options granted to employees

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 Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus – employee share options. It is recognized as an expense in full at the grant date if vested immediately. The grant date of issued ordinary shares for cash which are reserved for employees is the date on which the employees are informed.

At each balance sheet date, the Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

n. Taxation

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

1) Current tax

The Group determines current income (loss) in accordance with the regulations of each income tax filing jurisdiction and calculates the income tax payable (recoverable) accordingly.

According to the Income Tax Law, an additional tax of 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, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 each balance sheet date 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 balance sheet dates. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet dates, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

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

The Group considers the economic impact of the COVID-19 outbreak as a significant accounting estimate and management reviews the estimates and underlying assumptions on an ongoing basis. If a revision of an estimate affects only the current period, it is recognized in the period in which it is revised; if a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which it is revised and in the future period.

<u>Key Sources of Estimation Uncertainty</u>

<u>Estimated impairment of financial assets</u>

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group’s historical experience, existing market conditions as well as forward looking estimates. For details of the key assumptions and inputs used, see Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31, 2020	December 31, 2019
Cash on hand	$ 70	$ 70
Checking accounts and demand deposits	280,210	165,820
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	247,480	423,665
	$527,760	$589,555

The market rates of cash in bank at balance sheet dates were as follows:

	December 31, 2020	December 31, 2019
Bank deposits	0.010%~0.405%	0.010%~2.330%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31, 2020	December 31, 2019
Current		
Mandatorily measured at FVTPL		
Non-derivative financial assets		
-fund beneficiary certificate	$444,616	$504,867

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investment in equity instrument

	December 31, 2020	December 31, 2019
Non-current		
Domestic Investment		
Listed shares and emerging market shares		
Ordinary shares – iSTART-TEK Inc.	$28,000	$ -
Unlisted shares		
Ordinary shares – iSTART-TEK Inc.	$ -	$ 9,350

These investments in equity instruments are held for medium to long-term strategic purposes and are expected to bring profits from long-term investments. 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 Group's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2020	December 31, 2019
Current		
Domestic investment		
Time deposits with original maturities of more than 3 months	$227,840	$73,960

The ranges of interest rates for time deposits with original maturities of more than 3 months were 0.325%～0.520% and 1.040%～2.300% as of December 31, 2020 and 2019, respectively.

10. ACCOUNTS RECEIVABLE

	December 31, 2020	December 31, 2019
Accounts receivable		
At amortized cost		
Gross carrying amount	$259,323	$182,102
Less: Allowance for impairment loss	(4,711)	(2,820)
	$254,612	$179,282

Accounts receivable

As provided by contracts, payments shall be received 30 to 90 days after the service has been rendered by the Group. In determining the recoverability of accounts receivables, the Group considers any change in the credit quality of the accounts receivables since the date the credit was initially granted to the balance sheet dates.

The Group adopted a policy of only dealing with creditworthy counterparties, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual account receivable at the balance sheet dates to ensure that adequate allowance for impairment loss is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for account receivables at an amount equal to lifetime ECLs. The expected credit losses on account receivables are estimated using a provision matrix by reference to the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the balance sheet dates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of account receivables based on the Group's provision matrix.

December 31, 2020

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected Credit Losses rate	0%~0.21%	0%~1.63%	0%~3.27%	0%~12.17%	0%~13.99%	0%~100%	
Gross carrying amount	$166,371	$73,315	$13,044	$ 4,101	$ 293	$ 2,199	$259,323
Loss allowance (lifetime ECL)	(350)	(1,195)	(427)	(499)	(41)	(2,199)	(4,711)
Amortized cost	$166,021	$72,120	$12,617	$ 3,602	$ 252	$ -	$254,612

December 31, 2019

	Not Past Due	1 to 60 Days	61 to 120 Days	121 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected Credit Losses rate	0%~0.25%	0%~1.58%	0%~6.02%	0%~10.84%	0%~14.92%	-	
Gross carrying amount	$118,745	$43,071	$11,706	$ 3,468	$ 5,112	$ -	$182,102
Loss allowance (lifetime ECL)	(294)	(682)	(705)	(376)	(763)	-	(2,820)
Amortized cost	$118,451	$42,389	$11,001	$ 3,092	$ 4,349	$ -	$179,282

The movements of the loss allowance of accounts receivable were set out as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Balance at January 1	$ 2,820	$ 9,661
Add: Amounts recovered	-	3,583
Add: Net remeasurement of loss allowance	1,725	-
Less: Gain on reversal of impairment loss	-	(10,493)
Effect of exchange rate changes	166	69
Balance at December 31	$ 4,711	$ 2,820

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The subjects of the consolidated financial statements are set out as follows:

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2020	Proportion of Ownership (%) December 31 2019	Remark
The Company	M31 Technology USA, INC.	Product marketing and technical services	100%	100%	(1)
	Sirius Venture Ltd.	Investment holding	100%	100%	(1)
Sirius Venture Ltd.	M31 Technology (Shanghai) Inc.	Product marketing and technical services	100%	100%	(2)

Remark:

(1) The main operational risk is exchange rate risk.

(2) The main operational risks are exchange rate risk and political risk led by changes in political policies and cross-strait relations.

