Nuvoton Technology Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2020 and 2019 and Independent Auditors' Review Report

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Nuvoton Technology Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Nuvoton Technology Corporation and its subsidiaries (collectively, the "Group") as of June 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months ended June 30, 2020 and 2019 and for the six months ended June 30, 2020 and 2019, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2020 and 2019, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2020 and 2019, its consolidated financial performance for the three months ended June 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Shu-Lin Liu and Hung-Bin Yu.

Shu-lin Liu   Hung-Bin Yu

Deloitte & Touche
Taipei, Taiwan
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July 27, 2020

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

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

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2020 (Reviewed)		December 31, 2019 (Audited)		June 30, 2019 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 6,674,362	49	$ 4,859,223	44	$ 1,652,626	24
Financial assets at fair value through profit or loss - current (Note 7)	5,800	-	6,037	-	3,860	-
Notes and accounts receivable, net (Note 8)	1,136,213	8	1,010,722	9	987,597	14
Accounts receivable from related parties, net (Notes 8 and 28)	58,996	1	67,394	1	64,653	1
Other receivables (Notes 9 and 28)	516,117	4	496,881	4	194,236	3
Inventories (Notes 5 and 10)	1,906,315	14	1,604,658	14	1,537,238	23
Other current assets	141,073	1	142,442	1	142,576	2
Total current assets	10,438,876	77	8,187,357	73	4,582,786	67
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 11)	1,071,992	8	1,117,410	10	520,889	7
Property, plant and equipment (Note 12)	734,704	5	760,321	7	748,465	11
Right-of-use assets (Notes 13 and 28)	541,695	4	600,288	5	547,477	8
Investment properties (Note 14)	40,879	-	44,207	1	48,753	1
Intangible assets (Note 15)	619,686	4	261,230	2	182,551	3
Deferred tax assets (Note 4)	108,373	1	97,919	1	119,021	2
Refundable deposits (Notes 6 and 28)	86,466	1	86,879	1	84,635	1
Other non-current assets	310	-	618	-	877	-
Total non-current assets	3,204,105	23	2,968,872	27	2,252,668	33
TOTAL	$ 13,642,981	100	$ 11,156,229	100	$ 6,835,454	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Accounts payable (Note 28)	$ 1,138,466	8	$ 1,129,375	10	$ 964,943	14
Other payables (Notes 18 and 28)	1,098,744	8	951,058	8	819,014	12
Dividends payables (Note 20)	345,065	2	-	-	518,886	7
Current tax liabilities (Note 4)	131,146	1	78,732	1	47,388	1
Lease liabilities - current (Notes 13 and 28)	112,475	1	114,308	1	93,035	1
Other current liabilities	86,618	1	68,411	1	62,713	1
Total current liabilities	2,912,514	21	2,341,884	21	2,505,979	36
NON-CURRENT LIABILITIES						
Bonds payable (Note 16)	2,006,339	15	-	-	-	-
Long-term borrowings (Note 17)	500,000	3	500,000	4	-	-
Products guarantee based on commitment	101,891	1	101,891	1	101,891	2
Lease liabilities - non-current (Notes 13 and 28)	402,052	3	452,715	4	419,495	6
Net defined benefit liabilities - non-current (Note 4)	286,735	2	287,565	3	263,849	4
Other non-current liabilities (Note 28)	106,076	1	80,143	1	81,090	1
Total non-current liabilities	3,403,093	25	1,422,314	13	866,325	13
Total liabilities	6,315,607	46	3,764,198	34	3,372,304	49
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Share capital	2,875,544	21	2,875,544	26	2,075,544	30
Capital surplus	2,906,976	21	2,906,976	26	63,550	1
Retained earnings						
Legal reserve	596,905	5	541,722	5	541,722	8
Unappropriated earnings	860,872	6	917,229	8	595,223	9
Exchange differences on translating financial statements of foreign operations	(37,049)	-	(18,984)	-	13,848	-
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	124,126	1	169,544	1	173,263	3
Total equity	7,327,374	54	7,392,031	66	3,463,150	51
TOTAL	$ 13,642,981	100	$ 11,156,229	100	$ 6,835,454	100

