SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2020 AND 2019

For the convenience of readers and for information purpose only, the 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.

Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of Sigurd Microelectronics Corporation (the "Consolidated FS of the Affiliates"), we represent to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2020 in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are the same as those required to be included in the Consolidated Financial Statements of Sigurd Microelectronics Corporation and its subsidiaries (the "Consolidated FS of the Group") in accordance with International Financial Reporting Standard 10. In addition, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, Sigurd Microelectronics Corporation does not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,
Sigurd Microelectronics Corporation
By

Huang Shin-Yang, Chairman
March 10, 2021

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR 20000441

To the Board of Directors and Shareholders of Sigurd Microelectronics Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Sigurd Microelectronics Corporation and subsidiaries (the "Sigurd Group") as at December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent auditors, as described in the *Other matters* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Sigurd Group as at December 31, 2020 and 2019, and its consolidated financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Sigurd Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are the matters that, in our professional judgement, were of most significance in our audit of consolidated financial statements of the current period. These matters were addressed in the context of our audit of consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on the matters.
Key audit matter for Sigurd Group's consolidated financial statements of the current period is stated as follows:

Capitalisation of property, plant and equipment

<u>Description</u>

Sigurd Group increased its capital expenditure to meet its operational needs. Please refer to Note 4(15) for accounting policies on property, plant and equipment, and Note 6(7) for details of property, plant and equipment. Considering that capitalization of property, plant and equipment is significant to Sigurd Group's consolidated financial statements, thus, we identified the audit of capitalisation of property, plant and equipment as a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures in respect of the above key audit matter:
Assessed and validated the effectiveness of the internal control system over additions to property, plant and equipment and respective timing to commence depreciation, as well as sample tested and examined respective purchase orders and invoices to ensure that transactions were approved accordingly and recognised amounts were accurate. Sample tested and examined the acceptance documents to validate the appropriateness of the timing that assets are ready for use and are recorded in property listing and timely commencement of depreciation recognition.

Other matter – Audited by other independent auditors

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other independent auditors, whose reports thereon have been consolidated furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in the consolidated financial statements was based solely on the reports of other independent auditors. Total assets of those consolidated subsidiaries amounted to NT$330,564 thousand and NT$232,480 thousand, constituting 1.11% and 0.94% of the consolidated total assets as at December 31, 2020 and 2019, respectively, and total operating revenues amounted to NT$212,271 thousand and NT$72,009 thousand, constituting 1.71% and 0.72% of the total operating revenues for the years ended December 31, 2020 and 2019, respectively.

Other matter－Parent company only financial statements

We have also expressed an unqualified opinion on the parent company only financial statements of Sigurd Microelectronics Corporation as of and for the years ended December 31, 2020 and 2019.

Responsibilities of management and those charged with governance for consolidated financial statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal controls as the management determines are 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 Sigurd 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 the management either intends to liquidate the Sigurd Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Sigurd Group's financial reporting process.

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

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

1. Identify and assess the risks of material misstatement of the 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 controls.
2. Obtain an understanding of internal controls 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 Sigurd Group's internal controls.
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 Sigurd 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 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 report. However, future events or conditions may cause the Sigurd 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Sigurd Group to express an opinion on 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 controls 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 those matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter in our 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.

Hsieh, Chih-Cheng	Chiang, Tsai-Yen

For and on behalf of PricewaterhouseCoopers, Taiwan
March 10, 2021

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 5,628,675	19	$ 4,620,939	19
1110	Current financial assets at fair value through profit or loss	6(2)	532,109	2	338,007	1
1136	Current financial assets at amortised cost	6(4)	2,524,164	9	4,299,888	17
1140	Current contract assets	6(18)	109,872	-	120,675	1
1150	Notes receivable, net	6(5)	396	-	672	-
1170	Accounts receivable, net	6(5)	3,303,912	11	3,068,433	12
1180	Accounts receivable - related parties, net	6(5) and 7	3,811	-	5,624	-
1200	Other receivables		32,833	-	58,568	-
1220	Current tax assets		12,532	-	12	-
130X	Inventories	6(6)	185,466	1	169,988	1
1410	Prepayments		667,396	2	272,087	1
1470	Other current assets	8	37,463	-	20,218	-
11XX	**Total current assets**		13,038,629	44	12,975,111	52
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	878,100	3	495,733	2
1535	Non-current financial assets at amortised cost	6(4) and 8	159,813	1	50,700	-
1600	Property, plant and equipment	6(7) and 8	14,629,289	49	10,643,730	43
1755	Right-of-use assets	6(8)	822,847	3	395,929	2
1780	Intangible assets		101,740	-	102,543	1
1840	Deferred tax assets	6(25)	75,345	-	42,234	-
1900	Other non-current assets		108,148	-	37,381	-
15XX	**Total non-current assets**		16,775,282	56	11,768,250	48
1XXX	**Total assets**		$ 29,813,911	100	$ 24,743,361	100

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SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(9) and 8	$ 1,067,131	4	$ 640,712	3
2130	Current contract liabilities	6(18)	19,127	-	10,202	-
2150	Notes payable		2,658	-	2,410	-
2170	Accounts payable		379,746	1	227,422	1
2219	Other payables	6(10)	2,650,287	9	2,261,931	9
2230	Current income tax liabilities		306,627	1	335,686	1
2250	Current provisions		12,321	-	2,794	-
2280	Current lease liabilities	6(29)	488,684	2	98,690	-
2300	Other current liabilities	6(11)(12) and 8	4,012,038	13	3,092,585	13
21XX	**Total current liabilities**		8,938,619	30	6,672,432	27
	Non-current liabilities					
2530	Bonds payable	6(11)	830,801	3	1,162,846	5
2540	Long-term borrowings	6(12) and 8	4,518,748	15	2,840,387	11
2570	Deferred tax liabilities	6(25)	40,931	-	42,490	-
2580	Non-current lease liabilities	6(29)	305,872	1	297,175	1
2600	Other non-current liabilities	6(13)	232,770	1	204,849	1
25XX	**Total non-current liabilities**		5,929,122	20	4,547,747	18
2XXX	**Total liabilities**		14,867,741	50	11,220,179	45
	Equity					
	Equity attributable to owners of parent					
	Share capital	6(14)				
3110	Ordinary share		4,316,114	15	4,206,834	17
	Capital surplus	6(15)				
3200	Capital surplus		715,446	2	923,672	4
	Retained earnings	6(16)				
3310	Legal reserve		1,351,118	5	1,218,457	5
3320	Special reserve		-	-	48,273	-
3350	Unappropriated retained earnings		6,029,494	20	4,822,385	20
	Other equity interest	6(17)				
3400	Other equity interest		284,145	1	34,033	-
31XX	**Equity attributable to owners of parent**		12,696,317	43	11,253,654	46
36XX	**Non-controlling interests**		2,249,853	7	2,269,528	9
3XXX	**Total equity**		14,946,170	50	13,523,182	55
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the reporting period	11				
3X2X	**Total liabilities and equity**		$ 29,813,911	100	$ 24,743,361	100

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

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

			Year ended December 31			
			2020		2019	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(18) and 7	$ 12,428,549	100	$ 10,046,619	100
5000	Operating costs	6(6)(23)(24)	(8,819,196)	(71)	(7,007,157)	(70)
5950	Gross profit from operations		3,609,353	29	3,039,462	30
	Operating expenses	6(23)(24)				
6100	Selling and marketing expenses		(176,411)	(2)	(165,850)	(2)
6200	General and administrative expenses		(671,642)	(5)	(519,405)	(5)
6300	Research and development expenses		(422,555)	(3)	(282,721)	(3)
6450	Net expected credit gain	12(2)	-	-	518	-
6000	Total operating expenses		(1,270,608)	(10)	(967,458)	(10)
6900	Operating profit		2,338,745	19	2,072,004	20
	Non-operating income and expenses					
7100	Interest income	6(19)	52,764	-	77,438	1
7010	Other income	6(20)	66,315	1	46,217	-
7020	Other gains and losses	6(21)	(59,688)	-	(44,104)	-
7050	Finance costs	6(22)	(119,560)	(1)	(80,551)	(1)
7000	Total non-operating income and expenses		(60,169)	-	(1,000)	-
7900	**Profit before income tax**		2,278,576	19	2,071,004	20
7950	Income tax expense	6(25)	(351,987)	(3)	(507,443)	(5)
8000	**Profit from continuing operations**		1,926,589	16	1,563,561	15
8200	**Profit for the year**		$ 1,926,589	16	$ 1,563,561	15

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SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS PER SHARE)

	Items	Notes	2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
			Year ended December 31			
	Other comprehensive (loss) income	6(3)(17)				
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311	Losses on remeasurements of defined benefit plans	6(13)	($ 31,484)	-	($ 13,208)	-
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income		322,367	2	175,607	2
8310	Components of other comprehensive income that will not be reclassified to profit or loss		290,883	2	162,399	2
	Components of other comprehensive loss that will be reclassified to profit or loss	6(17)				
8361	Exchange differences on translation of foreign operations		(147,137)	(1)	(91,218)	(1)
8360	Components of other comprehensive loss that will be reclassified to profit or loss		(147,137)	(1)	(91,218)	(1)
8300	**Other comprehensive income**		$ 143,746	1	$ 71,181	1
8500	**Total comprehensive income**		$ 2,070,335	17	$ 1,634,742	16
	Profit, attributable to:					
8610	Owners of parent		$ 1,783,299	15	$ 1,294,520	12
8620	Non-controlling interests		143,290	1	269,041	3
	Total profit		$ 1,926,589	16	$ 1,563,561	15
	Comprehensive income attributable to:					
8710	Owners of parent		$ 2,005,289	16	$ 1,408,919	14
8720	Non-controlling interests		65,046	1	225,823	2
	Total comprehensive income		$ 2,070,335	17	$ 1,634,742	16
	Basic earnings per share (in dollars)	6(26)				
9750	Basic earnings per share		$ 4.22		$ 3.26	
	Diluted earnings per share (in dollars)	6(26)				
9850	Diluted earnings per share		$ 3.87		$ 3.16	

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

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity Attributable to Owners of The Parent									
				Retained Earnings			Other Equity Interest				
	Notes	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Operations	Unrealised Gains (Losses) from Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total	Non-Controlling Interests	Total Equity
2019											
Balance at January 1, 2019		$ 3,899,558	$ 811,273	$ 1,102,926	$ 44,787	$ 4,018,366	$ 44,081	($ 92,355)	$ 9,828,636	$ 2,061,236	$ 11,889,872
Profit for the year		-	-	-	-	1,294,520	-	-	1,294,520	269,041	1,563,561
Other comprehensive (loss) income for the year	6(3)(17)	-	-	-	-	(10,428)	(50,780)	175,607	114,399	(43,218)	71,181
Total comprehensive income(loss)		-	-	-	-	1,284,092	(50,780)	175,607	1,408,919	225,823	1,634,742
Distribution of 2018 earnings											
Legal reserve	6(16)	-	-	115,531	-	(115,531)	-	-	-	-	-
Special reserve		-	-	-	3,486	(3,486)	-	-	-	-	-
Cash dividends		-	-	-	-	(403,576)	-	-	(403,576)	-	(403,576)
Cash distribution from capital surplus	6(15)(16)	-	(403,576)	-	-	-	-	-	(403,576)	-	(403,576)
Issuance of corporate bonds		-	43,697	-	-	-	-	-	43,697	-	43,697
Conversion of corporate bonds	6(11)(14)(15)	137,276	191,778	-	-	-	-	-	329,054	-	329,054
Issuance of share capital		170,000	280,500	-	-	-	-	-	450,500	-	450,500
Disposal of equity instruments at fair value through other comprehensive income		-	-	-	-	42,520	-	(42,520)	-	-	-
Non-controlling interests		-	-	-	-	-	-	-	-	(17,531)	(17,531)
Balance at December 31, 2019		$ 4,206,834	$ 923,672	$ 1,218,457	$ 48,273	$ 4,822,385	($ 6,699)	$ 40,732	$ 11,253,654	$ 2,269,528	$ 13,523,182
2020											
Balance at January 1, 2020		$ 4,206,834	$ 923,672	$ 1,218,457	$ 48,273	$ 4,822,385	($ 6,699)	$ 40,732	$ 11,253,654	$ 2,269,528	$ 13,523,182
Profit for the year		-	-	-	-	1,783,299	-	-	1,783,299	143,290	1,926,589
Other comprehensive (loss) income for the year	6(3)(17)	-	-	-	-	(28,122)	(72,255)	322,367	221,990	(78,244)	143,746
Total comprehensive income(loss)		-	-	-	-	1,755,177	(72,255)	322,367	2,005,289	65,046	2,070,335
Distribution of 2019 earnings	6(16)										
Legal reserve		-	-	132,661	-	(132,661)	-	-	-	-	-
Reversal of special reserve		-	-	-	(48,273)	48,273	-	-	-	-	-
Cash dividends		-	-	-	-	(463,680)	-	-	(463,680)	-	(463,680)
Cash distribution from capital surplus	6(15)(16)	-	(463,680)	-	-	-	-	-	(463,680)	-	(463,680)
Conversion of corporate bonds	6(11)(14)(15)	109,280	255,454	-	-	-	-	-	364,734	-	364,734
Cash dividends paid to non-controlling interest from subsidiary	4(3)	-	-	-	-	-	-	-	-	(98,354)	(98,354)
Subsidiary's issuance of share capital - increase in non-controlling interests		-	-	-	-	-	-	-	-	14,850	14,850
Non-controlling interests		-	-	-	-	-	-	-	-	(1,217)	(1,217)
Balance at December 31, 2020		$ 4,316,114	$ 715,446	$ 1,351,118	$ -	$ 6,029,494	($ 78,954)	$ 363,099	$ 12,696,317	$ 2,249,853	$ 14,946,170