12. PROPERTY, PLANT AND EQUIPMENT

Assets used by the Group

	Land	Office Equipment	Leasehold Improvements	Other Facilities	Total
Cost					
Balance at January 1, 2020	$ 98,853	$ 70,816	$ 23,433	$ 79,087	$272,189
Additions	-	866	-	35,786	36,652
Disposals	-	(2,025)	(12,543)	(16,417)	(30,985)
Net exchange differences	-	(15)	-	(9)	(24)
Balance at December 31, 2020	$ 98,853	$ 69,642	$ 10,890	$ 98,447	$277,832
Accumulated depreciation					
Balance at January 1, 2020	$ -	$ 46,571	$ 14,604	$ 42,038	$103,213
Depreciation expense	-	7,775	4,039	18,776	30,590
Disposals	-	(2,025)	(12,543)	(16,417)	(30,985)
Net exchange differences	-	(15)	-	(6)	(21)
Balance at December 31, 2020	$ -	$ 52,306	$ 6,100	$ 44,391	$102,797
Carrying amounts at December 31, 2020	$ 98,853	$ 17,336	$ 4,790	$ 54,056	$175,035
Cost					
Balance at January 1, 2019	$ 98,853	$ 51,713	$ 22,285	$ 56,781	$229,632
Additions	-	14,867	1,148	22,312	38,327
Disposals	-	(543)	-	-	(543)
Reclassified (Note)	-	4,787	-	-	4,787
Net exchange differences	-	(8)	-	(6)	(14)
Balance at December 31, 2019	$ 98,853	$ 70,816	$ 23,433	$ 79,087	$272,189
Accumulated depreciation					
Balance at January 1, 2019	$ -	$ 40,415	$ 9,752	$ 26,016	$ 76,183
Disposals	-	(543)	-	-	(543)
Depreciation expense	-	6,705	4,852	16,026	27,583
Net exchange differences	-	(6)	-	(4)	(10)
Balance at December 31, 2019	$ -	$ 46,571	$ 14,604	$ 42,038	$103,213
Carrying amounts at December 31, 2019	$ 98,853	$ 24,245	$ 8,829	$ 37,049	$168,976

Note：Transferred from prepayments for equipment.

No impairment assessment was performed for the year ended December 31, 2020 nd 2019 as there was no indication of impairment.

The Group’s property, plant and equipment were depreciated on a straight-line basis over the following estimated useful life:

Office Equipment	3-5 years
Leasehold Improvements	3 years
Other Facilities	3 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amounts		
Buildings	$ 4,186	$ 9,509

	Year Ended December 31, 2020	Year Ended December 31, 2019
Additions to the right of use assets	$ 3,634	$ -
Depreciation of right-of-use assets		
Buildings	$ 8,792	$ 7,607

b. Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amounts		
Current	$ 3,074	$ 7,652
Non-current	$ 1,095	$ 1,933

Discount rate for lease liabilities is set out as follows:

	December 31, 2020	December 31, 2019
Buildings	1.60%	1.60%

c. Other lease information

	Year Ended December 31, 2020	Year Ended December 31, 2019
Expenses relating to short-term leases	$ 1,215	$ 1,927
Total cash outflow for leases	($10,234)	($ 9,666)

The Group has elected to apply the recognition exemption to buildings qualified as short-term leases and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments with lease terms commencing after the balance sheet dates are set out as follows:

	December 31, 2020	December 31, 2019
Lease commitments	$16,101	$24,158

14. INTANGIBLE ASSETS

	Patents	Software	Total
Cost			
Balance at January 1, 2020	$ -	$ 8,466	$ 8,466
Separately acquired	-	8,211	8,211
Balance at December 31, 2020	$ -	$ 16,677	$ 16,677
Accumulated amortization			
Balance at January 1, 2020	$ -	$ 6,119	$ 6,119
Amortization expense	-	2,783	2,783
Balance at December 31, 2020	$ -	$ 8,902	$ 8,902
Carrying amounts at December 31, 2020	$ -	$ 7,775	$ 7,775

	Patents	Software	Total
Cost			
Balance at January 1, 2019	$ 11,041	$ 24,821	$ 35,862
Separately acquired	-	473	473
Disposals	(11,041)	(16,828)	(27,869)
Balance at December 31, 2019	$ -	$ 8,466	$ 8,466
Accumulated amortization			
Balance at January 1, 2019	$ 11,041	$ 20,256	$ 31,297
Amortization expense	-	2,691	2,691
Disposals	(11,041)	(16,828)	(27,869)
Balance at December 31, 2019	$ -	$ 6,119	$ 6,119
Carrying amounts at December 31, 2019	$ -	$ 2,347	$ 2,347

Intangible assets are amortized on a straight-line basis over estimated useful lives of 3 years. An analysis of amortization expense by function：

	Year Ended December 31, 2020	Year Ended December 31, 2019
General and administrative expenses	$ 337	$ 376
Research and development expenses	2,446	2,315
	$ 2,783	$ 2,691

15. OTHER ASSETS

	December 31, 2020	December 31, 2019
Current		
Prepayments	$15,816	$17,550
Refundable deposits	7,987	1,867
Other financial assets－restricted assets (Note 29)	484	-
Other	4	1
	$24,291	$19,418
Non-current		
Prepayments for equipment	$13,018	$ -
Refundable deposits	100	6,123
	$13,118	$ 6,123

Ranges of market interest rate on balance sheet dates is set out as follows:

	December 31, 2020	December 31, 2019
Other financial assets－restricted assets	0.25%	-

16. ACCOUNTS PAYABLE

	December 31, 2020	December 31, 2019
Accounts payable		
Operating	$ 3,085	$ 2,079

17. OTHER LIABILITIES

	December 31, 2020	December 31, 2019
Current		
Other payables		
Payables for salaries or bonuses	$87,874	$69,339
Payables for purchases of equipment	10,211	3,700
Payables for annual leave	5,782	4,593
Payables for retirement benefit	3,031	2,766
Payables for insurance	2,821	2,632
Payables for professional service fees	1,160	4,229
Payables for tax expense	218	202
Others	3,540	2,209
	$114,637	$89,670
Other liabilities		
Collection	$ 6,809	$ 5,614

18. RETIREMENT BENEFIT PLANS

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. For subsidiaries located in other countries, the contributions to employees' individual pension accounts are made in accordance with the local regulations.