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 28)	$ 3,061,142	100	$ 2,584,298	100	$ 5,194,297	100	$ 4,634,119	100
OPERATING COST (Notes 10, 23 and 28)	1,798,837	59	1,542,548	60	3,087,929	100	2,800,547	60
GROSS PROFIT	1,262,305	41	1,041,750	40	2,106,368	-	1,833,572	40
OPERATING EXPENSES (Notes 23 and 28)								
Selling and marketing expenses	55,711	2	61,764	3	108,464	-	118,559	3
General and administrative expenses	133,555	4	105,978	4	261,110	-	200,528	4
Research and development expenses	729,528	24	723,935	28	1,386,992	-	1,328,940	29
Expected credit loss (gain)	6,104	-	4,183	-	2,459	-	1,098	-
Total operating expenses	924,898	30	895,860	35	1,759,025	-	1,649,125	36
PROFIT FROM OPERATIONS	337,407	11	145,890	5	347,343	-	184,447	4
NON-OPERATING INCOME AND EXPENSES (Note 28)								
Finance costs	(6,825)	-	(2,773)	-	(11,325)	-	(5,632)	-
Interest income	6,234	-	3,657	-	14,314	-	7,289	-
Dividend income	67,694	2	70,494	3	67,694	-	70,494	1
Other gains and losses	5,470	-	2,826	-	8,492	-	6,461	-
Gains (losses) on disposal of property, plant and equipment	10	-	11	-	29	-	(5)	-
Foreign exchange gains (losses)	(11,252)	-	4,574	-	(3,313)	-	7,260	-
Gains (losses) on financial assets at fair value through profit or loss	1,540	-	(6,995)	-	(3,511)	-	(11,916)	-
Total non-operating income and expenses	62,871	2	71,794	3	72,380	-	73,951	1
PROFIT BEFORE INCOME TAX	400,278	13	217,684	8	419,723	-	258,398	5
INCOME TAX EXPENSE (Notes 4 and 22)	(67,602)	(2)	(34,015)	(1)	(75,832)	-	(44,002)	(1)
NET PROFIT FOR THE PERIOD	332,676	11	183,669	7	343,891	-	214,396	4
OTHER COMPREHENSIVE INCOME (LOSS) (Note 20)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	20,594	1	(58,280)	(2)	(45,418)	-	8,839	-

(Continued)

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	$ (11,878)	(1)	$ 5,860	-	$ (18,065)	-	$ 24,383	1
Other comprehensive income (loss) for the period, net of income tax	8,716	-	(52,420)	(2)	(63,483)	-	33,222	1
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 341,392	11	$ 131,249	5	$ 280,408	-	$ 247,618	5
EARNINGS PER SHARE (Note 25)								
From continuing operations								
Basic	$ 1.16		$ 0.88		$ 1.20		$ 1.03	
Diluted	$ 1.15		$ 0.88		$ 1.19		$ 1.03	

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company						
			Retained Earnings		Other Equity		
	Ordinary Share	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1,2019	$ 2,075,544	$ 63,498	$ 470,659	$ 955,346	$ (10,535)	$ 179,854	$ 3,734,366
Net profit for the six months ended June 30, 2019	-	-	-	214,396	-	-	214,396
Other comprehensive income (loss) for the six months ended June 30, 2019, net of income tax	-	-	-	-	24,383	8,839	33,222
Total comprehensive income (loss) for the six months ended June 30, 2019	-	-	-	214,396	24,383	8,839	247,618
Unclaimed dividends from claims extinguished by prescriptions	-	52	-	-	-	-	52
Disposals of investments in equity instruments designated as at fair value through other comprehensive income (Notes 11 and 20)	-	-	-	15,430	-	(15,430)	-
Appropriation of 2018 earnings (Note 20)							
Legal reserve	-	-	71,063	(71,063)	-	-	-
Cash dividends	-	-	-	(518,886)	-	-	(518,886)
BALANCE, JUNE 30, 2019	$ 2,075,544	$ 63,550	$ 541,722	$ 595,223	$ 13,848	$ 173,263	$ 3,463,150
BALANCE AT JANUARY 1, 2020	$ 2,875,544	$ 2,906,976	$ 541,722	$ 917,229	$ (18,984)	$ 169,544	$ 7,392,031
Net profit for the six months ended June 30, 2020	-	-	-	343,891	-	-	343,891
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	(18,065)	(45,418)	(63,483)
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	343,891	(18,065)	(45,418)	280,408
Appropriation of 2019 earnings (Note 20)							
Legal reserve	-	-	55,183	(55,183)	-	-	-
Cash dividends	-	-	-	(345,065)	-	-	(345,065)
BALANCE, JUNE 30, 2020	$ 2,875,544	$ 2,906,976	$ 596,905	$ 860,872	$ (37,049)	$ 124,126	$ 7,327,374