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

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31, 2020	Year ended December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		$ 2,278,576	$ 2,071,004
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(8)(23)	2,865,109	2,445,848
Amortisation	6(23)	63,250	72,970
Net expected credit gain	12(2)	-	(518)
Net profit on financial assets at fair value through profit or loss	6(2)(21)	(46,228)	(8,020)
Finance costs	6(22)	119,560	80,551
Interest income	6(19)	(52,764)	(77,438)
Dividends income	6(20)	(12,495)	(9,119)
Gain on disposal of property, plant and equipment	6(21)	(22,105)	(37,048)
Impairment of non-financial assets	6(7)(21)	2,083	-
Changes in operating assets and liabilities			
Changes in operating assets			
Current financial assets at fair value through profit or loss		(147,874)	(171,006)
Contract assets		10,150	(27,173)
Notes receivable		276	1,007
Accounts receivable		(264,264)	(893,326)
Accounts receivable-related parties		1,813	11,436
Compensation receivable		-	296,489
Other receivables		20,732	(24,518)
Inventories		(15,561)	(3,320)
Prepayments		(396,247)	(96,090)
Other current assets		(16,889)	44,382
Other non-current assets		(285)	(379)
Changes in operating liabilities			
Contract liabilities		8,939	9,426
Notes payable		248	263
Accounts payable		154,129	13,274
Other payables		358,077	209,262
Provisions		9,949	(5,120)
Other current liabilities		136,402	73,316
Defind benefit liabilities		(789)	(19,795)
Other non-current liabilities		(1,399)	10,842
Cash generated from operations		5,052,393	3,967,200
Interest received		57,018	73,350
Dividends received		12,495	9,119
Interest paid		(118,478)	(87,057)
Income tax paid		(414,451)	(447,522)
Net cash generated from operating activities		4,588,977	3,515,090

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SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	Year ended December 31, 2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 5,061,760)	($ 8,024,254)
Proceed from disposal of financial assets at amortised cost		6,636,660	5,937,592
Acquisition of financial assets at fair value through other comprehensive income		(60,000)	(30,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(3)	-	245,520
Acquisition of property, plant and equipment	6(28)	(6,883,125)	(3,288,873)
Proceeds from disposal of property, plant and equipment		151,632	58,159
Increase in refundable deposits		(5,086)	(9,632)
Decrease in refundable deposits		6,145	-
Acquisition of intangible assets		(61,995)	(24,127)
Net cash inflows from acquisition of subsidiaries	6(27)	-	9,807
Net cash flows used in investing activities		(5,277,529)	(5,125,808)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings		2,901,946	1,519,478
Repayments of short-term borrowings	6(29)	(2,474,973)	(997,604)
Proceeds from issuance of corporate bonds	6(29)	-	1,203,165
Repayments of corporate bonds	6(29)	(400)	-
Proceeds from long-term borrowings	6(29)	13,636,854	10,767,938
Repayments of long-term borrowings	6(29)	(11,175,194)	(9,976,786)
Increase in guarantee deposits received	6(29)	3,032	2,578
Decrease in guarantee deposits received	6(29)	(4,407)	(2,913)
Repayments of lease liabilities	6(29)	(158,112)	(150,697)
Cash dividends paid	6(16)	(463,680)	(403,576)
Cash distribution from capital surplus	6(15)(16)	(463,680)	(403,576)
Cash dividends paid to non-controlling interests	4(3)	(98,354)	(78,683)
Non-controlling interests		(1,217)	-
Proceeds from issuance of share capital	6(14)(15)	-	450,500
Subsidiary's issuance of share capital - increase in non-controlling interests		14,850	-
Net cash flows from financing activities		1,716,665	1,929,824
Effect of changes in exchange rate		(20,377)	(36,772)
Net increase in cash and cash equivalents		1,007,736	282,334
Cash and cash equivalents at beginning of year	6(1)	4,620,939	4,338,605
Cash and cash equivalents at end of year	6(1)	$ 5,628,675	$ 4,620,939

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

SIGURD MICROELECTRONICS CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

Sigurd Microelectronics Corporation (formerly named More Power Electronic Co., Ltd., the “Company”) was established in the Republic of China (R.O.C.) on December 15, 1988. In 1998, the Company acquired Sigurd Corporation, via assets purchase (the acquired company was liquidated and dissolved after the merger), in order to expand and provide turnkey assembly and testing services to customers. The name of the Company was changed to Sigurd Microelectronics Corporation on November 27, 1998. The main business activities of the Company and its subsidiaries (collectively referred herein as “Sigurd Group” or the “Group”) include the design, processing, testing, burn-in treatment, manufacture, trading, etc., of integrated circuits.

On February 11, 2004, the Company’s Board of Directors resolved to acquire Ucomm Caesar Technology Co., Ltd., whose main business was RF testing. The Company is the surviving company and Ucomm Caesar Technology Co., Ltd. is the dissolved company. After the merger, the Company’s name was retained. The effective date for the merger was March 1, 2005.

On December 30, 2005, the Company’s Board of Directors resolved to acquire ASI Semiconductor Co., Ltd., whose main business was integrated circuit testing. The Company is the surviving company and ASI Semiconductor Co., Ltd. is the dissolved company. After the merger, the Company’s name was retained. The effective date for the merger was June 12, 2006.

On May 8, 2013, the Company’s Board of Directors resolved to acquire Meicer Semiconductor Co., Ltd., whose main business was integrated circuits packaging. The Company is the surviving company and the effective date for the merger was May 31, 2013.

2. THE DATE OF AND PROCEDURES FOR AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were authorised for issuance by the Board of Directors on March 10, 2021.

3. APPLICATION OF NEW AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS

(1) Effect of the adoption of new or amended International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board ("IASB")
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

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

The above standards and interpretations have no significant impact to Sigurd Group's financial position and financial performance based on Sigurd Group's assessment.

(2) Effect of new or amended IFRSs as endorsed by the FSC but not yet adopted

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest rate benchmark reform - phase 2'	January 1, 2021

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

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

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

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

The above standards and interpretations have no significant impact to Sigurd Group's financial position and financial performance based on Sigurd Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRS and relevant laws and requirements" or "IFRSs").

(2) Basis of preparation

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

(a) Financial assets and financial liabilities at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit liabilities recognised based on the net amount of pension funds assets less present value of defined benefit obligation.

B. The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying Sigurd Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in Sigurd Group's consolidated financial statements. Subsidiaries are all entities controlled by Sigurd Group. Sigurd Group controls an entity when Sigurd Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date Sigurd Group obtains control of the subsidiaries and ceases when Sigurd Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within Sigurd Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by Sigurd Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2020	Ownership (%) December 31, 2019	Description
Sigurd Microlectronics Corporation	Sigurd International Co., Ltd.	Investment company	100	100	-
Sigurd Microlectronics Corporation	Brugurd Co., Ltd.	International trade company	100	100	-
Sigurd Microlectronics Corporation	TEST-SERV Inc.	Semiconductor assembly and testing	100	100	-
Sigurd Microlectronics Corporation	Bloomeria Limited	Investment company	100	100	-
Sigurd Microlectronics Corporation	AMBERSAN Medical Technology Co., Ltd.	Medical equipment manufacturing and sales	55	55	Note 1
Sigurd Microlectronics Corporation	Flatek, Inc.	Digital information supply service	58.77	58.77	Note 3
Sigurd Microlectronics Corporation	Flusol Co., Ltd.	Investment company	96.66	96.66	Note 4
Sigurd Microlectronics Corporation	Ge-Shing Cooperation	Investment company	0.65	-	Note 6 and Note 7
Sigurd International Co., Ltd.	Sigurd Microelectronics (Cayman) Co., Ltd.	International trade company	78.33	78.33	-
Sigurd International Co., Ltd.	Flusol Co., Ltd.	Investment company	3.34	3.34	Note 4
Flusol Co., Ltd.	Flusol (Shenzhen) Co., Ltd.	Commodity broker, commodity brokerage, and integrated circuits design	-	100	Note 5
Flusol Co., Ltd.	SIRIZE Technology (Suzhou) Corp.	Design of testing application for integrated circuits and advanced service of circuits testing	100	100	Note 2

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2020	Ownership (%) December 31, 2019	Description
Sigurd Microelectronics (Cayman) Co., Ltd.	Sigurd Micro Electronics (Wuxi) Co., Ltd.	Manufacture and sales of microelectronic products	100	100	-
Bloomeria Limited	Winstek Semiconductor Co., Ltd.	Research, design and testing of integrated circuits	-	51.88	Note 7
Bloomeria Limited	Ge-Shing Cooperation	Investment company	99.35	-	Note 7
Ge-Shing Cooperation	Winstek Semiconductor Co., Ltd.	Research, design and testing of integrated circuits	51.90	-	Note 7
TEST-SERV Inc.	Winstek Semiconductor Co., Ltd.	Research, design and testing of integrated circuits	0.03	0.03	-
Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	Services of turnkey wafer bumping and wafer level packaging	100	100	-
FLATEK, INC.	OPS Electronic Limited	Investment company	100	100	Note 3
FLATEK, INC.	TPFUSION, INC.	Digital information supply service	75	75	Note 3
FLATEK, INC.	Valuenet International Limited	Digital information supply service	100	100	Note 3
OPS Electronic Limited	OPS Electronic (ShenZhen) Limited	Manufacture and sales of IC programmers and its parts, IC copiers, components for chip testers and electronic components	100	100	Note 3
TPFUSION INC.	TPfusion Corp.	Digital information supply service	98	98	Note 3

Note 1: AMBERSAN Medical Technology Co., Ltd. was established on September 19, 2019. The Company invested $36,300 to obtain its 55% shareholding.

Note 2: Flusol Co., Ltd. established SIRIZE Technology (Suzhou) Corp. in November 2019.

Note 3: On September 6, 2019, the Company completed the acquisition of 58.77% shareholding of FLATEK, INC. with consideration of $100,000 in cash. Since then, FLATEK, INC.'s subsidiaries were included in Sigurd Group's consolidated financial statements.

Note 4: Flusol Co., Ltd., a foreign subsidiary, originally wholly-owned by Sigurd International Co., Ltd., increased its capital by cash, amounting to US$ 45,000 thousand. The Company has made the investment directly by remitting US$ 45,000 thousand (NT$ 1,359,700) as Flusol Co., Ltd.'s capital. As of December 31, 2020, the Company held 96.66% shareholding of Flusol Co., Ltd.

Note 5: On February 27, 2020, Flusol (Shenzhen) Co., Ltd. has completed its deregistration as approved by the Investment Commission of the Ministry of Economic Affairs and remitted the residual property amounting to US$258,990 to Flusol Co., Ltd.

Note 6: Ge-Shing Cooperation was established on March 12, 2020. The Company invested $10,000 to obtain its 100% shareholding.

Note 7: To improve the overall operating efficiency of Sigurd Group, on July 6, 2020, Bloomeria Limited, the subsidiary of the Company, swapped all 70,694,438 shares it held in Winstek Semiconductor Technology Co., Ltd. (consisting approximately 51.88% of the total shares issued) for new shares issued from capital increase of the wholly-owned subsidiary of the Company, Ge-Shing Cooperation. After the swap, the Company and Bloomeria Limited hold 0.65% and 99.35% shareholdings in Ge-Shing Cooperation, respectively.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to Sigurd Group:

As of December 31, 2020, and 2019, the non-controlling interests amounted to $2,250,054 and $2,269,528, respectively. The information on non-controlling interests and respective subsidiaries is as follows:

		Non-controlling interest				
		December 31, 2020		December 31, 2019		
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)	Description
Winstek Semiconductor Co., Ltd. and its Subsidiary	Taiwan	$2,155,855	48.10%	$2,192,456	48.12%	-

Summarised financial information of subsidiaries:

Balance sheets

	Winstek Semiconductor Co., Ltd. and Subsidiary	
	December 31, 2020	December 31, 2019
Current assets	$ 3,813,896	$ 4,206,648
Non-current assets	1,879,064	2,209,397
Current liabilities	(639,675)	(889,134)
Non-current liabilities	(323,892)	(637,915)
Total net assets	$ 4,729,393	$ 4,888,996

Statements of comprehensive income

	Winstek Semiconductor Co., Ltd. and Subsidiary	
	Year ended December 31, 2020	Year ended December 31, 2019
Revenue	$ 2,613,534	$ 2,942,669
Profit before income tax	227,746	740,633
Income tax expense	(18,348)	(172,990)
Profit from continuing operations	209,398	567,643
Profit for the year	209,398	567,643
Other comprehensive loss, net of tax	(164,609)	(89,544)
Total comprehensive income for the year	$ 44,789	$ 478,099
Comprehensive income attributable to non-controlling interests	$ 21,543	$ 230,061
Dividends paid to non-contronlling interests	$ 98,354	$ 78,683

Statements of cash flows

	Winstek Semiconductor Co., Ltd. and Subsidiary	
	Year ended December 31, 2020	Year ended December 31, 2019
Net cash provided by operating activities	$ 1,197,431	$ 1,013,720
Net cash used in investing activities	(66,554)	(1,510,906)
Net cash used in financing activities	(489,838)	(335,765)
Effect of exchange rates on cash and cash equivalents	(6,835)	(11,122)
Increase (decrease) in cash and cash equivalents	634,204	(844,073)
Cash and cash equivalents, beginning of year	431,419	1,275,492
Cash and cash equivalents, end of year	$ 1,065,623	$ 431,419

(4) Foreign currency translation

Items included in the consolidated financial statements of each of Sigurd Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollar, which is the Company's functional and Sigurd Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "Other gains and losses".

B. Translation of foreign operations

(a) The operating results and financial position of all Sigurd Group entities, that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet; and

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income (loss).

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when Sigurd Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Sigurd Group classifies the assets which do not meet the above criteria as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Sigurd Group classifies the liabilities which do not meet the above criteria as non-current liabilities.

(6) Cash equivalents

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

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, Sigurd Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. Sigurd Group subsequently measures the financial assets at fair value and recognises the gain or loss in profit or loss.

D. Sigurd Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to Sigurd Group and the amount of the dividend can be measured reliably.

(8) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which Sigurd Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of Sigurd Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, Sigurd Group measures the financial assets at fair value plus transaction costs. Sigurd Group subsequently measures the financial assets at fair value:

(a) The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as income when the right to receive payment is established, future economic benefits associated with the dividend will flow to Sigurd Group and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(9) Financial assets at amortised cost

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of Sigurd Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. At initial recognition, Sigurd Group measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised or impaired.

D. Sigurd Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(10) Accounts and notes receivable

A. Accounts and notes receivable entitle Sigurd Group a legal right to receive consideration in exchange for transferred goods or rendered services.

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

(11) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost, at each reporting date, Sigurd Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, Sigurd Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

Sigurd Group derecognises a financial asset when one of the following conditions is met:

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

B. The contractual rights to receive cash flows of the financial asset have been transferred and Sigurd Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, Sigurd Group has not retained control of the financial asset.