19. EQUITY

a. Share capital

Ordinary shares

	December 31, 2020	December 31, 2019
Number of shares authorized (in thousands)	50,000	50,000
Shares authorized	$500,000	$500,000
Number of shares issued and fully paid (in thousands)	31,318	31,318
Shares issued	$313,180	$313,180

On September 25, 2018, the Group's board of directors resolved to issue 2,678 thousand ordinary shares for capital increase for Initial Public Offering, with a par value of $10 each. The aforementioned capital increase includes Weighted Average Price $238.57 from bidding auctions, 1,928 thousand ordinary shares from bidding, and a fixed underwriting price of $198 per share, 611 thousand underwriting shares to be offered, and 139 thousand ordinary shares of employee stock, amounting to $605,472 thousand in total ($3,000 thousand are deducted for stock issuance cost). The difference between the par value and the issuing price is $578,692 thousand, which is recognized at capital surplus – ordinary share premiums, increasing the share capital issued and fully paid to $313,180 thousand.

On October 12, 2018, the above transaction was approved by the TPEx, and the subscription base date was determined by the board of directors to be January 21, 2019.

b. Capital surplus

	December 31, 2020	December 31, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Arising from issuance of ordinary shares	$630,511	$630,511
May be used to offset a deficit only (2)		
Arising from employee share options	4,040	4,040
	$634,551	$634,551

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

2: Such capital surplus refers to the amount transferred from Capital surplus－employee share options during the execution of employee share options.

The Balance adjustment in capital surplus in 2020 and 2019 are set out as follows:

	Arising from issuance of ordinary shares	Arising from employee share options	Employee share options	Total
Balance at January 1 and December 31, 2020	$630,511	$ 4,040	$ -	$634,551
Balance at January 1, 2019	$ 50,637	$ 3,214	$ -	$ 53,851
Recognized as stock-based compensation	-	-	826	826
Cash Capital Increase	578,692	826	(826)	578,692
Other (Note)	1,182	-	-	1,182
Balance at December 31, 2019	$630,511	$ 4,040	$ -	$634,551

Note: When the Group employees resign during the stock trust period, the Employee Stock Trust Management Committee will sell the trust holding shares of resigned employees to the third parties based on the trust deed. After deducting the amount of money that should be returned to the employee, the remaining amount remitted back to the company was NT$1,182 thousand in 2019, which were regarded as the Company's issuances of stocks after repurchase, being credited under the equity account "capital surplus - share premium."

c. Retained earnings and dividend policy

The Company's Articles of Incorporation state that, where the Company made profit in a fiscal year, the profit shall be first utilized in the following order:

1) Paying taxes.
2) Offsetting losses of previous years.
3) Setting aside as legal reserve 10% of the remaining profit until the amount of the accumulated legal reserve equals the amount of the Company's capital.
4) Setting aside or reversing a special reserve in accordance with the laws and regulations.
5) Any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

The Company's Articles of Incorporation state the policies on the distribution of employees' compensation and remuneration of directors, refer to "Employees' compensation and remuneration of directors" in Note 21 (g).

The Company's Articles of Incorporation also provide that the ratio of cash dividend shall not be less than 10% of the total distribution of earnings.

Legal reserve shall be appropriated until the remaining balance reaches the Company's total paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings and dividends per share for 2019 and 2018 which had been approved in the shareholders' meetings on May 29, 2020 and May 30, 2019, respectively, are set out as follows:

	Year Ended December 31, 2019	Year Ended December 31, 2018
Legal reserve	$ 30,856	$ 27,991
Cash dividends	$234,885	$219,226
Dividends per share (NT$)	$ 7.5	$ 7.0

The appropriations of earnings for 2020 had been proposed by the Company's board of directors on February 23, 2021. The appropriations and dividends per share are set out as follows:

	Year Ended December 31, 2020
Legal reserve	$ 33,064
Cash dividends	$248,856
Dividends per share (NT$)	$ 8.0

The appropriations of earnings for 2020 are subject to the resolution of the shareholders' meeting to be held on May 27, 2021.

The company and its subsidiaries' appropriation of earnings is based on the articles of incorporation and relevant regulations, not being limited by contracts.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	Year Ended December 31, 2020	Year Ended December 31, 2019
Balance at January 1	($ 67)	$ 287
Recognized for the year		
Exchange differences on translating the financial statements of foreign operations	(671)	(442)
Income tax on translating the financial statements of foreign operations	134	88
Balance at December 31	($ 604)	($ 67)

2) Unrealized gain(loss) on financial assets at FVTOCI

	Year Ended December 31, 2020	Year Ended December 31, 2019
Balance at January 1	$ 3,250	$ 3,260
Recognized for the year		
Unrealized gain(loss)		
Equity instruments	28,703	(10)
Other comprehensive income(loss) for the year	28,703	(10)
Cumulative unrealized gain(loss) of equity instruments transferred to retained earnings due to disposal	(8,389)	-
Balance at December 31	$23,564	$ 3,250

e. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2020	-
Increase during the year	211
Number of shares at December 31, 2020	211

In March 16, 2020, the Board of Directors approved the Company's first repurchase of shares that authorized the purchase of up to 250 thousand shares from March 17, 2020 to May 16, 2020. As of December 31, 2020, the Company has repurchased 211 thousand shares in total with an average cost of 227.79 dollars.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these held shares, such as the rights to dividends and to vote.