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

NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 419,723	$ 258,398
Adjustments for:		
Depreciation expense	164,107	136,536
Amortization expense	70,045	44,373
Finance costs	11,325	5,632
Expected credit loss (gain) recognized on accounts receivable	2,459	1,098
Interest income	(14,314)	(7,289)
Dividend income	(67,694)	(70,494)
Net (gains) losses on financial assets at fair value through profit or loss	5,437	(3,097)
(Gains) losses on disposal of property, plant and equipment	(29)	5
Other adjustment to reconcile (profit) loss	(5)	-
Changes in operating assets and liabilities		
(Increase) decrease in notes and accounts receivable	(127,865)	(53,955)
(Increase) decrease in accounts receivable from related parties	8,398	(2,347)
(Increase) decrease in other receivables	(22,227)	3,250
(Increase) decrease in inventories	(301,657)	23,700
(Increase) decrease in other current assets	1,369	26,776
(Increase) decrease in other non-current assets	308	97
Increase (decrease) in accounts payable	9,091	76,243
Increase (decrease) in other payables	(9,720)	(112,489)
Increase (decrease) in other current liabilities	18,207	(473)
Increase (decrease) in net defined benefit liabilities	(830)	(30,578)
Increase (decrease) in other non-current liabilities	25,933	9,284
Cash flows from (used in) operations	192,061	304,670
Income tax paid	(32,735)	(90,710)
Interest received	14,301	4,219
Interest paid	(8,561)	(3,850)
Dividend income	64,394	62,858
Net cash flows from (used in) operating activities	229,460	277,187
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	(243,116)	(78,750)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	27,233
Acquisition of property, plant and equipment	(101,175)	(79,837)
Proceeds from disposal of property, plant and equipment	31	56
(Increase) decrease in refundable deposits	413	(3,200)
(Increase) decrease in other receivables-time deposits	5,166	(5,480)
Net cash flows from (used in) investing activities	(338,681)	(139,978)

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NUVOTON TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2020	**2019**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of bond payables	$ 1,998,428	$ -
Repayment of the principal portion of lease liabilities	(59,000)	(47,138)
Other financing activities	-	52
Net cash flows from (used in) financing activities	1,939,428	(47,086)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(15,068)	18,585
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,815,139	108,708
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	4,859,223	1,543,918
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	$ 6,674,362	$ 1,652,626

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

1. GENERAL INFORMATION

Nuvoton Technology Corporation (the "Company") was incorporated in the Republic of China ("ROC") in April 2008 and commenced business in July 2008. The Company is engaged mainly in the research, design, development, manufacture, and sale of logic integrated circuits ("ICs") and the manufacturing, testing and OEM of 6-inch wafers.

For the specialization and division of labor and the reinforcement of core competitive ability, the Company's parent company, Winbond Electronics Corporation (WEC), spun off its Logic IC business into the Company on July 1, 2008 in accordance with the Business Mergers and Acquisitions Act and the Company commenced business in July 2008. WEC held approximately 62%, 62% and 61% of the ownership interest in the Company as of June 30, 2020, December 31, 2019 and June 30, 2019, respectively.

The Company's shares have been listed on the Taiwan Stock Exchange since September 27, 2010.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's Board of Directors and authorized for issue on July 27, 2020.

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

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financing Reporting Interpretation Committee (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies:

   <u>Amendments to IAS 1 and IAS 8 "Definition of Material"</u>

   The Group adopted the amendments starting from January 1, 2020. The threshold for materiality influencing users has been changed to "could reasonably be expected to influence" and, therefore, the disclosures in the consolidated financial report have been adjusted and immaterial information that may obscure material information has been deleted.