(13) Operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Inventories

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

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Sigurd Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting policies, changes in accounting estimates and errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	4 ~ 60 years
Machinery and equipment	1 ~ 8 years
Office equipment	3 ~ 6 years
Other equipment	1 ~ 11 years

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

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

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

Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable; and

(b) The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date; and

(c) Any initial direct costs incurred by the lessee.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Intangible assets

A. Technical rights

Technical rights are recognised by acquisition cost and amortised over the estimated useful life of 7 years using the straight-line method based on economic benefits or contractual terms.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

(18) Impairment of non-financial assets

Sigurd Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognised.

(19) Borrowings

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

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(20) Notes and accounts payable

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

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

(21) Convertible bonds payable

Convertible bonds issued by Sigurd Group contain conversion options (that is, the bondholders have the right to convert the bonds into Sigurd Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares). Sigurd Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity in accordance with the contract terms. They are accounted for as follows:

A. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to “Finance costs” over the period of circulation using the effective interest method.

B. The embedded conversion options which meet the definition of equity are initially recognised in “Capital surplus—share options” at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

C. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

D. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and “Capital surplus—share options”.

(22) Provisions

A. Provisions are recognised when Sigurd Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense.

B. In the process of service provision, customers were unable to sell their products due to Sigurd Group’s operational errors or poor product yield. Sigurd Group has assessed the liability for compensation when facts occur, and therefore has estimated related expenses and the provision for the recognition of liabilities. The provision is measured based on historical data and all possible outcomes.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with Sigurd Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, Sigurd Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Other long-term employee benefit

Sigurd Group has long-term employee benefits in addition to the pension plans. Its net obligation is calculated by using projected unit credit method. It is measured by discounting the amount of future benefits earned by the employees from current or past services less the fair value of any relevant assets. The discounting rate adopts the interest rates of government bonds (at the balance sheet date) with terms to maturity approximating to the terms of Sigurd Group's obligations. All actuarial gains and losses are recognised as profit and loss in the current period.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by Sigurd Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. A deferred tax assets shall be recognised for the carry forward of unused tax credits resulting from acquisitions of equipment or technology and research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Share capital

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

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

(26) Dividends

Dividends are recorded in Sigurd Group's financial statements in the period in which they are resolved by Sigurd Group's shareholders. Cash dividends are recorded as liabilities, stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

A. Sales of goods

(a) Sigurd Group manufactures and sells electronic components. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or Sigurd Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discount. The estimation is subject to an assessment at each reporting date. A refunds liability is recognised for expected sales discounts and allowances payable to customers in relation to sales made until the end of the reporting period.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Provision of services

(a) Sigurd Group provides the services of research and design, engineering and testing of integrated circuits as well as the related services such as wafer bumping and wafer assembly services. An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; (b) the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. The testing and packaging services provided by Sigurd Group are in compliance with the (b) above, and shall be gradually recognised as revenue over time, and recognised as revenue via the progress towards satisfication of completion performance obligation.

(b) Since the time interval between the transfer of the promised goods or services to the customer and payment by the customer has not exceeded one year, Sigurd Group has not adjusted the transaction price to reflect the time value of money.

C. Compensatory revenue

Sigurd Group reserves its capacity to provide customers with wafer bumping and testing services of integrated circuits. During the term of the contract, the customer's purchase volume did not reach the minimum annual purchase amount mutually agreed upon in the contract. Sigurd Group may claim compensation for the difference between retained production capacity and purchased amount in accordance with the terms stipulated in the contract. Compensatory revenue from the difference is fulfilled though the transfer of each of the performance obligations and is recognised accordingly.

(28) Government grants

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

(29) Business combinations

A. Sigurd Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed, and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, Sigurd Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquiree recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Sigurd Group's chief operating decision maker, has been identified as Board of Directors who is responsible for allocating resources and assessing performance of the operating segments.

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

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

(1) Critical judgements in applying Sigurd Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and revolving funds	$ 4,387	$ 3,323
Checking accounts and demand deposits	3,266,457	2,257,967
Time deposits	2,357,831	2,359,649
	$ 5,628,675	$ 4,620,939

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

B. Sigurd Group has no cash and cash equivalents pledged to others.

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

	December 31, 2020	December 31, 2019
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ -	$ 2,411
Beneficiary certificates	334,678	175,113
Corporate bonds	143,480	122,732
Convertible bonds	18,906	40,290
	497,064	340,546
Valuation adjustment	35,045	(2,539)
	$ 532,109	$ 338,007

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

	Year ended December 31,	
	2020	2019
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 265	$ 481
Beneficiary certificates	16,904	8,191
Corporate bonds	2,455	(1,595)
Convertible bonds	26,604	943
	$ 46,228	$ 8,020

B. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Notes 12(2) and (3).

(3) Financial assets at fair value through other comprehensive income

Items	December 31, 2020	December 31, 2019
Non-current items:		
Equity instruments		
Listed stocks	$ 150,000	$ 90,000
Unlisted stocks	365,000	365,000
	515,000	455,000
Valuation adjustment	363,100	40,733
	$ 878,100	$ 495,733

A. Sigurd Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $878,100 and $495,733 as at December 31, 2020 and 2019, respectively.

B. During the year ended December 31, 2019, Sigurd Group sold $245,520 of unlisted stocks at fair value and resulted in cumulative gains of $42,520 on disposal and was recognised directly to retained earnings. Additionally, Sigurd Group did not sell any financial assets at fair value through other comprehensive income during the year ended December 31, 2020.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	Year ended December 31,	
	2020	2019
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 322,367	$ 175,607
Cumulative gains reclassified to retained earnings due to derecognition	$ -	($ 42,520)
Dividend income recognised in profit or loss held at end of year	$ 12,362	$ 9,000

D. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by Sigurd Group was $878,100 and $495,733, respectively.

E. Information relating to price risk and fair value of financial assets at fair value through other comprehensive income is provided in Notes 12(2) and (3).

(4) Financial assets at amortised cost

Items	December 31, 2020	December 31, 2019
Current items:		
Time deposits	$ 2,524,164	$ 4,299,888
Non-current items:		
Demand deposits	$ 81,203	$ -
Time deposits	48,610	20,700
Corporate bonds	30,000	30,000
	$ 159,813	$ 50,700

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Year ended December 31,	
	2020	2019
Interest income	$ 26,957	$ 43,262

B. As of December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by Sigurd Group was $2,683,978 and $4,350,588, respectively.

C. On December 31, 2020, demand deposits amounting to $81,203, which were pledged for the guarantee purpose of issuing usance L/C, were shown as "Non-current financial assets at amortised cost". Please refer to Notes 6(12) and 8 for details. Additionally, on December 31, 2019, there were no demand deposits pledged for the guarantee purpose of issuing usance L/C.

D. On December 31, 2020 and 2019, time deposits amounting to $48,610 and $20,700, respectively, which were restricted for the purpose of customs guarantee and participation of government grants program guarantee were shown as "Non-current financial assets at amortised cost". Please refer to Note 8 for details.

E. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(5) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 396	$ 672
Accounts receivable	$ 3,351,683	$ 3,122,272
Accounts receivable - related parties	3,811	5,624
	3,355,494	3,127,896
Less: Loss allowance	(47,771)	(53,839)
	$ 3,307,723	$ 3,074,057

A. As of December 31, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2019, the balance of receivables from contracts with customers amounted to $2,414,782.

B. The ageing analysis of accounts receivable and notes receivable is as follows:

	December 31, 2020		December 31, 2019	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ 3,219,977	$ 396	$ 2,635,159	$ 672
Up to 30 days	82,306	-	292,603	-
31 to 90 days	4,305	-	143,614	-
91 to 180 days	509	-	2,607	-
Over 180 days	48,397	-	53,913	-
	$ 3,355,494	$ 396	$ 3,127,896	$ 672

The above ageing analysis was based on past due date.

C. As at December 31, 2020 and 2019, without taking into account other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents Sigurd Group's notes receivable was $396 and $672, respectively, and the maximum exposure to credit risk in respect of Sigurd Group's accounts receivable was $3,307,723 and $3,074,057, respectively.

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

(6) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 119,580	($ 5,895)	$ 113,685
Supplies	60,156	(2,498)	57,658
Work in progress	9,225	(1,036)	8,189
Merchandises and finished goods	6,860	(926)	5,934
	$ 195,821	($ 10,355)	$ 185,466

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 88,626	($ 8,541)	$ 80,085
Supplies	61,208	(324)	60,884
Work in progress	7,483	(454)	7,029
Merchandises and finished goods	27,542	(5,552)	21,990
	$ 184,859	($ 14,871)	$ 169,988

The cost of inventories recognised as expense for the year:

	Year ended December 31,	
	2020	2019
Cost of goods sold	$ 8,823,676	$ 6,995,169
Inventory valuation (gain) loss	(4,434)	8,334
Inventory scrapped	1,673	6,771
Revenue from sale of scarpped inventories	(1,636)	(2,971)
Net exchange differences	(83)	(146)
	$ 8,819,196	$ 7,007,157

Sigurd Group recognised inventory valuation gain for the year ended December 31, 2020 because some of the inventories previously written down were consumed or sold.

(7) Property, plant and equipment

2020	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1							
Cost	$ 844,353	$ 2,594,643	$ 21,215,491	$ 257,251	$ 2,234,126	$ 804,938	$ 27,950,802
Accumulated depreciation and impairment	-	(1,182,183)	(14,534,908)	(177,783)	(1,412,198)	-	(17,307,072)
	$ 844,353	$ 1,412,460	$ 6,680,583	$ 79,468	$ 821,928	$ 804,938	$ 10,643,730
2020							
At January 1	$ 844,353	$ 1,412,460	$ 6,680,583	$ 79,468	$ 821,928	$ 804,938	$ 10,643,730
Additions	-	643,865	4,618,695	143,390	216,698	1,235,766	6,858,414
Disposals	-	(244)	(128,093)	(14)	(994)	(182)	(129,527)
Depreciation	-	(63,271)	(2,416,318)	(55,539)	(200,706)	-	(2,735,834)
Impairment loss	-	-	(2,083)	-	-	-	(2,083)
Reclassifications (Note)	-	880	773,060	-	21,737	(790,514)	5,163
Net exchange differences	-	14,344	(28,819)	(15)	(5,017)	8,933	(10,574)
At December 31	$ 844,353	$ 2,008,034	$ 9,497,025	$ 167,290	$ 853,646	$ 1,258,941	$ 14,629,289
At December 31, 2020							
Cost	$ 844,353	$ 3,254,658	$ 24,827,007	$ 366,435	$ 2,369,687	$ 1,258,941	$ 32,921,081
Accumulated depreciation and impairment	-	(1,246,624)	(15,329,982)	(199,145)	(1,516,041)	-	(18,291,792)
	$ 844,353	$ 2,008,034	$ 9,497,025	$ 167,290	$ 853,646	$ 1,258,941	$ 14,629,289

2019	Land	Buildings and structures	Machinery and equipment	Office equipment	Other equipment	Construction in progress and equipment to be inspected	Total
At January 1							
Cost	$ 844,353	$ 2,555,433	$ 19,721,049	$ 264,984	$ 2,138,435	$ 653,941	$ 26,178,195
Accumulated depreciation and impairment	-	(1,107,282)	(14,370,804)	(192,239)	(1,429,432)	-	(17,099,757)
	$ 844,353	$ 1,448,151	$ 5,350,245	$ 72,745	$ 709,003	$ 653,941	$ 9,078,438
2020							
At January 1	$ 844,353	$ 1,448,151	$ 5,350,245	$ 72,745	$ 709,003	$ 653,941	$ 9,078,438
Additions	-	8,014	2,804,770	54,408	226,739	776,100	3,870,031
Disposals	-	-	(19,659)	(1)	(1,451)	-	(21,111)
Acquired through business combinations	-	-	11,239	5	31,205	2,575	45,024
Depreciation	-	(77,805)	(1,998,617)	(47,969)	(167,324)	-	(2,291,715)
Reclassifications (Note)	-	35,100	554,363	412	28,187	(619,142)	(1,080)
Net exchange differences	-	(1,000)	(21,758)	(132)	(4,431)	(8,536)	(35,857)
At December 31	$ 844,353	$ 1,412,460	$ 6,680,583	$ 79,468	$ 821,928	$ 804,938	$ 10,643,730
At December 31, 2019							
Cost	$ 844,353	$ 2,594,643	$ 21,215,491	$ 257,251	$ 2,234,126	$ 804,938	$ 27,950,802
Accumulated depreciation and impairment	-	(1,182,183)	(14,534,908)	(177,783)	(1,412,198)	-	(17,307,072)
	$ 844,353	$ 1,412,460	$ 6,680,583	$ 79,468	$ 821,928	$ 804,938	$ 10,643,730

Note: In 2020, the transfers-in of machinery and equipment amounted to $773,060, of which $6,010 was transferred from prepayments for equipment (shown as “Other non-current assets”); additionally, the transfers-out of construction in progress and equipment to be inspected amounted to $790,514, of which $847 was transferred to prepaid expenses (shown as “Prepayments”.)

In 2019, the transfers-out of construction in progress and equipment to be inspected amounted to $619,142, of which $1,080 was transferred to prepaid expenses (shown as “Prepayments”.)

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

	Year ended December 31,			
	2020		2019	
Amount capitalised	$	17,904	$	15,237
Range of the interest rates for capitalisation		0.55%~1.39%		1.06%~1.39%

B. The significant components of buildings and structures include buildings, laboratory and facility equipment, which are depreciated over 50 to 60 years.

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

D. As of December 31, 2020 and 2019, the area of the land amounting to 12,061 square meters held by Sigurd Group was a farming and grazing land held in the name of others. Sigurd Group has obtained the mortgage set by the landowner to secure Sigurd Group’s right on the untransferred part of the land.

(8) Leasing arrangements－lessee

A. Sigurd Group leases various assets, including buildings, machinery and equipment and transportation equipment for the purposes of manufacture and operations. Lease agreements are typically made for periods of 1 to 12 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Short-term leases consisted of machinery and equipment and transportation equipment leased by Sigurd Group with lease terms no more than 12 months, and low-value assets are comprised of office equipment.

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

	Year ended December 31,	
	2020	2019
	Carrying amount	Carrying amount
Buildings	$ 192,151	$ 200,746
Machinery and equipment	616,687	180,611
Transportation equipment (business vehicles)	14,009	14,572
	$ 822,847	$ 395,929

	Year ended December 31,	
	2020	2019
	Depreciation	Depreciation
Buildings	$ 39,812	$ 18,563
Machinery and equipment	79,432	129,070
Transportation equipment (business vehicles)	10,031	6,500
	$ 129,275	$ 154,133

D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets was $556,209 and $380,832, respectively.