As provided by the Securities and Exchange Act, the shares repurchased for the purpose of transferring to employees shall be transferred within five years from the date of reacquisition. The shares not transferred within the said time limit shall be deemed as not issued by the company, and amendment registration shall be processed.

20. REVENUE

	Year Ended December 31, 2020	Year Ended December 31, 2019
Technical service revenue	$867,702	$787,641
Royalty revenue	113,314	81,436
	$981,016	$869,077

a. Contract information

1) Technical service revenue

The department of Silicon IP design service signs contracts based on which the Group offers Silicon IP design service, and the customers shall pay the transaction price when the Group satisfies the performance obligation.

2) Royalty revenue

Royalty revenue refers to the contract-based royalties received by the Group through licensing standardized Silicon IP to customers for mass production.

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Accounts receivables (Note 10)	$ 254,612	$ 179,282	$ 230,096
Contract liabilities - current			
Technical service revenue	$ 90,167	$ 27,531	$ 58,015

The changes in the contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

21. NET PROFIT FROM CONTINUING OPERATIONS

The net profit from continuing operations comprises the following items:

a. Interest income

	Year Ended December 31, 2020	Year Ended December 31, 2019
Bank deposits	$ 6,766	$ 6,785
Imputed interest on deposit	78	57
	$ 6,844	$ 6,842

b. Other income

	Year Ended December 31, 2020	Year Ended December 31, 2019
Other income	$ 1,075	$ 763

c. Other gains and losses

	Year Ended December 31, 2020	Year Ended December 31, 2019
Net foreign exchange (losses) gains	($51,965)	($18,006)
Net interest from financial assets at fair value through profit or loss	1,548	2,840
Gain from disposal of property, plant and equipment	867	-
Others	(4)	(6)
	($49,554)	($15,172)

d. Finance costs

	Year Ended December 31, 2020	Year Ended December 31, 2019
Interest on lease liabilities	$ 132	$ 208
Interest on bank loans	-	134
	$ 132	$ 342

e. Depreciation and amortization

	Year Ended December 31, 2020	Year Ended December 31, 2019
An analysis of depreciation by function		
Operating expenses	$39,382	$35,190
An analysis of amortization by function		
Operating expenses	$ 2,783	$ 2,691

f. Employee benefits expense

	Year Ended December 31, 2020	Year Ended December 31, 2019
Short-term employee benefits	$349,342	$298,994
Post-employment benefits		
Defined contribution plans	12,171	11,184
Share-based payments	-	826
Other employee benefits		
Labor and health insurance	18,724	16,972
Other employee benefits	7,572	6,998
Total	$387,809	$334,974
An analysis of employee benefits expense by function		
Operating expenses	$387,809	$334,974

g. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the years ended December 31, 2020 and 2019, which were approved by the Company's board of directors on February 23, 2021 and February 19, 2020, respectively, are set out as follows:

Accrual rate

	Year Ended December 31, 2020	Year Ended December 31, 2019
Employees' compensation	1.09%	1.11%
Remuneration of directors	1.09%	1.11%

Amount

	Year Ended December 31, 2020	Year Ended December 31, 2019
	Cash	Cash
Employees' compensation	$ 4,200	$ 4,100
Remuneration of directors	$ 4,200	$ 4,100

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

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

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

h. Gains or losses on foreign currency exchange

	Year Ended December 31, 2020	Year Ended December 31, 2019
Foreign exchange gains	$34,121	$5,814
Foreign exchange losses	(86,086)	(23,820)
Net loss	($51,965)	($18,006)

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax expense recognized in profit or loss

Major components of income tax expense are set out as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Current tax		
In respect of the current year	$53,640	$51,216
Additional income tax on unappropriated earnings	-	1,685
Adjustments for prior years	(3,491)	1,656
Non-deductible foreign tax	4,033	622
	54,182	55,179
Deferred tax		
In respect of the current year	48	(1,760)
Income tax expense recognized in profit or loss	$54,230	$53,419

A reconciliation of accounting profit and income tax expense is set out as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Profit before tax from continuing operations	$376,478	$361,984
Income tax expense calculated at the statutory rate	$75,921	$72,417
Tax-exempt income	(310)	(332)
Non-deductible foreign income tax	4,033	622
Additional income tax on unappropriated earnings	-	1,685
Unrecognized deductible temporary differences	730	32
Current research and development tax credit	(22,653)	(22,661)
Adjustments for prior years' tax	(3,491)	1,656
Income tax expense recognized in profit or loss	$54,230	$53,419

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. In calculating unappropriated earnings, the Group deducts only the amount of capital expenditures actually reinvested.

b. Income tax recognized in other comprehensive income

	Year Ended December 31, 2020	Year Ended December 31, 2019
Deferred Tax		
In respect of the current year		
Translation of foreign operations	($ 134)	($ 88)
Income tax recognized in other comprehensive income	($ 134)	($ 88)

c. Current tax assets and liabilities

	December 31, 2020	December 31, 2019
Current tax assets		
Prepaid Mainland China income tax	$40,770	$28,005
Prepaid foreign income tax	797	-
	$41,567	$28,005
Current tax liabilities		
Income tax payable	$28,861	$23,607

d. Deferred tax assets and liabilities

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

Year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Amortization of Intangibles	$ 1,482	($ 119)	$ -	$ 1,363
Payables for annual leave	919	238	-	1,157
Investment income under equity method	555	(147)	-	408
Exchange differences on translation of foreign operations	75	-	74	149
Allowance for impairment loss	1,588	(550)	-	1,038
Unrealized exchange losses	3,222	530	-	3,752
	$ 7,841	($ 48)	$ 74	$ 7,867
Deferred Tax Liabilities				
Temporary differences				
Exchange differences on translation of foreign operations	$ 60	$ -	($ 60)	$ -