   <u>Amendment to IFRS 16 "Covid-19 - Related Rent Concessions"</u>

   The Group elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. Related accounting policies are stated in Note 4. Before the application of the amendment, the Group was required to determine whether the abovementioned rent concessions are lease modifications and thus have to be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. Retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts-Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all disclosures required for a complete set of annual consolidated financial statements under the IFRSs endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments and defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets, that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Subsidiary included in the consolidated financial statements:

			Percentage of Ownership (%)		
Investor	**Investee**	**Main Business**	**June 30, 2020**	**December 31, 2019**	**June 30, 2019**
The Company	Nuvoton Electronics Technology (H.K.) Limited (“NTHK”)	Sales of semiconductor	100	100	100
	Marketplace Management Limited (“MML”)	Investment holding	100	100	100
	Nuvoton Investment Holding Ltd. (“NIH”)	Investment holding	100	100	100
	Song Yong Investment Corporation (“SYI”)	Investment holding	100	100	100
	Nuvoton Technology India Private Limited (“NTIPL”)	Design, sales and after-sales service of semiconductor	100	100	100
	Nuvoton Technology Corporation America (“NTCA”)	Design, sales and after-sales service of semiconductor	100	100	100
	Nuvoton Technology Singapore Pte. Ltd (“NTSPL”)	Design, sales and after-sales service of semiconductor	100	-	-
	Nuvoton Technology Korea Limited (“NTKR”)	Design, sales and after-sales service of semiconductor	100	-	-
NTHK	Nuvoton Electronics Technology (Shenzhen) Limited (“NTSZ”)	Computer software service (except I.C. design), wholesale business for computer, supplement and software	100	100	100
MML	Goldbond LLC (“GLLC”)	Investment holding	100	100	100
GLLC	Nuvoton Electronics Technology (Shanghai) Limited (“NTSH”)	Provides projects for sale in China and repairing, testing and consulting of software	100	100	100
	Winbond Electronics (Nanjing) Ltd. (“WENJ”)	Computer software service (except I.C. design)	100	100	100
NIH	Nuvoton Technology Israel Ltd. (“NTIL”)	Design and service of semiconductor	100	100	100

Retirement Benefits

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

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

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

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

Financial Instruments

Convertible bonds

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

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

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

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

Leases

The Group as lessee

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The Group's critical accounting judgments and key sources of estimation uncertainty are described below:

Write-down of Inventories

The net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and the historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	June 30, 2020	December 31, 2019	June 30, 2019
Cash and deposits in banks	$ 6,294,562	$ 4,650,223	$ 1,275,449
Repurchase agreements collateralized by bonds	379,800	209,000	373,500
Cash in transit	-	-	3,677
	$ 6,674,362	$ 4,859,223	$ 1,652,626

a. The Group has time deposits pledged to secure land leases and customs tariff obligations which are reclassified as "refundable deposits" as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Time deposits	$ 76,000	$ 75,988	$ 75,235

b. The Group has time deposits which are not held for the purpose of meeting short-term cash commitments and are reclassified to "other receivables" as follows (Note 9):

	June 30, 2020	December 31, 2019	June 30, 2019
Time deposits	$ 442,559	$ 447,725	$ 151,134

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2020	December 31, 2019	June 30, 2019
Financial assets at FVTPL - current			
Foreign exchange forward contracts	$ -	$ 6,037	$ 3,860
Right of redemption of convertible bonds	5,800	-	-
	$ 5,800	$ 6,037	$ 3,860

At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
December 31, 2019			
Sell	USD/NTD	2020.01.03-2020.03.05	US$20,000/NT$604,050
June 30, 2019			
Sell	USD/NTD	2019.07.25-2019.08.22	US$20,000/NT$623,767

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. These forward exchange contracts did not meet the criteria for hedge accounting, therefore, the Group did not apply hedge accounting treatment for these forward exchange contracts.

8. NOTES AND ACCOUNTS RECEIVABLE, NET

	June 30, 2020	December 31, 2019	June 30, 2019
Notes receivable	$ -	$ 21	$ -
Accounts receivable (including related parties)			
At amortized cost			
Gross carrying amount	1,220,149	1,100,661	1,073,884
Less: Allowance for impairment loss	(24,940)	(22,566)	(21,634)
	$ 1,195,209	$ 1,078,116	$ 1,052,250

The average credit period of sales of goods was 30-60 days. No interest was charged on accounts receivable. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by financial department annually.

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

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all accounts receivable. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to past default experience of the customer and the customer’s current financial position, adjusted for economic conditions of the industry in which the customer operates, as well as the GDP forecast and industry outlooks. As the Group’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group’s different customer base.