E. The information on profit and loss accounts relating to lease agreements is as follows:

	Years ended December 31,	
	2020	2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 20,920	$ 5,869
Expense on short-term lease agreements	253,693	137,259
Expense on leases of low-value assets	9,082	8,373

F. For the years ended December 31, 2020 and 2019, Sigurd Group's total cash outflow for leases were $441,087 and $293,881, respectively.

(9) Short-term borrowings

Type of borrowings	December 31, 2020	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 1,029,399	0.69%~2.57%	None
Secured borrowings	37,732	0.63%~0.84%	Land and plant
	$ 1,067,131		

Type of borrowings	December 31, 2019	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	$ 627,062	1.28%~3.01%	None
Secured borrowings	13,650	2.75%	Current deposit (shown as “Other current assets”)
	$ 640,712		

(10) Other payables

	December 31, 2020	December 31, 2019
Accrued salaries and bonuses	$ 561,792	$ 486,588
Accrued employees’ compensation and directors’ remuneration	328,614	283,725
Payable for equipment and construction	866,979	820,160
Others	892,902	671,458
	$ 2,650,287	$ 2,261,931

(11) Bonds payable

	December 31, 2020	December 31, 2019
Bonds payable	$ 1,200,000	$ 2,400,000
Less: Bonds payable converted	(352,500)	(1,180,000)
Less: Discount on bonds payable	(16,699)	(37,219)
	830,801	1,182,781
Less: Current portion (shown as “Other current liabilities”)	-	(19,935)
	$ 830,801	$ 1,162,846

A. To raise the capital for acquiring machinery and equipment, the Board of Directors of the Company resolved to issue the 2nd unsecured convertible bonds on March 8, 2017, which had been approved by the FSC. The aforementioned unsecured convertible bonds were priced on April 14, 2017 and were issued on April 24, 2017. The major terms of issuance are as follows:

(a) Issue amount: Issued at 100.5% of par value of $100. The units for this offering were 12,000, with aggregated offering amount of $1,206,000.

(b) Issuance duration: Three years; from on April 24, 2017 to April 24, 2020.

(c) Coupon rate and principal payment method: The coupon rate is 0% per annum. Except for converting the corporate bonds into the Company’s ordinary share by the holder or redemption and written off by the Company through a securities firm, the Company shall repay the nominal amount of the bonds via cash in one lump sum at the time of maturity.

(d) Conversion period: Except for exercising the right of conversion, provided by the law, or due to a transfer suspension period stipulated in a contract (if any); the corporate bonds held by the bondholders shall be converted into ordinary shares of the Company from three months after the issuance (July 25, 2017) until the maturity date (April 24, 2020). The conversion deadline of the 2nd domestic unsecured convertible bonds for bondholders was April 9, 2020 due to the handling of 2020 general shareholders' meeting according to the Article 9 of related provisions of the issuance and conversion method.

(e) Conversion price and its adjustment: The conversion price at the time of issuance is set at $28.70 (in dollars) per share. However, in case of ex-rights or ex-dividends after the issuance, the closing price used to calculate the conversion price shall first be calculated as the price after ex-rights or ex-dividends. After the conversion price is determined and prior to the actual issuance date, it should be adjusted according to the conversion price adjustment formula in case of ex-dividend or ex-rights. Because the Company has issued the cash dividends according to the provisions of the issuance and conversion method, the conversion price should be adjusted. The conversion price was adjusted from $28.7 (in dollars) to $27 (in dollars) on August 13, 2017; and the conversion price was adjusted from $27 (in dollars) to $25.8 (in dollars) on July 15, 2018; and the conversion price was adjusted from $25.8 (in dollars) to $24 (in dollars) on July 21, 2019; and the conversion price was adjusted from $24 (in dollars) to $23.7 (in dollars) on November 15, 2019.

(f) The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(g) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of 2nd unsecured convertible bonds, the equity conversion options amounting to $47,428 were separated from the liability component and were recognised in "Capital surplus—share options" in accordance with IAS 32.

C. Trough conversion deadline, April 9, 2020, the bonds totaling $1,199,600 (face value) had been converted into 46,023,851 shares of common stock. The remaining unconverted bonds amounting to $400 (face value) were redeemed in cash at face value at the maturity date according to the Article 6 of provisions of the issuance and conversion method of the 2nd domestic unsecured convertible bonds.

D. To raise the capital for acquiring machinery and equipment, the Board of Directors of the Company resolved to issue the 3rd domestic unsecured convertible bonds on August 7, 2019, which had been approved by the FSC. The aforementioned unsecured convertible bonds were priced on October 3, 2019 and were issued on October 15, 2019. The major terms of issuance are as follows:

(a) Issue amount: Issued at 100.5% of par value of $100. The units for this offering were 12,000, with aggregated offering amount of $1,206,000.

(b) Issuance duration: Three years, from October 15, 2019 to October 15, 2022.

(c) Coupon rate and principal payment method: The coupon rate is 0% per annum. Except for converting the corporate bonds into the Company's ordinary share by the holder or redemption and written off by the Company through a securities firm, the Company shall repay the nominal amount of the bonds via cash in one lump sum at the time of maturity.

(d) Conversion period: Except for exercising the right of conversion, provided by the law, or due to a transfer suspension period stipulated in a contract (if any); the corporate bonds held by the bondholders shall be converted into ordinary shares of the Company from three months after the issuance (January 16, 2020) until the maturity date (October 15, 2022).

(e) Conversion price and its adjustment: The conversion price at the time of issuance is set at $37 (in dollars) per share. However, in case of ex-rights or ex-dividends after the issuance of the Company's bonds, the closing price used to calculate the conversion price shall first be calculated as the price after ex-rights or ex-dividends. Afer the conversion price is determined and prior to the actual issuance date, it should be adjusted according to the conversion price adjustment formula in case of ex-dividend or ex-rights. Because the Company has issued the cash dividends according to the provisions of the issuance and conversion method, the conversion price should be adjusted. The conversion price was adjusted from $37 (in dollars) to $36.6 (in dollars) on November 15, 2019; and the conversion price was adjusted from $36.6 (in dollars) to $34.8 (in dollars) on August 2, 2020.

(f) The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

(g) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

E. Regarding the issuance of 3rd unsecured convertible bonds, the equity conversion options amounting to $43,697 were separated from the liability component and were recognised in "Capital surplus—share options" in accordance with IAS 32.

F. As of December 31, 2020, the 3rd domestic unsecured convertible bonds totaling $352,500 thousand (face value) had been converted into 10,100,988 shares of common stock.

(12) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2020
Long-term bank borrowings				
Secured borrowings	Borrowing period is from July 18, 2019 to July 29, 2025; principal and interest are repayable by instalments	1.01%~1.25%	Demand deposits 、Land, plant and machinery and equipment	$ 870,832
Credit borrowings	Borrowing period is from May 18, 2018 to December 1, 2025; principal and interest are repayable by instalments	0.60%~4.75%	None	7,434,489
				8,305,321
Less: Current portion				(3,786,573)
				$ 4,518,748

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral		December 31, 2019
Long-term bank borrowings					
Secured borrowings	Borrowing period is from July 18, 2019 to September 26, 2024; principal and interest are repayable by instalments	1.20%~2.85%	Property, plant and machinery and equipment	$	847,937
Secured borrowings	Borrowing period is from February 13, 2017 to June 5, 2022; principal and interest are repayable by instalments	2.840%	Demand deposits		8,055
Credit borrowings	Borrowing period is from February 13, 2017 to September 15, 2023; principal and interest are repayable by instalments	1.20%~2.84%	None		4,968,184
					5,824,176
Less: Current portion				(	2,983,789)
				$	2,840,387

For the years ended December 31, 2020 and 2019, interest expenses arising from long-term and short-term bank borrowings amounted to $99,162 and $83,096, respectively.

Secured borrowings

According to the signed loan agreements, the following financial ratios and terms should be maintained before the full settlement of the debts:

A. Current ratio: the net current assets divided by the net current liabilities in the consolidated financial statements shall not be less than 120%.
B. Debt ratio: the total net liabilities plus contingent liabilities divided by net tangible assets shall not be more than 100%.
C. Net tangible assets shall not be less than $11 billion.

D. Times interest earned: the net profit before tax plus interest expenses, depreciation expenses and amortisation expenses divided by interest expenses of consolidated financial statements shall be more than three.
E. The purpose of bank borrowings shall be acquisition of equipment and working capital.
F. SIRIZE Technology (Suzhou) Corp. shall pledge demand deposits as collateral for the debt obligations of the issuing long-term usance L/C. The guarantee for issuing usance L/C refers to 100% of the sum of issuing amount and other additional amount (if any). As of December 31, 2020, demand deposits pledged to others as collateral for the guarantee purpose of issuing long-term usance L/C by SIRIZE Technology (Suzhou) Corp. amounted to $81,203.

The abovementioned ratios were calculated based on the annual or quarterly consolidated financial statements audited or reviewed by the independent accountants. The 2020 and 2019 consolidated financial statements met the requirements of the abovementioned ratios.

Credit borrowings

According to the signed loan agreements, the following financial ratios and terms should be maintained before the full settlement of the debts:

A. Current ratio: the net current assets divided by the net current liabilities in the consolidated financial statements shall not be less than 100%.
B. Debt ratio: the total net liabilities plus contingent liabilities divided by net tangible assets shall not be more than 80%.
C. Debt to asset ratio: the total net liabilities divided by total net assets shall not be more than 70%
D. Times interest earned: the net profit before tax plus interest expenses, depreciation expenses and amortization expenses divided by interest expenses in the consolidated financial statements shall not be less than fifteen.
E. Shares of Winstek Semiconductor Co., Ltd. held by the Company shall not be less than 50%.
F. Net tangible assets shall not be less than $10 billion.
G. The balance of deposits of Winstek Semiconductor Co., Ltd. and its subsidiaries at the contracted bank over the recent three months on average shall not be less than $ 60 million.

The abovementioned ratios were calculated based on the annual or quarterly consolidated financial statements audited or reviewed by the independent accountants. The 2020 and 2019 consolidated financial statements met the requirements of the abovementioned ratios.

(13) Pensions

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

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

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	($ 373,585)	($ 338,719)
Fair value of plan assets	154,299	146,967
Net defined benefit liabilities	($ 219,286)	($ 191,752)

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

	2020		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
At January 1	($ 338,719)	$ 146,967	($ 191,752)
Current service cost	(1,588)	-	(1,588)
Interest (expense) income	(4,065)	1,735	(2,330)
	(344,372)	148,702	(195,670)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,121	4,121
Change in demographic assumptions	(825)	-	(825)
Change in financial assumptions	(19,141)	-	(19,141)
Experience adjustments	(15,639)	-	(15,639)
	(35,605)	4,121	(31,484)
Pension fund contribution	-	7,868	7,868
Paid pension	6,392	(6,392)	-
At December 31	($ 373,585)	$ 154,299	($ 219,286)

	2019		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
At January 1	($ 316,978)	$ 135,195	($ 181,783)
Current service cost	(1,889)	-	(1,889)
Interest (expense) income	(4,392)	1,904	(2,488)
	(323,259)	137,099	(186,160)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	4,190	4,190
Change in demographic assumptions	(3,034)	-	(3,034)
Change in financial assumptions	(8,255)	-	(8,255)
Experience adjustments	(6,109)	-	(6,109)
	(17,398)	4,190	(13,208)
Pension fund contribution	-	7,616	7,616
Paid pension	1,938	(1,938)	-
At December 31	($ 338,719)	$ 146,967	($ 191,752)

(d) The Bank of Taiwan was commissioned to manage the funds of the Company's and its domestic subsidiaries' defined benefit pension plan in accordance with the funds' annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Funds" (Article 6: The scope of utilisation for the funds includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the funds their minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that funds and hence the Company and its domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2020 and 2019 is given in the Annual Labor Retirement Funds Utilisation Report announced by the government.

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

	Years ended December 31, 2020	2019
Discount rate	0.43%~0.80%	0.83%~1.30%
Future salary increase rate	3.00%	3.00%

Assumptions regarding future mortality rate are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
December 31, 2020				
Effect on present value of defined benefit obligations	($ 10,106)	$ 10,653	$ 42,826	($ 38,313)

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 1%	Decrease 1%
December 31, 2019				
Effect on present value of defined benefit obligations	($ 9,754)	$ 10,299	$ 41,730	($ 37,065)

(f) Expected contributions to the defined benefit pension plans of Sigurd Group for the year ending December 31, 2021 amount to $7,901.

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established defined contribution pension plans (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company’s mainland China subsidiaries, Sigurd Micro Electronics (Wuxi) Co., Ltd. and SIRIZE Technology (Suzhou) Corp., have defined contribution plans. Monthly contributions to an independent funds administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2020 and 2019, was both 13% to 20%. Other than the monthly contributions, Sigurd Group has no further obligations.

(c) The pension costs under defined contribution pension plans of Sigurd Group for the years ended December 31, 2020 and 2019 were $92,721 and $80,498, respectively.

C. Long-term employee benefits

Winstek Semiconductor Co., Ltd. and its subsidiary provide other long-term employee benefit plans (pensions) to employees. Actuarial techniques are used to measure other long-term employee benefit obligations and respective balances as of December 31, 2020 and 2019 were both $3,335.