Year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Amortization of Intangibles	$ 1,601	($ 119)	$ -	$ 1,482
Payables for annual leave	802	117	-	919
Investment income under equity method	792	(237)	-	555
Exchange differences on translation of foreign operations	52	-	23	75
Allowance for impairment loss	2,869	(1,281)	-	1,588
Unrealized exchange losses	-	3,222	-	3,222
	$ 6,116	$ 1,702	$ 23	$ 7,841
Deferred Tax Liabilities				
Temporary differences				
Exchange differences on translation of foreign operations	$ 125	$ -	($ 65)	$ 60
Unrealized exchange gains	58	(58)	-	-
	$ 183	($ 58)	($ 65)	$ 60

e. Income tax assessments

The tax authorities have examined income tax returns of the Company through 2018.

The Group has no pending tax litigation as of December 31, 2020.

23. EARNINGS PER SHARE

Unit: NT$ Per Share

	Year Ended December 31, 2020	Year Ended December 31, 2019
Basic earnings per share		
From continuing operations	$ 10.34	$ 9.90
Diluted earnings per share		
From continuing operations	$ 10.34	$ 9.89

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share are set out as follows:

Net Profit for the Year

	Year Ended December 31, 2020	Year Ended December 31, 2019
Net profit used in the computation of basic and diluted earnings per share	$322,248	$308,565

Number of Shares(in thousands of shares)

	Year Ended December 31, 2020	Year Ended December 31, 2019
Weighted average number of ordinary shares used in the computation of basic earnings per share	31,166	31,171
Effect of potentially dilutive ordinary shares:		
Employees' compensation	14	15
Weighted average number of ordinary shares used in the computation of diluted earnings per share	31,180	31,186

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

24. SHARE-BASED PAYMENT ARRANGEMENTS

The Company conducted a cash capital increase reserved for employee stock of 139 thousand shares in January, 2019. The stocks granted were priced using the Black-Scholes pricing model, and the inputs to the model are set out as follows:

	January, 2019
Granted-date share price (NT$)	$ 194.85
Exercise price (NT$)	$ 198
Expected volatility	60.16%
Expected life (in years)	0.02 years
Risk-free interest rate	0.43%

Compensation costs recognized were $826 thousand for the year end December 31, 2019.

25. CASH FLOW INFORMATION

a. Non-cash transactions

For the years ended December 31, 2020 and 2019, the Group entered into the following non-cash investing and financing activities:

On December 31, 2020 and 2019, the Group respectively acquired property, plant and equipment of $10,211 thousand and $3,700 thousand, which are recognized as payables on equipment (refer to Note 17).

b. Changes in liabilities arising from financing activities

2020

	January 1, 2020	Cash Flow	Non-Cash Changes: New Leases	Non-Cash Changes: Exchange Rate Changes	December 31, 2020
Lease liabilities	$9,585	($8,887)	$3,634	($ 163)	$4,169

2019

	January 1, 2019	Cash Flow	December 31, 2019
Short-term loans	$ 40,000	($ 40,000)	$ -
Lease liabilities	17,116	(7,531)	9,585
	$ 57,116	($ 47,531)	$ 9,585

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of issued ordinary shares, capital surplus, retained earnings and other equity.

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

Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders and the number of new shares issued.

27. FINANCIAL INSTRUMENTS

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

The management personnel of the Group believes that the carrying amounts of financial assets and financial liabilities in the consolidated financial statements that are not measured at fair value approximate their fair values.

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

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Beneficiary certificate of funds	$ 444,616	$ -	$ -	$ 444,616
Financial assets at FVTOCI				
Investments in equity instruments				
– Listed shares and emerging market shares	$ -	$ -	$ 28,000	$ 28,000

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Beneficiary certificate of funds	$ 504,867	$ -	$ -	$ 504,867
Financial assets at FVTOCI				
Investments in equity instruments				
– Unlisted shares	$ -	$ -	$ 9,350	$ 9,350

There were no transfers between Levels 1 and 2 in 2020 and 2019.

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

Year Ended December 31, 2020

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1	$ 9,350
Recognized in other comprehensive income	28,703
Disposals	(10,053)
Balance at December 31	$ 28,000

Year Ended December 31, 2019

Financial Assets	Financial Assets at FVTOCI Equity Instruments
Balance at January 1	$ 8,260
Recognized in other comprehensive income	(10)
Purchases	1,100
Balance at December 31	$ 9,350

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

Financial Instruments Category	Evaluation techniques and input values
Unlisted shares	It is based on the estimated value of its assets and liabilities in order to obtain the target or end-of-period observable share price consideration, comparing the assets and liabilities or income statement items, calculating the implied value multiplier of the price, and estimating the value of the target.

c. Categories of financial instruments

	December 31, 2020	December 31, 2019
Financial Assets		
FVTPL		
Mandatorily classified as at FVTPL	$444,616	$504,867
Amortized cost (1)	1,018,878	851,269

(Continued)

	December 31, 2020	December 31, 2019
FVTOCI		
Investment in equity instrument	$ 28,000	$ 9,350
Financial liabilities		
Amortized cost (2)	17,996	12,217

(1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost-current, accounts receivable, other receivables, and refundable deposits (recognized in other current assets and other non-current assets).

(2) The balances include financial liabilities measured at amortized cost, which comprise accounts payable and other payables (not including payables for salaries or bonuses, payables for annual leave, payables for retirement benefit, payables for insurance, and payables for tax expense).

d. Financial risk management objectives and policies

The Group's major instruments include equity investments, accounts receivable, accounts payable, and lease liabilities. The Group's corporate financial management function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The corporate financial management function reports quarterly to the board of directors, which functions to monitor risks and policies implemented to mitigate risk exposures.