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

The following table details the loss allowance of accounts receivable based on the Group’s provision matrix.

June 30, 2020

	Not Overdue	Overdue under 30 Days	Overdue 31 to 90 Days	Overdue 91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	2%	2%	10%	20%	50%	
Gross carrying amount	$ 1,219,180	$ 969	$ -	$ -	$ -	$ 1,220,149
Loss allowance (Lifetime ECLs)	(24,921)	(19)	-	-	-	(24,940)
Amortized cost	$ 1,194,259	$ 950	$ -	$ -	$ -	$ 1,195,209

December 31, 2019

	Not Overdue	Overdue under 30 Days	Overdue 31 to 90 Days	Overdue 91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	2%	2%	10%	20%	50%	
Gross carrying amount	$ 1,093,869	$ 6,813	$ -	$ -	$ -	$ 1,100,682
Loss allowance (Lifetime ECLs)	(22,430)	(136)	-	-	-	(22,566)
Amortized cost	$ 1,071,439	$ 6,677	$ -	$ -	$ -	$ 1,078,116

June 30, 2019

	Not Overdue	Overdue under 30 Days	Overdue 31 to 90 Days	Overdue 91 to 180 Days	Over 180 Days	Total
Expected credit loss rate	2%	2%	10%	20%	50%	
Gross carrying amount	$ 1,067,486	$ 6,396	$ 2	$ -	$ -	$ 1,073,884
Loss allowance (Lifetime ECLs)	(21,507)	(127)	-	-	-	(21,634)
Amortized cost	$ 1,045,979	$ 6,269	$ 2	$ -	$ -	$ 1,052,250

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

	For the Six Months Ended June 30	
	2020	**2019**
Balance at January 1	$ 22,566	$ 20,499
Add: Net remeasurement of loss allowance	2,459	1,098
Foreign exchange gains and losses	(85)	37
Balance at June 30	$ 24,940	$ 21,634

Compared to January 1, 2020 and 2019, the increase in loss allowance of NT$2,374 thousand and NT$1,135 thousand at June 30, 2020 and 2019, respectively, resulted from the increase in accounts receivables net of those settled of NT$119,467 thousand and NT$56,302 thousand, respectively.

9. OTHER RECEIVABLES

	June 30, 2020	December 31, 2019	June 30, 2019
Time deposits (Note 6)	$ 442,559	$ 447,725	$ 151,134
Business tax refund receivable	26,548	34,611	24,572
Others	47,010	14,545	18,530
	$ 516,117	$ 496,881	$ 194,236

10. INVENTORIES

	June 30, 2020	December 31, 2019	June 30, 2019
Raw materials and supplies	$ 114,344	$ 105,937	$ 109,810
Work in process	1,365,664	1,181,653	1,096,250
Finished goods	426,307	308,869	325,986
Inventory in transit	-	8,199	5,192
	$ 1,906,315	$ 1,604,658	$ 1,537,238

As of June 30, 2020, December 31, 2019 and June 30, 2019, the allowance for inventory value decline was NT$448,142 thousand, NT$362,717 thousand and NT$369,069 thousand, respectively.

The operating cost for the three months ended June 30, 2020 and 2019, and the six months ended June 30, 2020 and 2019 were NT$1,798,837 thousand and NT$1,542,548 thousand, NT$3,087,929 thousand and NT$2,800,547 thousand, respectively. The inventory write-downs and obsolescence and abandonment of inventories for the three months ended June 30, 2020 and 2019, and the six months ended June 30, 2020 and 2019 were NT$18,096 thousand and NT$11,537 thousand, NT$86,852 thousand and NT$40,116 thousand, respectively.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Investments in equity instruments at FVTOCI:

	June 30, 2020	December 31, 2019	June 30, 2019
Domestic listed shares and emerging market shares			
Nyquest Technology Co., Ltd.	$ 51,315	$ 60,720	$ 103,690
Brightek Optoelectronic Co., Ltd.	545	485	374
Domestic unlisted shares			
United Industrial Gases Co., Ltd.	413,600	440,000	396,000
Yu-Ji Venture Capital Co., Ltd.	13,932	16,605	20,825
Overseas unlisted stocks			
Autotalks Ltd. - Preferred E. Share	592,600	599,600	-
	$ 1,071,992	$ 1,117,410	$ 520,889

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

For the six months ended June 30, 2019, the Group sold part of its shares in Nyquest Technology Co., Ltd. in order to manage credit concentration risk. The shares sold had a fair value of NT$27,233 thousand and its related unrealized valuation gain of NT$15,430 thousand was transferred from other equity to retained earnings. Please refer to Note 20 for related information.