(14) Share capital

A. As of December 31, 2020, the Company's authorised capital was $7,000,000, consisting of 700,000 thousand shares of ordinary stock (including 20,000 thousand shares reserved for employee stock options), and the paid-in capital was $4,316,114 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

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

Unit: shares

	2020	2019
At January 1	420,683,401	389,955,784
Conversion of corporate bands	10,927,981	13,727,617
Issuance of share capital	-	17,000,000
At December 31	431,611,382	420,683,401

B. On August 7, 2019, the Board of Directors resolved to increase capital by issuing 17,000 thousand ordinary shares amounting to $170,000 with par value of $10 (in dollars) per share with the effective date of November 15, 2019. The above capital increase in cash has completed its registration procedures.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2020			
	Share premium	Consolidation premium	Share option	Total
At January 1	$ 635,056	$ 244,129	$ 44,487	$ 923,672
Conversion of corporate bonds	269,065	-	(13,611)	255,454
Cash distribution from capital surplus	(463,680)	-	-	(463,680)
At December 31	$ 440,441	$ 244,129	$ 30,876	$ 715,446

	2019			
	Share premium	Consolidation premium	Share option	Total
At January 1	$ 553,255	$ 244,129	$ 13,889	$ 811,273
Issuance of corporate bonds	-	-	43,697	43,697
Conversion of corporate bonds	204,877	-	(13,099)	191,778
Issuance of share capital	280,500	-	-	280,500
Cash distribution from capical surplus	(403,576)	-	-	(403,576)
At December 31	$ 635,056	$ 244,129	$ 44,487	$ 923,672

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. Legal reserve is not necessary once the reserve is equal to total paid-in capital. The remainder, if any, to be retained or to be appropriated shall be resolved by the Board of Directors and reported to the shareholders' meeting.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

The distribution of the Company's distributable earnings is made via cash dividends or stock dividends. Dividends are given priority in the form of cash dividends in terms of distributable earnings and is also distributed via stock dividends. The ratio for cash dividends shall not be less than 10% of total dividends to be distributed.

The Company can propose an earnings distribution or a deficits offsetting proposal after every half of the fiscal year in accordance with the Company Act. The earnings distribution in cash shall be resolved by the Board of Directors; when issuing new shares, it shall be resolved by the shareholders' meeting in accordance with regulations.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity interests is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriations for 2019 and 2018 earnings had been resolved at shareholders' meeting on June 10, 2020 and June 13, 2019, respectively. Details are as follows:

	2019		2018	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 132,661		$ 115,531	
(Reversal of) special reserve	(48,273)		3,486	
Cash dividends (Note)	463,680	$ 1.10	403,576	$ 1.03
Total	$ 548,068		$ 522,593	

Note: The Company had resolved the appropriation in cash every half of the fiscal year in accordance with the Company Act by the Board of Directors.

E. On June 10, 2020 and June 13, 2019, the shareholders' meeting resolved the distribution of capital surplus amounting to $463,680 in cash ($1.10 (in dollars) per share) and $403,576 in cash ($1.03 (in dollars) per share) , respectively.

F. On March 10, 2021, the Board of Directors resolved the appropriation for 2020 earnings through distribution of cash dividends amounting to $880,165 in cash ($2.0 (in dollars) per share).

G. On March 10, 2021, the Board of Directors proposed the distribution of cash from capital surplus – share premium amounting to $396,074 in cash ($0.9 (in dollars) per share) in proportionate to shareholders' shareholding interests. The above resection had not been resolved at the shareholders' meeting.

(17) Other equity interest

	2020		
	Unrealized gains (losses) on valuation of financial assets at fair value through other comprehensive income	Financial statements translation difference of foreign operations	Total
At January 1	$ 40,732	($ 6,699)	$ 34,033
Revaluation			
– Parent company	322,407	-	322,407
– Subsidiaries	(40)	-	(40)
Currency translation			
– Subsidiaries	-	(72,255)	(72,255)
At December 31	$ 363,099	($ 78,954)	$ 284,145

	2019		
	Unrealized gains (losses) on valuation of financial assets at fair value through other comprehensive income	Financial statements translation difference of foreign operations	Total
At January 1	($ 92,355)	$ 44,081	($ 48,274)
Revaluation			
– Parent company	174,138	-	174,138
– Subsidiaries	1,469	-	1,469
Transferred to retained earnings			
– Parent company	(39,280)	-	(39,280)
– Subsidiaries	(3,240)	-	(3,240)
Currency translation			
– Subsidiaries	-	(50,780)	(50,780)
At December 31	$ 40,732	($ 6,699)	$ 34,033

(18) Operating revenue

	Year ended December 31,	
	2020	2019
Revenue from contracts with customers	$ 12,428,549	$ 10,046,619

A. Disaggregation of Sigurd Group's revenue from contracts with customers:

2020	Sales revenue	Assembly and testing service revenue	Others service revenue	Total
Revenue from external customer contracts	$ 49,513	$ 12,343,771	$ 35,265	$ 12,428,549
Timing of revenue recognition				
Over time	$ -	$ 12,343,771	$ 35,265	$ 12,379,036
At a point in time	$ 49,513	$ -	$ -	$ 49,513

2019	Sales revenue	Assembly and testing service revenue	Others service revenue	Total
Revenue from external customer contracts	$ 27,001	$ 9,125,057	$ 894,561	$ 10,046,619
Timing of revenue recognition				
Over time	$ -	$ 9,125,057	$ 894,561	$ 10,019,618
At a point in time	$ 27,001	$ -	$ -	$ 27,001

B. Contract assets and liabilities

Sigurd Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2020	December 31, 2019	January 1, 2019
Contract assets:			
Contract assets – Assembly and testing	$ 109,872	$ 120,675	$ 93,882
Contract liabilities:			
Contract liabilities – Assembly and testing	$ 19,127	$ 10,202	$ 776

C. Revenue recognised that was included in the contract liabilities balance at the beginning of the year

	Year ended December 31,	
	2020	2019
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Revenue from external customer contracts	$ 9,205	$ 126

(19) Interest income

	Year ended December 31,	
	2020	2019
Interest income from bank deposits	$ 25,630	$ 34,115
Interest income from financial assets measured at amortised cost	26,957	43,262
Other interest income	177	61
	$ 52,764	$ 77,438

(20) Other income

	Year ended December 31,	
	2020	2019
Rental revenue	$ 4,328	$ 3,624
Dividend income	12,495	9,119
Government grants	24,700	-
Other income, others	24,792	33,474
	$ 66,315	$ 46,217

(21) Other gains and losses

	Year ended December 31, 2020	Year ended December 31, 2019
Gains on disposals of property, plant and equipment	$ 22,105	$ 37,048
Net currency exchange losses	(127,946)	(66,856)
Gains on financial assets at fair value through profit or loss	46,228	8,020
Impairment loss of property, plant and equipment	(2,083)	-
Other gains (losses)	2,008	(22,316)
	($ 59,688)	($ 44,104)

(22) Finance costs

	Year ended December 31, 2020	Year ended December 31, 2019
Bank borrowings	$ 98,963	$ 83,096
Bonds payable	13,154	6,673
Lease liabilities	20,920	5,869
Others	4,427	150
Less: Capitalisation of assets	(17,904)	(15,237)
	$ 119,560	$ 80,551

(23) Expenses by nature

	Year ended December 31, 2020	Year ended December 31, 2019
Employee benefit expense	$ 3,230,005	$ 2,690,687
Depreciation expenses on property, plant and equipment	$ 2,735,834	$ 2,291,715
Depreciation expenses on right-of-use assets	$ 129,275	$ 154,133
Amortisation expenses on intangible assets	$ 63,250	$ 72,970

(24) Employee benefit expense

	Year ended December 31, 2020	Year ended December 31, 2019
Wages and salaries	$ 2,771,304	$ 2,274,819
Labour and health insurance fees	221,019	197,191
Pension costs	96,639	84,875
Other personnel expenses	141,043	133,802
	$ 3,230,005	$ 2,690,687

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall range between 8%~12% for employees' compensation and shall not be higher than 3% for directors' remuneration.

B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at \$218,000 and \$153,500, respectively; while directors' remuneration was accrued at \$30,000 and \$25,000, respectively. The aforementioned amounts were recognised in wages and salaries.

The employees' compensation and directors' remuneration were estimated and accrued based on 9.35% and 1.29%, respectively, of distributable profit of 2020.

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

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

(25) Income tax

A. Income tax expense

Components of income tax expense:

	Year ended December 31, 2020	Year ended December 31, 2019
Current tax:		
Current tax on profits for the year	$ 497,817	$ 471,315
Tax on unappropriated retained earnings	923	60,883
Prior year income tax overestimation	(112,083)	(6,827)
Total current tax	386,657	525,371
Deferred tax:		
Origination and reversal of temporary differences	(34,670)	(17,928)
Total deferred tax	(34,670)	(17,928)
Income tax expense	$ 351,987	$ 507,443

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2020	Year ended December 31, 2019
Tax calculated based on profit before tax and statutory tax rate	$ 498,490	$ 512,194
Tax exempt income by tax regulation	(42,706)	(70,454)
Taxable losses not recognised as deferred tax assets	3,828	6,036
Tax on unappropriated retained earnings	923	60,883
Prior year income tax overestimation	(112,083)	(6,827)
Change in assessment of realisation of deferred tax assets	7,775	2,020
Temporary differences not recognised as deferred tax liabilities	(6,682)	-
Other	2,442	3,591
Income tax expense	$ 351,987	$ 507,443

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

	2020		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
－Deferred tax assets:			
Unrealised inventory valuation loss	$ 1,917	($ 249)	$ 1,668
Long-term investment	6,436	-	6,436
Depreciation expenses	11,007	595	11,602
Unrealised exchange loss	11,165	8,445	19,610
Others	11,709	24,320	36,029
Subtotal	42,234	33,111	75,345
Temporary differences:			
－Deferred tax liabilities:			
Defined benefit liabilities	(947)	(242)	(1,189)
Unrealised exchange gain	(3,598)	2,127	(1,471)
Bargain purchase gain	(37,146)	-	(37,146)
Unrealised gain or loss on financial instrument	-	(26)	(26)
Others	(799)	(300)	(1,099)
Subtotal	(42,490)	1,559	(40,931)
Total	($ 256)	$ 34,670	$ 34,414

	2019		
	January 1	Recognised in profit or loss	December 31
Temporary differences:			
－Deferred tax assets:			
Unrealised inventory valuation loss	$ 1,330	$ 587	$ 1,917
Long-term investment	6,436	-	6,436
Depreciation expenses	10,412	595	11,007
Unrealised exchange loss	2,801	8,364	11,165
Others	3,683	8,026	11,709
Subtotal	24,662	17,572	42,234
Temporary differences:			
－Deferred tax liabilities:			
Defined benefit liabilities	(396)	(551)	(947)
Unrealised exchange gain	(5,304)	1,706	(3,598)
Bargain purchase gain	(37,146)	-	(37,146)
Others	-	(799)	(799)
Subtotal	(42,846)	356	(42,490)
Total	($ 18,184)	$ 17,928	($ 256)

D. The amounts of deductible temporary difference that are not recognised as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences	$ 297,962	$ 259,087

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

(26) Earnings per share

	Year ended December 31, 2020		
	Amount after income tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,783,299	422,912	$ 4.22
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	1,783,299	422,912	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	5,358	
Convertible bonds	10,523	35,286	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,793,822	463,556	$ 3.87

	Year ended December 31, 2019		
	Amount after income tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,294,520	396,649	$ 3.26
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	1,294,520	396,649	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	4,951	
Convertible bonds	5,338	10,245	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,299,858	411,845	$ 3.16

(27) Business combinations

A. On September 6, 2019, Siguard Microelectronics Corp. completed the acquisition of 58.77% shareholding interest of FLATEK, INC. with cash consideration of $100,000 and obtained control over FLATEK, INC. and its subsidiaries (“Flatek Group”). Since then, Flatek Group was included in the consolidated financial statements. Sigurd Group is expecting to enhance its marketplace in assembly and testing services after acquiring Flatek Group, which offers IC programming and testing services.

B. The following table summarises the consideration paid for Flatek Group. and the fair values of the assets acquired, and liabilities assumed at the acquisition date, as well as the fair value of the non-controlling interest at the acquisition date:

	September 6, 2019
Consideration paid－Cash	$ 100,000
Fair value of the non-controlling interest	45,883
	145,883
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	109,807
Notes and accounts receivable	42,112
Inventories	24,040
Other current assets	28,284
Property, plant and equipment	45,326
Intangible assets	16,189
Other non-current assets	13,492
Short-term borrowings	(29,347)
Notes and accounts payable	(16,975)
Other current liabilities	(38,055)
Long-term borrowings	(23,251)
Other non-current liabilities	(26,044)
Total identifiable net assets	145,578
Goodwill	$ 305

C. The operating revenue and gain (loss) before income tax included in the consolidated statement of comprehensive income since September 6, 2019 contributed by Flatek Group was $72,009 and ($41,016), respectively. Had Flatek Group been consolidated from January 1, 2019, the consolidated statement of comprehensive income would show an increase in operating revenue of $125,072 and a decrease in profit before income tax of $38,677.

(28) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2020	Year ended December 31, 2019
Acquisition of property, plant and equipment	$ 6,858,414	$ 3,870,031
Add: Opening balance of payable on equipment	820,160	233,659
Add: Ending balance of prepaid on equipment	77,573	6,043
Less: Opening balance of prepaid on equipment	(6,043)	(700)
Less: Ending balance of payable on equipment	(866,979)	(820,160)
Cash paid during the year	$ 6,883,125	$ 3,288,873

B. Financing activities with no cash flow effects

	Year ended December 31, 2020	Year ended December 31, 2019
Convertible bonds being converted to capital stocks	$ 364,734	$ 329,054

(29) Changes in liabilities from financing activities

2020	Short-term borrowings	Long-term borrowings	Bonds payable (include current portion)	Lease liabilities	Guarantee deposits received	Total liabilites from financing activites
At January 1	$ 640,712	$ 5,824,176	$ 1,182,781	$ 395,865	$ 8,364	$ 8,051,898
Changes in cash flow from financing activities	426,973	2,461,660	(400)	(158,112)	(1,375)	2,728,746
Interest paid	-	-	-	(20,920)	-	(20,920)
Changes in other non-cash items:						
Interest expense	-	-	-	20,920	-	20,920
Effect of foreign exchange	(554)	19,485	-	5,240	-	24,171
Option exercised	-	-	(364,734)	-	-	(364,734)
Discount on bonds payable	-	-	13,154	-	-	13,154
Increase in lease liabilities	-	-	-	556,209	-	556,209
Decrease in lease liabilities	-	-	-	(4,646)	-	(4,646)
At December 31	$ 1,067,131	$ 8,305,321	$ 830,801	$ 794,556	$ 6,989	$ 11,004,798

	2019					
	Short-term borrowings	Long-term borrowings	Bonds payable (include current portion)	Lease liabilities	Guarantee deposits received	Total liabilites from financing activites
At January 1	$ 89,491	$ 5,000,769	$ 345,694	$ 170,649	$ 8,708	$ 5,615,311
Changes in cash flow from financing activities	521,874	791,152	1,203,165	(150,697)	(335)	2,365,159
Interest paid	-	-	-	(5,869)	-	(5,869)
Changes in other non-cash items:						
Interest expense	-	-	-	5,869	-	5,869
Effect of foreign exchange	-	(72)	-	(3,725)	(9)	(3,806)
Option exercised	-	-	(329,054)	-	-	(329,054)
Discount on bonds payable	-	-	6,673	-	-	6,673
Administration fee of syndicated loans amortisation	-	6,802	-	-	-	6,802
Increase in lease liabilities	-	-	-	379,638	-	379,638
Others	29,347	25,525	(43,697)	-	-	11,175
At December 31	$ 640,712	$ 5,824,176	$ 1,182,781	$ 395,865	$ 8,364	$ 8,051,898

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Ene Technology Inc.	The Company is the Director of Ene Technology Inc.