1) Market risk

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

a) Foreign currency risks

The Group has foreign currency denominated service transactions, which expose the Group to foreign currency risk.

The carrying amounts of the Group's non-functional currency denominated monetary assets and monetary liabilities (including the non-functional currency monetary items that have been written off in the consolidated financial statement) at the balance sheet dates are set out in Note 30.

Sensitivity analysis

The Group is mainly exposed to the exchange rate fluctuation of the United States Dollar (USD).

The following table details the Group's sensitivity to a 1% increase/decrease in the New Taiwan dollar (NTD, the functional currency) against the USD. The sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency weakening 1% against the USD. For a 1% strengthening of the functional currency against the USD, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	Year Ended December 31, 2020	**Year Ended December 31, 2019**
Profit or loss	$ 6,563	$ 7,786

The aforementioned profit or loss mainly results from the exposure on outstanding USD denominated bank deposits and receivables at the balance sheet dates.

The Group's sensitivity to foreign currency decrease during the current year mainly due to the decrease in USD denominated bank deposits.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the balance sheet dates are set out as follows:

	December 31, 2020	**December 31, 2019**
Fair value interest rate risk		
－Financial assets	$475,320	$497,625
－Financial liabilities	4,169	9,585
Cash flow interest rate risk		
－Financial assets	278,690	162,789

<u>Sensitivity analysis</u>

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non- derivative instruments at the balance sheet dates. A 100 basis points increase or decrease is 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 had been 100 basis points increase/decrease and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would increase/decrease by $2,787 thousand and $1,628 thousand, respectively, mainly resulting from the Group's variable-rate bank deposits.

The Group's sensitivity to interest rates increased during the current year mainly due to the increase in variable-rate bank deposits.

c) Other price risk

The Group was exposed to equity price risk mainly through its investments in equity securities.

<u>Sensitivity analysis</u>

The sensitivity analysis below was determined based on the exposure to equity price risks at the balance sheet dates.

If equity prices had been 1% higher/lower, the pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $4,446 thousand and $5,049 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 year ended December 31, 2020 and 2019 would have increased/decreased by $280 thousand and $94 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the balance sheet dates, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation (not considering collaterals or other credit enhancement instruments, and the irrevocable maximum amount of risk exposure), mainly arises from the carrying amount of the recognized financial assets as stated in the consolidated balance sheets.

The Group has adopted a policy of only dealing with creditworthy counterparties.

To reduce credit risks, the Group's management personnel shall appoint a dedicated team to determine the credit limit, conduct credit examination and approval, and implement other monitoring procedures to ensure that necessary measures are taken to recover overdue receivables. Moreover, the Group shall review the recovery of each receivable on each balance sheet date to ensure that adequate allowances are made for unrecoverable receivables. Therefore, the Group's management believes that the Group's credit risk has been greatly reduced.

The Group's concentration of credit risk was mainly attributable to the Group's three largest customers, which accounted for 58%, and 19% of total accounts receivable on December 31, 2020 and 2019, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The maturity analysis for non-derivative financial liabilities is prepared based on the undiscounted cash flows (including both principal cash and interest) of financial liabilities based on the earliest date on which the Group can be required to pay. 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.

December 31, 2020

	Less than 3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities			
Non-interest bearing	$ 17,996	$ -	$ -
Lease liabilities	2,227	876	1,102
	$ 21,362	$ 876	$ 1,102

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years
Lease liabilities	$ 3,103	$ 1,102

December 31, 2019

	Less than 3 Months	3 Months to 1 Year	1-5 Years
Non-derivative financial liabilities			
Non-interest bearing	$ 12,217	$ -	$ -
Lease liabilities	1,935	5,805	1,934
	$ 14,152	$ 5,805	$ 1,934

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1 to 5 Years
Lease liabilities	$ 7,740	$ 1,934

28. TRANSACTIONS WITH RELATED PARTIES

The transactions, balances, gains and losses between the Company and its subsidiaries (which are related parties of the Company) have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

Compensation of key management personnel

	Year Ended December 31, 2020	Year Ended December 31, 2019
Short-term employee benefits	$22,717	$23,485
Post-employment benefits	324	423
	$23,041	$23,908

The remuneration of directors and key management personnel, as determined by the remuneration committee, was based on the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	December 31, 2020	December 31, 2019
Pledged time deposits (classified as other financial assets – current)	$ 484	$ -

30. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On February 1, 2021, the Company signed a contract for the purchase of real estate in anticipation of the acquisition of new office space for NT$437,758 thousand due to operational development.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies are set out as follows:

December 31, 2020

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$23,177	28.480（USD：NTD）	$660,081
RMB	61	4.377（RMB：NTD）	267
Financial liabilities			
Monetary items			
USD	132	28.480（USD：NTD）	3,759

December 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Financial assets			
Monetary items			
USD	$26,106	29.980（USD：NTD）	$782,658
Financial liabilities			
Monetary items			
USD	137	29.980（USD：NTD）	4,107

The significant unrealized foreign exchange gains (losses) are set out as follows:

	Year Ended December 31, 2020		Year Ended December 31, 2019	
Foreign Currency	Exchange Rate	Net Foreign Exchange Losses	Exchange Rate	Net Foreign Exchange Losses
USD	29.549（USD：NTD）	($20,770)	30.912（USD：NTD）	($16,584)

32. SEPARATELY DISCLOSED ITEMS

a. Significant transactions and b. Information about investees:

1) Financing provided to others: None.