The Group recognized dividend income NT$67,694 thousand, NT$70,494 thousand, NT$67,694 thousand and NT$70,494 thousand for the three months ended and six months ended June 30, 2020 and 2019, respectively. Those related to investments derecognized during the period of the three months and six months ended June 30, 2020 and 2019 were NT$0 thousand, NT$7 thousand, NT$0 thousand and NT$7 thousand, respectively. Those related to investments held at June 30, 2020 and 2019 were NT$67,694 thousand, NT$70,487 thousand, NT$67,694 thousand and NT$70,487 thousand, respectively

In August 2019, the Company resolved to invest in the Preferred E Share of the non-related party communication chip maker in Israel, Autotalks Ltd. The entitled rights of the Preferred E Share were as follows:

a. Each Preferred E Shares grants its holder a number of votes equal to the number of votes per Ordinary Share.

b. The Preferred E Shares shall be prior to all other equity securities of Autotalks Ltd. In the event of liquidation.

c. The holders of the Preferred E Shares shall be entitled to receive non-cumulative cash dividends at the rate of eight percent.

d. The investors shall have the right to appoint one non-voting observer ("Observer") to attend Autotalks Ltd.'s board meetings.

e. The holders of the Preferred E Shares shall be entitled to preemptive right with respect to future issuance of new securities of Autotalks Ltd.

f. The investors have the rights to obtain the annual financial statements, quarterly financial statements and etc.

12. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2020	December 31, 2019	June 30, 2019
Buildings	$ 191,249	$ 189,755	$ 190,102
Machinery and equipment	447,871	465,033	426,294
Other equipment	94,849	104,117	132,069
Construction in progress and prepayments for purchase of equipment	735	1,416	-
	$ 734,704	$ 760,321	$ 748,465

	Buildings	Machinery and Equipment	Other Equipment	Construction in Progress and Prepayments for Purchase of Equipment	Total
Cost					
Balance at January 1, 2020	$ 3,662,145	$ 11,557,247	$ 405,918	$ 1,416	$ 15,626,726
Additions	14,511	52,068	5,617	186	72,382
Disposals	(1,400)	(96,830)	(340)	-	(98,570)
Reclassified	-	867	-	(867)	-
Effect of foreign currency exchange difference	-	(1,248)	(3,405)	-	(4,653)
Balance at June 30, 2020	$ 3,675,256	$ 11,512,104	$ 407,790	$ 735	$ 15,595,885
Accumulated depreciation and impairment					
Balance at January 1, 2020	$ 3,472,390	$ 11,092,214	$ 301,801	$ -	$ 14,866,405
Disposals	(1,400)	(96,830)	(338)	-	(98,568)
Depreciation	13,017	69,785	14,046	-	96,848
Reclassified	-	-	-	-	-
Effect of foreign currency exchange difference	-	(936)	(2,568)	-	(3,504)
Balance at June 30, 2020	$ 3,484,007	$ 11,064,233	$ 312,941	$ -	$ 14,861,181
Carrying amounts at June 30, 2020	$ 191,249	$ 447,871	$ 94,849	$ 735	$ 734,704
Cost					
Balance at January 1, 2019	$ 3,649,663	$ 11,403,272	$ 381,190	$ -	$ 15,434,125
Additions	4,136	88,930	37,204	-	130,270
Disposals	(2,198)	(19,819)	(875)	-	(22,892)
Effect of foreign currency exchange difference	-	4,593	7,784	-	12,377
Balance at June 30, 2019	$ 3,651,601	$ 11,476,976	$ 425,303	$ -	$ 15,553,880
Accumulated depreciation and impairment					
Balance at January 1, 2019	$ 3,450,850	$ 11,009,989	$ 275,369	$ -	$ 14,736,208
Disposals	(2,198)	(19,819)	(814)	-	(22,831)
Depreciation	12,847	57,159	14,103	-	84,109
Effect of foreign currency exchange difference	-	3,353	4,576	-	7,929
Balance at June 30, 2019	$ 3,461,499	$ 11,050,682	$ 293,234	$ -	$ 14,805,415
Carrying amounts at June 30, 2019	$ 190,102	$ 426,294	$ 132,069	$ -	$ 748,465