(2) Significant related party transactions

A. Operating revenue:

	Year ended December 31,	
	2020	2019
Provision of services:		
Others	$ 36,345	$ 30,523

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

B. Receivables from related parties:

	December 31, 2020	December 31, 2019
Receivables from related parties:		
Others	$ 3,811	$ 5,624

The receivables from related parties arise mainly from provision of services. The receivables are unsecured in nature and bear no interest.

(3) Key management compensation

	Year ended December 31,	
	2020	2019
Short-term employee benefits	$ 145,496	$ 128,102
Post-employment benefits	2,254	2,235
Total	$ 147,750	$ 130,337

8. PLEDGED ASSETS

Sigurd Group's assets pledged as collateral are as follows:

	Book value		
Assets	December 31, 2020	December 31, 2019	Purpose
Reserve account-demand deposits (Note 1)	$ -	$ 6,419	Short-term and long-term borrowings
Letter of credit-demand deposits (Note 2)	81,203	-	Long-term usance L/C Issuance guarantee
Pledged time deposits (Note 2)	48,610	20,700	Guarantee for import customs and government grants
Property, plant and equipment	1,405,798	1,313,483	Short-term and long-term borrowings
	$ 1,535,611	$ 1,340,602	

Note 1: Shown as "Other current assets".

Note 2: Shown as "Non-current financial assets at amortised cost".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

On August 5, 2015, Winstek Semiconductor Co., Ltd. and its subsidiary entered into a 5-year technical service contract with STATS ChipPAC Ltd. Under the contract, Winstek Semiconductor Co., Ltd. and its subsidiary shall reserve their production capacities for providing wafer assembly and testing services to STATS ChipPAC Ltd. during the 5-year contract period. The terms of the contract are as follows:

A. Winstek Semiconductor Co., Ltd. and its subsidiary shall reserve their monthly minimum production capacities to STATS ChipPAC Ltd. in order to provide services timely. Winstek Semiconductor Co., Ltd. and its subsidiary provide services within the scope of available production capacity if the order quantity placed by STATS ChipPAC Ltd. is within the minimum and maximum production capacities; Winstek Semiconductor Co., Ltd. and its subsidiary have no obligation to provide additional services if the order quantity placed by STATS ChipPAC Ltd. is beyond the maximum production capacities of Winstek Semiconductor Co., Ltd. and its subsidiary.

B. Under the contract, order quantities from STATS ChipPAC Ltd. shall meet the agreed minimum order quantity, and Winstek Semiconductor Co., Ltd. and its subsidiary have a right to claim a compensation for the residual capacities between the order quantities and the minimum order quantity based on the procedures specified in the contract. Order quantities will be calculated every 12 months after the contract date. 5% of minimum order quantity can be deferred to the next year if the order quantity placed by STATS ChipPAC Ltd. is under the minimum order quantity, and STATS ChipPAC Ltd. shall compensate Winstek Semiconductor Co., Ltd. and its subsidiary for those order quantities which do not reach the minimum order quantity, excluding those deferrals. The deferral right can be exercised once every year, and those deferrals can not be further deferred in the next year. In addition, the deferral right can not be exercised at the last year of the contract period.

C. Further, the minimum order quantity is calculated aggregately starting from the second contractual year under mutual agreement, and no change was made in the total minimum order quantity. The consolidated minimum order quantity purchased from STATS ChipPAC Ltd. to Winstek Semiconductor Co., Ltd. and its subsidiary is as follows:

Unit: Thousands of USD

	Second year	Third year	Fourth year	Fifth year
Minimum procurement amount	$ 80,800	$ 75,100	$ 63,200	$ 51,400
Deferred amount for the second year	4,750	-	-	-
Deferred amount for the third year	(4,040)	4,040	-	-
Deferred amount for the fourth year	-	(3,755)	3,755	-
Deferred amount for the fifth year	-	-	(3,160)	3,160
	$ 81,510	$ 75,385	$ 63,795	$ 54,560

Winstek Semiconductor Co., Ltd. has claimed the compensation from STATS ChipPAC Ltd. for not meeting the minimum order quantity of the second and third contractual years in accordance with the contract. Additionally, to maintain the long-term cooperation between the two parties, STATS ChipPAC Ltd. proposed a settlement based on long-term commercial benefits. The Board of Directors of Winstek Technology Co.,, Ltd. also took into consideration its business operation and commercial judgement, and resolved to settle with STATS ChipPAC Ltd. On September 20, 2018, the resolved settlement with STATS ChipPAC Ltd. is as follows:

(a) Both parties agreed to extend the technical service contract for two years (from August 5, 2020 to August 4, 2022). In accordance with the contract, the consolidated minimum order quantity purchased from STATS ChipPAC Ltd. to Winstek Semiconductor Co., Ltd. and its subsidiary is as follows:

Unit: Thousands of USD

	Sixth Year	Seventh Year
Minimum procurement amount	$ 30,000	$ 30,000

(b) Winstek Semiconductor Co., Ltd. and its subsidiary reserve production capacity of US$40,000 thousand for STATS ChipPAC Ltd. in each contractual year during the extended two years.

(c) If STATS ChipPAC Ltd. does not meet the committed amount in the current year, the insufficient amount can be deferred to the next year.

(d) STATS ChipPAC Ltd. agrees to purchase from Winstek Semiconductor Co., Ltd. and its subsidiary at a discounted price in the fourth contractual year.

(e) For the purpose of commercial benefit and maintenance of long-term cooperation of both parties, Winstek Semiconductor Co., Ltd. and its subsidiary will not claim a compensation against STATS ChipPAC Ltd. amounting to US$6,830 thousand for those order quantities not meeting the minimum order quantity in the third contractual year.

The aforementioned settlement was further negotiated bases on the proposal from STATS ChipPAC Ltd. and resolved on March 19, 2019 by the Board of Directors of Winstek Semiconductor Co., Ltd. that STATS ChipPAC Ltd. agreed to pay the compensation of US$5,000 thousand ($153,850) for those amounts not meeting minimum order quantity in the third contractual year. The compensation was fully recognised in compensation revenue.

D. In the fourth contractual year (from August 5, 2018 to August 4, 2019) of the 5-year technical service contract that Winstek Semiconductor Co., Ltd. and its subsidiary signed with STATS ChipPAC Ltd. on August 5, 2015, the consolidated order quantities purchased was US$36,435 thousand and with 5% of minimum order quantity deferred to the next year. STATS ChipPAC Ltd. entered into a settlement agreement with Winstek Semiconductor Co., Ltd. and its subsidiary for those amounts not meeting the minimum order quantity on October 16, 2019. STATS ChipPAC Ltd. agreed to pay compensation to Winstek Semiconductor Co., Ltd. and its subsidiary amounting to US$20,520 thousand. The compensation was fully collected and recognised in compensatory revenue.

E. In the fifth contractual year (from August 5, 2019 to August 4, 2020), STATS ChipPAC Ltd.'s consolidated order quantities was US$54,135 thousand. On November 9, 2020, STATS ChipPAC Ltd. agreed to pay compensation amounting to US$383 thousand for those order quantities not meeting the minimum order quantity. The compensation was fully collected and recognised in compensatory revenue.

(2) Commitments

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

	December 31, 2020	December 31, 2019
Property, plant and equipment	$ 1,792,895	$ 1,075,199

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

A. Please refer to Note 6(16) for the appropriation for 2020 earnings.

B. On January 25, 2021, the Board of Directors of the Company resolved to obtain all issued shares of UTC Holdings Corporation from UTAC Taiwan Holdings for a cash consideration of US$165 million (approximately $4.62 billion) and indirectly acquired all shares of UTAC Taiwan Corporation held by UTC Holdings Corporation.

C. On March 10, 2021, the Board of Directors of the Company resolved to issue the Company's 2021 1st secured corporate bonds with upper limit of $3 billion (face value), which has yet to be approved by the FSC.

12. OTHERS

(1) Capital management

Sigurd Group's capital management objectives are to ensure that Sigurd Group can continue to operate, maintain the best capital structure to reduce capital costs, and provide compensation to shareholders. To maintain or adjust the capital structure, Sigurd Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Sigurd Group uses the debt-to-capital ratio to monitor its capital, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as reported in the consolidated balance sheet) less cash and cash equivalents. The calculation of total capital is the equity reported in the consolidated balance sheet plus the net debt.

Sigurd Group's strategy for 2020 remained the same as that of 2019, which was committed to maintain the debt-to-capital ratio at around 40%. As of December 31, 2020 and 2019, Sigurd Group's debt ratio was both less than 40%.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 532,109	$ 338,007
Financial assets at fair value through other comprehensive income	878,100	495,733
Financial assets at amortised cost		
Cash and cash equivalents	5,628,675	4,620,939
Financial assets at amortised cost (including non-current portion)	2,683,977	4,350,588
Notes receivable	396	672
Accounts receivable (including related parties)	3,307,723	3,074,057
Other receivables	32,833	58,568
Refumdable guarantee deposits	30,576	25,259
	$ 13,094,389	$ 12,963,823

	December 31, 2020	December 31, 2019
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 1,067,131	$ 640,712
Notes payable	2,658	2,410
Accounts payable	379,746	227,422
Other payables	2,650,287	2,261,931
Corporate bonds payable (including current portion)	830,801	1,182,781
Long-term borrowings (including current portion)	8,305,321	5,824,176
Guarantee deposits received	6,989	8,364
	$ 13,242,933	$ 10,147,796
Lease liabilities	$ 794,556	$ 395,865

B. Financial risk management policies

(a) Sigurd Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management policies are carried out to focus on unforeseen events in markets and to minimise any adverse effects on the financial position and financial performance of Sigurd Group.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with Sigurd Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

<u>Foreign exchange risk</u>

i. Sigurd Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and subsidiaries using various functional currencies, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up policies to require group companies to manage their foreign exchange risk against their functional currencies. Group companies are required to hedge their entire foreign exchange risk exposure through coordination with Sigurd Group treasury. Foreign exchange rate risk is resulted by each business unit records their future commercial transactions and recognised assets or liabilities as foreign currency instead of their functional currency.

iii. Sigurd Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currencies: RMB and USD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 123,938	28.480	$ 3,529,754
NTD:USD	427,936	0.035	427,936
USD:RMB	13,815	0.153	393,451
Financial liabilities			
Monetary items			
USD:NTD	$ 32,889	28.480	$ 936,679
NTD:USD	625,072	0.035	625,072
USD:RMB	40,429	0.153	1,151,418

	December 31, 2019		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 87,372	29.980	$ 2,619,419
NTD:USD	679,830	0.033	679,830
Financial liabilities			
Monetary items			
USD:NTD	$ 25,466	29.980	$ 763,451
NTD:USD	622,047	0.033	622,047

iv. The total exchange loss from significant foreign exchange variations on the monetary items held by Sigurd Group for the years ended December 31, 2020 and 2019 amounted to $127,946 and $66,856, respectively.

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

	Year ended December 31, 2020		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 35,298	$ -
NTD:USD	1%	4,279	-
USD:RMB	1%	3,934	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 9,367)	$ -
NTD:USD	1%	(6,251)	-
USD:RMB	1%	(11,514)	-

	Year ended December 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 26,194	$ -
NTD:USD	1%	6,798	-
Financial liabilities			
Monetary items			
USD:NTD	1%	($ 7,635)	$ -
NTD:USD	1%	(6,220)	-

Price risk

i. Sigurd Group's investments in equity securities, which are exposed to price risk, consist of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, Sigurd Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by Sigurd Group.

ii. Sigurd Group's investments in equity securities comprise shares and open-end fundss issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $3,513 and $1,670, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss; other comprehensive income would have increased/decreased by $8,781 and $4,957, respectively, as a result of the above change of financial assets at fair value through other comprehensive income.