2) Endorsements/guarantees provided: None.

3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities): Table 1.

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Table 2.

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 3.

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 4.

9) Trading in derivative instruments: None.

10) Others: intercompany relationships and significant intercompany transactions: Table 5.

11) Information on investees: Table 6.

c. Information on investments in mainland China

1) The name of the investee company in mainland China, the principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, current profit and loss, recognized investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7.

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: Table 7.

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

c) The amount of property transactions and the amount of resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes.

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds.

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 receipt of services.

d. Required disclosure of a whole affiliation in accordance with the Consolidated Business Reports Covering Affiliated Enterprises, Consolidated Financial Statements Covering Affiliated Enterprises, and Reports on Affiliations:

1) The name of the subsidiaries, the relationship between the holding company and the subsidiaries, the business nature, the holding company’s shareholding or capital contribution ratio: Note 11.

2) Increases, decreases, or changes in the subsidiaries included in the current consolidated financial statements of affiliated enterprises: Note 11.

3) The name, shareholding or capital contribution ratio, and the reasons for the exclusion of subsidiaries not included in the current consolidated financial statements of affiliated enterprises: None.

4) Adjustment for subsidiaries with balance sheet dates different from those of the holding company: None.

5) An explanation of any differences in accounting policies between the subsidiaries and the holding company. The method and substance of adjustments adopted in the event of any non-conformity with the Generally Accepted Accounting Principles of the Republic of China: None.

6) Special operational risks of overseas subordinate companies, such as exchange rate fluctuations: Note 11.

7) Statutory or contractual restrictions on distribution of earning by the various affiliates: Note 19.

8) Amortization methods and period for consolidated borrowings (loans): None.

9) Other matters of significance or explanations that would contribute to the fair presentation of the consolidated financial statements of affiliated enterprise: None.

e. The holding company and the subsidiaries shall make disclosure as follows in accordance with the Consolidated Business Reports Covering the Affiliated Enterprises, the Consolidated Financial Statements Covering the Affiliated Enterprises and Reports on Affiliations:

1) Information regarding financing, endorsements, and guarantees: None.

2) Information regarding reading in derivative products: None.

3) Significant contingent matters: None.

4) Significant subsequent events: None.

5) Names of bills and securities held, and their quantities, cost, market value (or net par value if a bill or security does not have a market value), shareholding or capital contribution ratio, description of any pledges, and the highest amount of shareholding or capital contribution during the period: Note 1, 6 and 7.

6) Other matters of significance or explanations that would contribute to a fair presentation of the consolidated financial statements of the affiliates: None.

f. Subsidiaries holding shares in its parent company shall detail the name of the subsidiary, the shares held, the amount, and the reasons: None.

g. Major shareholder information: The name, the number and percentage of shareholding of shareholders whose percentage of ownership is more than 5%.

Shareholder Name	**Shares**	
	Shares Held	**Percentage of Ownership**
Hsiao-Ping Lin	6,604,000	21.08%
Huey-Ling Chen	4,554,000	14.54%
Jui-Chun Investment Company Limited	1,642,000	5.24%

33. SEGMENT INFORMATION

a. Industrial financial information

The Group is regarded a significant operating segment that offers services of Silicon IP design. Furthermore, the Group's chief operating decision maker reviews the Group's financial reports for resources allocation and performance assessment. Therefore, operational information does not need to be disclosed by segments.

b. Geographical information

The Group operates in two principal areas - Taiwan and the United States (USA). The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers Year Ended December 31		Non-current Assets December 31	
	2020	2019	2020	2019
Taiwan	$ 782,922	$ 832,771	$ 197,681	$ 186,661
USA	198,094	36,306	2,433	294
Others	-	-	-	-
	$ 981,016	$ 869,077	$ 200,114	$ 186,955

Non-current assets exclude financial assets at fair value through other comprehensive income and deferred tax assets.

c. Information about major customers

Single customers contributing 10% or more to the Group's revenue are set out as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2019
Customer H	$122,283	$30,682
Customer E	68,237	136,189
Customer A	30,427	136,126

TABLE 1

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Thousands of Shares/Units, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Shares							
The Company	ISTART-TEK INC.	—	Financial assets at fair value through other comprehensive income－non-current	400	$28,000	1.96	$28,000	—
	Fund beneficiary certificate							
	Taishin 1699 Money Market Fund	—	Financial assets at fair value through profit or loss－current	4,425	60,389	-	60,389	—
	FSITC Money Market Fund	—	Financial assets at fair value through profit or loss－current	1,291	232,149	-	232,149	—
	Hua Nan Phoenix Money Market Fund	—	Financial assets at fair value through profit or loss－current	7,144	117,067	-	117,067	—
	FSITC Taiwan Money Market Fund	—	Financial assets at fair value through profit or loss－current	2,269	35,011	-	35,011	—

Note: For relevant information on investment in subsidiaries, please refer to Table 6 and Table 7.

M31 TECHNOLOGY CORPORATION 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, Thousands of Units, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Beginning Balance		Acquisition		Disposal				Ending Balance	
			Number of Units	Amount	Number of Units	Amount	Number of Units	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Units	Amount (Note)
	Fund beneficiary certificate											
The Company	FSITC Money Market Fund	Financial assets at fair value through profit or loss - current	1,237	$221,531	1,269	$228,000	1,215	$218,007	$216,656	$1,351	1,291	$232,149
	Hua Nan Phoenix Money Market Fund	Financial assets at fair value through profit or loss - current	11,189	182,597	7,144	117,000	11,189	183,046	182,000	1,046	7,144	117,067

Note: The amount per book at fair value at the end of the year.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLIONS OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company	Counterparty	Relationship	Transaction Details				The Transaction Terms Different From Normal Transactions		Notes&Accounts Receivable (Payable)		Note
			Purchase (Sales)	Amount	Percentage of Total Purchase (Sales)	Credit Terms	Unit Price	Credit Terms	Balance	Percentage of Total Notes& Accounts Receivable and Notes&Accounts Payable	
The Company	M31 Technology USA,INC.	Subsidiaries	Sales	$195,020	19.88%	30 – 90 Days	$ -	—	$86,850	32.93%	—

Note 1: If the terms of the related party transaction are different from the normal terms of the transaction, the differences and the reasons for the differences should be described in the columns of unit price and credit period.