Cash flow and fair value Interest rate risk

i. Sigurd Group's main interest rate risk arises from short-term and long-term borrowings with floating rates, which expose Sigurd Group to cash flow interest rate risk. During 2020 and 2019, Sigurd Group's borrowings at floating rate were mainly denominated in New Taiwan dollars and US dollars.

ii. Sigurd Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax, for the years ended December 31, 2020 and 2019 would have decreased/increased by $93,725 and $64,649, respectively. The main factor is that changes in interest expense result in floating-rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to Sigurd Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost, at fair value through profit or loss and at fair value through other comprehensive income.

ii. Sigurd Group manages their credit risk taking into consideration the entire group's perspective. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to Sigurd Group's credit policy, each entity in Sigurd Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual credit limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. Sigurd Group adopts the assumptions under IFRS 9, and the default occurs when the contract payments are past due over 90 days.

iv. Sigurd Group categorised customers' accounts receivable and contract assets in accordance with credit rating of customer. Sigurd Group applies the modified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

v. Sigurd Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

(i) If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

(ii) For investments in bonds that are traded over the counter, if any external credit rating agency rates these bonds as investment grade, the credit risk of these financial assets is treated low.

vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter into bankruptcy or other financial reorganisation due to financial difficulties;

(ii) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;

(iii) Default or delinquency in interest or principal repayments; and

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. Sigurd Group used the forecastability of historical and current information to assess the default possibility of accounts receivable and contract assets. As of December 31, 2020 and 2019, the provision matrix is as follows:

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days	Total
At December 31, 2020						
Expected loss rate	0.001%~0.002%	0.001%~0.06%	0.08%~30%	0.26%~50%	50%~100%	
Total book value	$ 3,329,849	$ 82,306	$ 4,305	$ 509	$ 48,397	$ 3,465,366
Loss allowance	$ -	$ -	$ -	$ -	$ 47,771	$ 47,771

	Not past due	Up to 30 days past due	31~90 days past due	91~180 days past due	Over 180 days	Total
At December 31, 2019						
Expected loss rate	0.001%	0.001%	30%	50%	50%~100%	
Total book value	$ 2,755,834	$ 292,603	$ 143,614	$ 2,607	$ 53,913	$ 3,248,571
Loss allowance	$ -	$ -	$ -	$ -	$ 53,839	$ 53,839

viii. Sigurd Group writes off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, Sigurd Group will continue executing the recourse procedures to secure their rights. Sigurd Group has no financial assets subject to write off on December 31, 2020 and 2019. Additionally, in 2020, Sigurd Group wrote-off the prior year financial assets amounting to $3,552, which cannot be reasonably expected to be recovered.

ix. Movements in relation to the Group applying the modified approach to provide loss allowance for notes receivable and accounts receivable are as follows:

	2020
	Notes receivable and accounts receivable
At January 1	$ 53,839
Writes off	(3,552)
Unwinding of discount	-
Effect of foreign exchange	(2,516)
At December 31	$ 47,771

	2019
	Notes receivable and accounts receivable
At January 1	$ 55,587
Reversal of impairment loss	518
Effect of foreign exchange	(2,266)
At December 31	$ 53,839

x. Sigurd Group used the forecastability of external research report to adjust historical and current information for a specific period to assess the default possibility of other receivables. As of December 31, 2020 and 2019, the provision matrix is as follows:

At December 31, 2020	Not past due
Expected loss rate	0~100%
Total book value	$ 37,173
Loss allowance	$ -

At December 31, 2019	Not past due
Expected loss rate	0~100%
Total book value	$ 58,568
Loss allowance	$ -

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of Sigurd Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of Sigurd Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn borrowing facilities at all times so that Sigurd Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration Sigurd Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable, external regulatory or legal requirements, for example, currency restrictions.

ii. Sigurd Group has the following undrawn borrowing facilities:

	December 31, 2020	December 31, 2019
Floating rate:		
Expiring within one year	$ 2,281,976	$ 1,943,647
Expiring beyond one year	2,079,379	2,010,000
	$ 4,361,355	$ 3,953,647

iii. The table below analyses Sigurd Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2020	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 1,069,985	$ -	$ -	$ -	$ 1,069,985
Notes payable	2,658	-	-	-	2,658
Accounts payable	379,746	-	-	-	379,746
Other payables	2,650,287	-	-	-	2,650,287
Lease liabilities	252,390	245,168	62,006	337,644	897,208
Bonds payable (including current portion)	-	-	847,500	-	847,500
Long-term borrowings (including current portion)	2,802,455	1,059,385	1,971,505	2,642,327	8,475,672

December 31, 2019	Less than 6 months	Between 6 months and 1 year	Between 1 and 2 years	Over 2 years	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 643,232	$ -	$ -	$ -	$ 643,232
Notes payable	2,410	-	-	-	2,410
Accounts payable	227,422	-	-	-	227,422
Other payables	2,261,931	-	-	-	2,261,931
Lease liabilities	63,914	37,884	52,935	360,634	515,367
Bonds payable (including current portion)	20,000	-	-	1,200,000	1,220,000
Long-term borrowings (including current portion)	2,139,081	895,931	1,870,557	1,006,939	5,912,508

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of Sigurd Group's investments in equity investment without active market are included in Level 3.

B. Financial instruments not measured at fair value

Except for those listed in the table below, the carrying amounts of cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, short-term and long-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

	December 31, 2020			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable				
(including current portion)	$ 830,801	$ -	$ 834,788	$ -

	December 31, 2019			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial liabilities:				
Bonds payable				
(including current portion)	$ 1,182,781	$ -	$ 1,178,908	$ -

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

(a) The related information of natures of the assets and liabilities is as follows:

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 351,278	$ -	$ -	$ 351,278
Corporate bonds	146,138	-	-	146,138
Convertible bonds	34,693	-	-	34,693
Financial assets at fair value through other comprehensive income				
Equity securities	109,053	-	769,047	878,100
	$ 641,162	$ -	$ 769,047	$ 1,410,209

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 164,695	$ -	$ -	$ 164,695
Listed company stocks	2,277	-	-	2,277
Corporate bonds	129,781	-	-	129,781
Convertible bonds	41,254	-	-	41,254
Financial assets at fair value through other comprehensive income				
Equity securities	46,132	-	449,601	495,733
	$ 384,139	$ -	$ 449,601	$ 833,740

(b) The methods and assumptions Sigurd Group used to measure fair value are as follows:

i. The instruments Sigurd Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund	Corporate bond	Convertible (exchangeable) bond
Market quoted price	Closing price	Closing price	Weighted average quoted price	Closing price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to Convnertiblent fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

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

E. The following chart is the movement of Level 3 for the years ended December 31, 2020 and 2019:

	2020	2019
	Equity securities	Equity securities
At January 1	$ 449,601	$ 521,770
Gains and losses recognised in other comprehensive income		
Recorded as unrealised gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	319,446	173,351
Sold in the year	-	(245,520)
At December 31	$ 769,047	$ 449,601

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

G. Group treasury is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to Convnertiblent market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2020	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 769,047	Net asset value	Not applicable	0.90	The higher the net asset value, the higher the fair value

	Fair value at December 31, 2019	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 449,601	Net asset value	Not applicable	0.90	The higher the net asset value, the higher the fair value

(4) The impact of coronavirus pandemic to the operations of Sigurd Group

Sigurd Group has assessed the impact of coronavirus pandemic to the going concern, impairment of assets and the risk of financing risk of Sigurd Group and concluded that there is no significant impact.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

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

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

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

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting year: None.

J. Significant inter-company transactions during the reporting year: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 6.

(4) Major shareholders information

Major shareholders information: As of December 31, 2020, there is no major shareholder who held equally or more than 5% shareholding of the Company.

14. SEGMENT INFORMATION

(1) General information

The management of Sigurd Group has identified reporting segments based on the information used by the chief operating decision maker in decision making.

Sigurd Group's chief operating decision maker has conducted businesses from a product line perspective. Sigurd Group's segments include assembly and testing and international trading.

(2) Measurement of segment information

The General Manager evaluates the performance of reporting segments based on a measure excluded the effects of non-recurring expenditure such as restructuring costs, legal fees and goodwill impairments when the impairment is the result of an isolated, non-recurring event, as well as the effects of equity-settled share-based payment and unrealised gains/losses on financial instruments. Interest income and expense are not allocated to reporting segments, as these types of activities are driven by Sigurd Group's Group treasury, which manages the cash position of Sigurd Group.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reporting segments is as follows:

	Year ended December 31, 2020		
	Assembly and testing	International trading	Total
Revenue from external customers	$ 12,428,549	$ -	$ 12,428,549
Segment income (loss) (Note)	2,286,628	(8,052)	2,278,576

	December 31, 2020		
	Assembly and testing	International trading	Total
Segnent Assets	$ 29,627,448	$ 186,463	$ 29,813,911

	Year ended December 31, 2019		
	Assembly and testing	International trading	Total
Revenue from external customers	$ 10,046,619	$ -	$ 10,046,619
Segment income (loss) (Note)	2,075,572	(4,568)	2,071,004

	December 31, 2019		
	Assembly and testing	International trading	Total
Segment assets	$ 24,692,566	$ 50,795	$ 24,743,361

Note: Exclusive of income tax.

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

Revenue, profit and loss, assets and liabilities under reporting segments are carried out the same manner as in the consolidated financial statements. Thus, no reconciliation is needed.

(5) Information on products and services

External customer revenue is mainly derived from the assembly and testing services of integrated circuits. The performance of reporting segments is the same as that in Note 6 (18).

(6) Geographical information

Geographical information for the years ended December 31, 2020 and 2019 is as follows:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 7,529,163	$ 13,162,977	$ 5,199,122	$ 10,774,080
Singapore	2,674,902	-	2,763,996	-
America	767,606	-	599,005	-
China	598,377	2,495,111	906,986	398,988
Others	858,501	3,936	577,510	6,515
Total	$ 12,428,549	$ 15,662,024	$ 10,046,619	$ 11,179,583

(7) Major customers information

Major customers information of Sigurd Group for the years ended December 31, 2020 and 2019 is as follows:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Revenue	Segment	Revenue	Segment
A	$ 2,248,136	All group	$ 1,207,892	All group
B	1,354,237	All group	470,586	All group
E	1,317,872	All group	1,129,581	All group
D	1,120,919	All group	678,007	All group
H	996,767	All group	2,061,752	All group
I	235,032	All group	673,180	All group

Sigurd Microelectronics Corporation and Subsidiaries

Loans to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2020 (Note 2)	Balance at December 31, 2020	Actual amount drawn down	Interest rate	Nature of loan (Note 3)	Amount of transactions with the borrower	Reason for short-term financing	Allowancef or doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
1	FLATEK, INC.	TPFUSION, INC.	Other receivables - related party	Y	$ 7,984	$ 7,984	$ 7,984	0%	Reason for short-term financing	$ -	Operational need	$ -	-	$ -	$ 59,882	$ 59,882	Note 4
1	FLATEK, INC.	Greenflatek, Inc.	Other receivables	N	734	789	789	0%	Reason for short-term financing	-	Operational need	-	-	-	59,882	59,882	Note 4
2	Valuenet International Ltd.	Greenflatek, Inc.	Other receivables	N	6,317	6,405	6,405	0%	Reason for short-term financing	-	Operational need	-	-	-	20,450	20,450	Note 4
2	Valuenet International Ltd.	TPfusion Corp.	Other receivables - related party	Y	14,037	13,078	13,078	0%	Reason for short-term financing	-	Operational need	-	-	-	20,450	20,450	Note 4
2	Valuenet International Ltd.	OPS Electronic Limited	Other receivables - related party	Y	30,162	28,183	28,183	0%	Reason for short-term financing	-	Operational need	-	-	-	153,377	153,377	Note 5

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

(1)The Company is ‘0’.

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

Note 2: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2020.

Note 3: The column of ‘Nature of loan’ shall fill in ‘Business transaction or ‘Short-term financing’.

Note 4: In accordance with that the Company’s Procedures for Provision of Loans: the ceiling on total loans granted is 40% of its net equity , and the limit on loans granted to a single party is 40% of its net equity, except loans to subsidiaries.

Note 5: For loans granted mutually between subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows: ceiling on total loans granted by an overseas subsidiary to all overseas subsidiaries is 300% of the Company’s net assets; limit on loans granted by an overseas subsidiary to a single subsidiary is 300% of the Company’s net assets.

Sigurd Microelectronics Corporation and Subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2020 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company (Note 10)	Ceiling on total amount of guarantees provided (Note 9)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
0	Sigurd Microelectronics Corp.	Burgurd Co., Ltd.	3	$ 5,713,343	$ 105,875	$ 42,720	$ 42,293	$ -	0.34%	$ 5,713,343	Y	N	N	
0	Sigurd Microelectronics Corp.	SIRIZE Technology (Suzhou) Corp.	3	5,713,343	605,000	569,600	500,035	-	4.49%	5,713,343	Y	N	Y	
0	Sigurd Microelectronics Corp.	FLATEK, INC.	3	5,713,343	300,000	150,000	135,000	-	1.18%	5,713,343	Y	N	N	
1	Winstek Semiconductor Co., Ltd	Winstek Semiconductor Technology Co., Ltd.	2	4,729,393	900,000	900,000	427,500	-	7.09%	4,729,393	Y	N	N	

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

(1)The Company is ‘0’.

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

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

(1)Having business relationship.

(2)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3)The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

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

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

Note 5: As of the end of the year, the Company shall bear the responsibility for endorsement/guarantee upon the signing of the endorsement/guarantee contract with the bank or upon the approval of limit.

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Other relevant endorsements/guarantees should be included in the endorsement/guarantee balance.

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

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

Note 8: In accordance with the Company’s Procedures for Provision of Loans: the limit on endorsements/guarantees to a single party is 45% of its net assets.

Note 9: In accordance with the Company’s Procedures for Provision of Loans: the ceiling on total endorsements/guarantees is 45% of the Company’s net assets,

Note 10: The total endorsement/guarantee amount provided by Winstek Semiconductor Co., Ltd. ('Winstek Semiconductor') shall not exceed 50% of the its net value in the latest period.

The endorsement guarantee limit for a single enterprise shall be limited at 20% of the net value of Winstek Semiconductor at the time when the endorsement/guarantee was made.

However, an endorsement/guarantee between Winstek Semiconductor and among companies of which Winstek Semiconductor directly or indirectly holds 100% of the voting shares, or other companies that Winstek Semiconductor has agreed to purchase and upon completion will become a subsidiary of which Winstek Semiconductor directly or indirectly holds 100% shares, and approved by a resolution of the Board of Directors, its endorsement/guarantee amount shall not be restricted by the aforesaid total amount of endorsement/guarantee and the limit of endorsement/guarantee for a single enterprise. However, the endorsement/guarantee to a single enterprise shall not exceed 100% of the net value of Winstek Technology in its most recent financial reports audited or reviewed by CPA.

In addition, the endorsement/guarantee not between Winstek Semiconductor and among companies of which Winstek Semiconductor directly or indirectly holds 100% voting shares, the total cumulative amount of such external endorsements/guarantees shall not exceed 100% of the net value of Winstek Semiconductor in its most recent financial reports audited or reviewed by independent accountants.

Sigurd Microelectronics Corporation and Subsidiaries

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

December 31, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Sigurd Microelectronics Corp.	Yuanta New ASEAN Balanced Fund	None	Current financial assets at fair value through profit or loss	$ 3,000,000	$ 24,900	-	$ 24,900	
Sigurd Microelectronics Corp.	Yuanta Emerging Indonesia and India 4 years Bond Fund	None	Current financial assets at fair value through profit or loss	2,000,000	19,799	-	19,799	
Sigurd Microelectronics Corp.	Jih Sun China Strategy A Share Fund	None	Current financial assets at fair value through profit or loss	830,565	13,289	-	13,289	
Sigurd Microelectronics Corp.	Fuh Hua Smart Energy Bond Fund I	None	Current financial assets at fair value through profit or loss	2,000,000	21,662	-	21,662	
Sigurd Microelectronics Corp.	Fuh Hua Smart Energy Bond Fund II	None	Current financial assets at fair value through profit or loss	1,000,000	10,936	-	10,936	
Sigurd Microelectronics Corp.	Fuh Hwa Emerging Market Short-term Income Fund	None	Current financial assets at fair value through profit or loss	1,798,561	21,151	-	21,151	
Sigurd Microelectronics Corp.	CTBC iCity Development Fund	None	Current financial assets at fair value through profit or loss	500,000	6,225	-	6,225	
Sigurd Microelectronics Corp.	KGI Taiwan Multi-Asset Income Fund	None	Current financial assets at fair value through profit or loss	5,000,000	52,000	-	52,000	
Sigurd Microelectronics Corp.	Yuanta Taiwan High-yield Leading Company Fund (A)	None	Current financial assets at fair value through profit or loss	3,000,000	37,770	-	37,770	
Sigurd Microelectronics Corp.	Fuh Hua Global Bond Fund	None	Current financial assets at fair value through profit or loss	1,983,785	31,358	-	31,358	
Sigurd Microelectronics Corp.	KGI Taiwan Premium Assets Fund	None	Current financial assets at fair value through profit or loss	5,000,000	51,715	-	51,715	
Sigurd Microelectronics Corp.	Fuh Hua Smart Energy I Fund	None	Current financial assets at fair value through profit or loss	5,000,000	50,358	-	50,358	
Sigurd Microelectronics Corp.	Taishin Short Duration Emerging High Yield Bond Fund	None	Current financial assets at fair value through profit or loss	229,426	10,025	-	10,025	
Sigurd Microelectronics Corp.	Chailease International Finance Corp	None	Current financial assets at fair value through profit or loss	5,000,000	146,138	-	146,138	
Sigurd Microelectronics Corp.	Jih Lin Technology Co., Ltd. 2nd Domestic Unsecured Convertible Bonds	None	Current financial assets at fair value through profit or loss	100,000	11,200	-	11,200	
Sigurd Microelectronics Corp.	Yang Ming Marine Transport Corp. Domestic 5th Secured Convertible Bond	None	Current financial assets at fair value through profit or loss	88,000	23,493	-	23,493	

Sigurd Microelectronics Corporation and Subsidiaries

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

December 31, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2020 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Sigurd Microelectronics Corp.	ENE Technology Inc.	Board of Director	Non-current financial assets at fair value through other comprehensive income	$ 1,373,798	$ 19,233	1.83%	$ 19,233	
Sigurd Microelectronics Corp.	Advanplating Technology Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	1,185,000	-	11.36%	-	
Sigurd Microelectronics Corp.	Ordinary Shares of EGTRAN Inc.	None	Non-current financial assets at fair value through other comprehensive income	21,689	-	2.16%	-	
Sigurd Microelectronics Corp.	iDESYN Semiconductor Corp. Co., Ltd.	None	Non-current financial assets at fair value through other comprehensive income	23,040	-	0.03%	-	
Sigurd Microelectronics Corp.	Yann Yuan Investments Co., Ltd.	Board of Director	Non-current financial assets at fair value through other comprehensive income	6,000,000	769,046	4.03%	769,046	
Sigurd Microelectronics Corp.	WPG Holdings Limited Preferred Share A	None	Non-current financial assets at fair value through other comprehensive income	600,000	30,060	0.30%	30,060	
Sigurd Microelectronics Corp.	Chailease Holding Co, Ltd-PFD (5871ATT)	None	Non-current financial assets at fair value through other comprehensive income	500,000	49,800	0.33%	49,800	
TEST-SERV Inc.	Samhop Microelectronics Corp.	None	Non-current financial assets at fair value through other comprehensive income	114,757	-	1.07%	-	
TEST-SERV Inc.	Sitec Semiconductor Ltd.	None	Non-current financial assets at fair value through other comprehensive income	20,545,354	-	1.22%	-	
TEST-SERV Inc.	Deepwaters Digital Support Inc.	None	Non-current financial assets at fair value through other comprehensive income	190,476	-	1.11%	-	
TEST-SERV Inc.	Chailease Holding Co, Ltd-PFD (5871ATT)	None	Non-current financial assets at fair value through other comprehensive income	100,000	9,960	0.067%	9,960	

Sigurd Microelectronics Corporation and Subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

For the year ended December 31, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions （Note）		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote （Note 2）
Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	Subsidiary	Sales	($ 173,503)	-1%	Net 30 days from the end of the month of when invoice is issued	-	-	$ 55,874	2%	
Winstek Semiconductor Technology Co., Ltd.	Winstek Semiconductor Co., Ltd	Parent Company	Purchases	173,503	2%	Net 30 days from the end of the month of when invoice is issued	-	-	(55,874)	-15%	

Note：The sales prices and payment terms of intercompany sales are not significantly different from those to third parties. For other intercompany transactions, prices and terms are determined in accordance with mutual agreements.

Sigurd Microelectronics Corporation and Subsidiaries

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

December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020 （Note 1）	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts	Footnote
Sigurd Microelectronics Corp.	SIRIZE Technology (Suzhou) Corp.	Subsidiary	$ 60,193	24.76%	$ -	-	$ -	$ -	Shown as ‘Account receivable-related parties, net’
Sigurd Microelectronics Corp.	SIRIZE Technology (Suzhou) Corp.	Subsidiary	107,163	Note	-	-	-	-	Shown as‘Other receivables-related parties’

Nore：The calculation of turnover days excludes other receivables from related parties.

Sigurd Microelectronics Corporation and Subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2020

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Sigurd Microelectronics Corporation	SIRIZE Technology (Suzhou) Corp.	1	Operating revenue	$ 83,368	Note 6	0.67%
0	Sigurd Microelectronics Corporation	SIRIZE Technology (Suzhou) Corp.	1	Accounts receivable	60,193	Note 6	0.20%
0	Sigurd Microelectronics Corporation	SIRIZE Technology (Suzhou) Corp.	1	Other receivables	107,163	Note 6	0.36%
0	Sigurd Microelectronics Corporation	TEST-SERV Inc.	1	Dividend	100,250	Note 6	0.81%
1	TPFUSION INC.	Sigurd Microelectronics Corporation	2	Operating revenue	31,000	Note 6	0.25%
2	Winstek Semiconductor Co., Ltd	Winstek Semiconductor Technology Co., Ltd.	3	Operating revenue	173,503	Note 6	1.40%
2	Winstek Semiconductor Co., Ltd	Winstek Semiconductor Technology Co., Ltd.	3	Accounts receivable	55,874	Note 6	0.19%
2	Winstek Semiconductor Co., Ltd	Winstek Semiconductor Technology Co., Ltd.	3	Other receivables	43,815	Note 6	0.35%
2	Winstek Semiconductor Co., Ltd	Winstek Semiconductor Technology Co., Ltd.	3	Dividend	162,090	Note 6	1.30%
3	Valuenet International Ltd.	OPS Electronic Ltd.	3	Other receivables	28,183	Note 6	0.09%
4	FLATEK, INC.	TPFUSION INC.	3	Other receivables	93,805	Note 6	0.31%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1)Parent company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1)Parent company to subsidiary.
(2)Subsidiary to parent company.
(3)Subsidiary to subsidiary.

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

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

Note 5: Including the amount of the parent company's fund loaned to subsidiary, according to the agreed interest rate plus interest.

Note 6: For these transactions, the prices and times were determined in accordance with mutual agreements.

Note 7: Only the transactions over $20,000 are disclosed, and the related party transactions are not disclosed.

Sigurd Microelectronics Corporation and Subsidiaries

Information on investees

Years ended December 31, 2020

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2020	Initial investment amount: Balance as at December 31, 2019	Shares held as at December 31, 2020: Number of shares	Shares held as at December 31, 2020: Ownership (%)	Shares held as at December 31, 2020: Book value	Net profit (loss) of the investee for the year ended December 31, 2020 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2(3))	Footnote
Sigurd Microelectronics Corp.	Sigurd International Co., Ltd.	British Virgin Islands	Investment company	$ 975,135	$ 975,135	30,254,043	100.00	$ 179,756	($ 9,365)	($ 9,597)	
Sigurd Microelectronics Corp.	Burgurd Co., Ltd.	Hongkong	International trade company	20,460	20,460	-	100.00	(40,711)	(277)	(277)	
Sigurd Microelectronics Corp.	TEST-SERV Inc.	Taiwan	Packaging testing	1,403,337	1,403,337	80,200,031	100.00	1,304,772	145,363	142,673	
Sigurd Microelectronics Corp.	Bloomeria Limited	Singapore	Investment company	1,643,776	1,643,776	2,202,218,293	100.00	2,560,111	148,696	157,451	
Sigurd Microelectronics Corp.	AMBERSAN Medical Technology Co., Ltd.	Taiwan	Medical equipment manufacturing and sales	36,300	18,150	3,630,000	55.00	32,037	(7,101)	(3,906)	
Sigurd Microelectronics Corp.	FLATEK, INC.	Taiwan	Digital Information supply service	100,000	100,000	10,000,000	58.77	84,465	2,402	3,424	
Sigurd Microelectronics Corp.	Flusol Co., Ltd.	Hongkong	Investment company	1,359,400	757,400	-	96.66	1,194,527	(120,109)	(119,232)	
Sigurd Microelectronics Corp.	Ge-Shing Cooperation	Taiwan	Investment company	10,000	-	200,000	0.65	15,793	110,683	565	
Sigurd International Co., Ltd.	Sigurd Microelectronics (Cayman) Co., Ltd.	Cayman Islands	Investment company	795,850	795,850	35,503,018	78.33	121,120	(5,789)	-	
Sigurd International Co., Ltd.	Flusol Co., Ltd.	Hongkong	Investment company	47,106	47,106	-	3.34	41,395	(120,109)	-	
Bloomeria Limited	Ge-Shing Cooperation	Taiwan	Investment company	2,390,105	-	30,736,712	99.35	2,427,064	110,683	-	

Sigurd Microelectronics Corporation and Subsidiaries

Information on investees

Years ended December 31, 2020

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at December 31, 2020	Initial investment amount: Balance as at December 31, 2019	Shares held as at December 31, 2020: Number of shares	Shares held as at December 31, 2020: Ownership (%)	Shares held as at December 31, 2020: Book value	Net profit (loss) of the investee for the year ended December 31, 2020 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2020 (Note 2(3))	Footnote
Ge-Shing Cooperation	Winstek Semiconductor Co., Ltd.	Taiwan	Research, design and testing of integrated circuits	$ 2,390,790	$ -	70,726,438	51.90	$ 2,328,120	$ 209,398		
Winstek Semiconductor Co., Ltd.	Winstek Semiconductor Technology Co., Ltd.	Taiwan	Services of turnkey wafer bumping and wafer level packaging	2,875,740	2,875,740	310,000,000	100.00	3,113,377	180,100	-	
TEST-SERV Inc.	Winstek Semiconductor Co., Ltd.	Taiwan	Research, design and testing of integrated circuits	1,120	1,120	43,000	0.03	1,251	209,398	-	
FLATEK, INC.	OPS Electronic Ltd.	Hongkong	Investment company	40	40	10,000	100.00	31,613	24,836	-	
FLATEK, INC.	TPFUSION Inc.	Taiwan	Digital Information supply service	11,250	11,250	1,125,000	75.00	(92,278)	12,214	-	
FLATEK, INC.	Valuenet International Ltd.	British Virgin Islands	Digital Information supply service	1,568	1,568	50,000	100.00	51,126	(586)	-	
TPFUSION Inc.	TPfusion Corp.	Japan	Digital Information supply service	6,684	6,684	97,971	98.00	(85,707)	12,642	-	

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

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

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at December 31, 2020' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column..

(2)The 'Net profit (loss) of the investee for the year ended December 31, 2020' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the year ended December 31, 2020 column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this year. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this year has included its investment income (loss) which shall be recognised by regulations.

Sigurd Microelectronics Corporation and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2020

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income of investee as of December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31 2020 (Note 2(2) B)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Sigurd Micro Electronics (Wuxi) Co., Ltd.	Manufacture and sales of microelectronic products	$ 911,278	2	$ 611,991	$ -	$ -	$ 611,991	($ 5,420)	78.33	($ 4,246)	$ 146,580	$ -	Note 2(2)B、Note 4
Flusol (Shenzhen) Co., Ltd.	Commodity broker, commodity brokerage, and integrated circuit design	45,249	2	45,249	-	-	-	-	-	-	-	-	Note 2(2)B、Note 3
OPS Electronic (ShenZhen) Limited	Manufacture and sales of IC programmers and its parts, IC copiers, components for chip testers and electronic components	26,033	2	26,033	-	-	26,033	10,952	100.00	6,436	47,109	-	-
SIRIZE Technology (Suzhou) Corp.	Design of testing application for integrated and advanced services of circuits testing	1,359,700	2	757,700	602,000	-	1,359,700	(119,571)	100.00	(123,457)	1,232,202	-	Note 2(2)B

Sigurd Microelectronics Corporation and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2020

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

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

(1)Directly invest in a company in Mainland China.

(2) Through Investment in an existing company in the third area, which then invested in the investee in Mainland China. (Invested Sigurd Micro Electronics (Wuxi) Co., Ltd, through Sigurd Microelectronics (cayman) Co., Ltd; invested Flusol(Shenzhen) Co., Ltd and SIRIZE Technology (Suzhou) Corp. through Flusol Co., Ltd and invested OPS Electronic (ShenZhen) Limited through OPS Electronic Limited.

(3) Others

Note 2: In the 'Investment income (loss) recognised by the Company for the year ended December 31, 2020' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements that are audited and attested by R.O.C. parent company's CPA.

C.Self-contained financial statements.

Note 3: The Company filed the liquidation of Flusol Co., Ltd. in the mainland China to the Investment Commision of the Ministry of Economic Affairs (MOEA) February 17, 2020. The application has been approved by the Investment Commission of MOEA on February 27, 2020.

Note 4: As of December 31, 2020, the accumulated ampunt of remittance including other investors from Taiwan to Sigurd Micro Electronics (Wuxi) Co., Ltd. is US$27,700 thousand (NT$ 826,153).

name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of MOEA	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Sigurd Micro Electronics (Wuxi) Co., Ltd.	$ 611,991	$ 626,325	$ 8,967,702
OPS Electronic (ShenZhen) Limited	26,033	Note 5	Note 5
SIRIZE Technology (Suzhou) Corp.	1,359,700	1,359,700	8,967,702

Note 5: The Company acquired Flatek, Inc. on September 6, 2019 and indirectly obtained the control of OPS Electronic (ShenZhen) Limited. Preceding investment has been submitted to MOEA for approval.