Note 2: The above transactions have been written off when the consolidated financial statement was prepared.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

Company	Counterparty	Relationship	Receivables from Related Parties (Note)	Turnover Rate	Overdue Receivables from Related Parties		Receivables from Related Parties Recovered after the Period	Allowance for Losses
					Amount	Processing Method		
The Company	M31 Technology USA,INC.	Subsidiaries	$86,850	4.28	$-	—	$10,139	$-

Note: The above transactions have been written off when the consolidated financial statement was prepared.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount (Note 5)	Payment Terms	Percentage of Total Sales or Assets (Note3)
0	M31 Technology Corporation	M31 Technology USA, INC.	1	Technical service revenue	$195,020	Decided by mutual agreement based on market price.	20
			1	Accounts receivable-related-party	86,850	Net 90 days from the end of the transaction month	5
1	M31 Technology USA, INC.	M31 Technology Corporation	2	Accounts receivable-related-party	1,347	Net 30 days from the end of the transaction month	-
			2	Marketing revenue	18,663	Decided by mutual agreement based on market price.	2
2	M31 Technology (Shanghai) Inc.	M31 Technology Corporation	2	Marketing revenue	813	Decided by mutual agreement based on market price.	-

Note 1: Transactions between parent company and subsidiaries should be detailed on the column of No. The meaning of the numbers are as follows:

1. Number 0 represents the parent company.
2. Subsidiaries are numbered in sequence from Number 1.

Note 2: The transaction relationships are classified as the following three types. Just mark the number of the relationship type:

1. Transactions from parent company to subsidiary.
2. Transactions from subsidiary to parent company.
3. Transactions from subsidiary to subsidiary.

Note 3: In the computation of percentage of consolidated revenue/assets, if the amount is the ending balance of assets or liabilities, the accounts percentage will be calculated by dividing the consolidated assets; if the amount is the amount of income or expense, the accounts percentage will be cumulated by dividing the consolidated revenues in the same period.

Note 4: This form is presented in New Taiwan Dollar (NTD). The amount involves foreign currencies will be translated into NTD at the exchange rate on balance sheet date, while the amount related to gains and losses are translated into NTD at the average annual exchange rate.

Note 5: This table only shows one-way transaction information. The above transactions have been written off when the consolidated financial statement was prepared.

TABLE 6

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Principal Businesses Activities	Original Investment Amount		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	%	Carrying Amount			
M31 Technology Corporation	M31 Technology USA , INC.	USA	Product marketing and technical service	$13,531	$13,531	450	100	$13,632	$1,354	$1,354	Subsidiaries, accounted by USD
	Sirius Venture Ltd.	Republic of Seychelles	Investment Holdings	5,364	5,364	167	100	2,468	(620)	(620)	Subsidiaries, accounted by USD

Note 1: The above transactions have been written off when the consolidated financial statement was prepared.

Note 2: For relevant information on investee companies in mainland China, please refer to Table 7.

M31 TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars or United States Dollars)

1. The name of investee companies in mainland China, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment gain or loss, carrying amount of the investment, repatriations of investment income:

Investee Company	Principal Businesses Activities	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2 and Note 3)	Carrying Amount as of December 31, 2020 (Note 2 and Note 3)	Accumulated Repatriation of Investment Income as of December 31, 2020	Note
					Outward	Inward							
M31 Technology (Shanghai) Inc.	Product marketing and technical service	USD100	(2)	$3,340	$ -	$ -	$3,340	($583)	100	($583)	$2,314	$ -	–

2. Limit on the amount of investment in the mainland China area:

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA
$ 3,340	$ 3,340	$ 905,420

Note 1: Three investment methods are listed below. Just mark the method number.

(1) Direct investment in mainland China companies.

(2) Indirect investment in mainland China companies through a company in a third region (Sirius Venture Ltd.).

(3) Other methods of investing in mainland China.

Note 2: Columns for the current Investment Gain (Loss) and the Carrying Value:

Sirius Venture Ltd had recognized the Investment Gain (Loss) on the investment in the Investee Company M31 Technology (Shanghai) Inc. for the year ended December 31, 2020 and the Carrying Value as of December 31, 2020.

Note 3: Calculated based on the audited annual financial report of the parent company in Taiwan.

Note 4: The above transactions have been written off when the consolidated financial statement was prepared.

3. Significant transaction with investee companies in mainland China, either directly or indirectly through a third party:

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None.

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.

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

(4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.

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

(6) 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 receipt of services:

Name of the Related Parties	Relationship with the Company	Transaction Type	Amount	Transaction Details			Notes/accounts receivable (payable)		Unrealized Gain (Loss)
				Unit Price	Payment Term	Comparison with Normal Transactions	Balance	Percentage (%)	
M31 Technology (Shanghai) Inc.	Sub-subsidiary	Service rendering expenses	$813	Contract-based	Net 30 days from the end of the transaction month	No significant differences	$ -	-	$ -

Note: The above transactions have been written off when the consolidated financial statement was prepared.