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2020	December 31, 2019	June 30, 2019
Carrying amounts			
Land	$ 213,950	$ 226,581	$ 239,393
Buildings	294,266	333,255	293,603
Other equipment	33,479	40,452	14,481
	$ 541,695	$ 600,288	$ 547,477

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Additions to right-of-use assets	$ 9,858	$ 5,320	$ 12,392	$ 5,320
Depreciation for right-of-use assets				
Land	$ 6,316	$ 6,365	$ 12,631	$ 12,729
Buildings	21,558	17,048	43,318	33,870
Other equipment	4,548	1,889	9,116	3,480
	$ 32,422	$ 25,302	$ 65,065	$ 50,079
Income from the subleasing of right-of-use assets (presented in other income)	$ (1,861)	$ (1,857)	$ (3,854)	$ (3,788)

b. Lease liabilities

	June 30, 2020	December 31, 2019	June 30, 2019
Carrying amounts			
Current	$ 112,475	$ 114,308	$ 93,035
Non-current	$ 402,052	$ 452,715	$ 419,495

Range of discount rate for lease liabilities was as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Land	1.76%-2.06%	1.76%-2.06%	1.76%-2.06%
Buildings	1.01%-3.75%	1.09%-3.75%	1.44%-3.69%
Other equipment	0.73%-3.61%	0.73%-3.61%	1.38%-1.44%

For the three months ended June 30, 2020 and 2019 and the six months ended June 30, 2020 and 2019, the interest expense under lease liabilities amounted to NT$2,676 thousand, NT$2,773 thousand, NT$5,532 thousand and NT$5,632 thousand, respectively.

c. Material lease-in activities and terms

The Group leased parcels of land from Science Park Administration, and the lease term will expire in December 2027, which can be extended after the expiration of the lease periods.

The Group leased parcels of land from Taiwan Sugar Corporation under a twenty-year term from October 2014 to September 2034, which is allowed to extend after the expiration of lease. The chairman of the Company, is a joint guarantor of such lease (refer to Note 28).

The Group leased some of the offices in the United States, China, Israel, India and Taiwan, and the lease terms will expire between 2020 and 2026 which can be extended after the expiration of the lease periods.

d. Subleases

The Group subleases its right-of-use assets for buildings under operating leases with lease terms between 1 and 5 years.

The maturity analysis of lease payments receivable under operating subleases is as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Year 1	$ 7,559	$ 6,244	$ 7,139
Year 2	7,731	5,795	5,708
Year 3	4,263	5,881	5,793
Year 4	1,157	1,985	3,845
Year 5	-	-	949
Year 6 onwards	-	-	-
	$ 20,710	$ 19,905	$ 23,434

To reduce the residual asset risk related to the subleased asset at the end of the relevant sublease, the lease contract between the Group and the lessee includes the receipt of the deposits and the compensation for damage due to the lack of management and maintenance.

e. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Expenses relating to short-term leases	$ 1,195	$ 4,501	$ 2,795	$ 9,060
Total cash outflow for leases	$ (33,066)	$ (30,379)	$ (67,256)	$ (60,048)

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

Lease-out arrangements under operating leases for investment properties are set out in Note 14.

14. INVESTMENT PROPERTIES

	June 30, 2020	December 31, 2019	June 30, 2019
Investment properties, net	$ 40,879	$ 44,207	$ 48,753

The investment properties are located in Shenzhen, China. As of December 31, 2019 and 2018, the fair value of such investment properties was both approximately NT$200,000 thousand, which used as reference the neighboring area transactions. The Group's management team evaluated the fair value of investment properties and determined that the fair value of the investment properties had not changed significantly, compared to the fair value of the investment properties as of June 30, 2020 and 2019.

	Investment Properties
Cost	
Balance at January 1, 2020	$ 98,511
Effect of foreign currency exchange difference	(2,608)
Balance at June 30, 2020	$ 95,903
Accumulated depreciation and impairment	
Balance at January 1, 2020	54,304
Depreciation	2,194
Effect of foreign currency exchange difference	(1,474)
Balance at June 30, 2020	$ 55,024
Carrying amount at June 30, 2020	$ 40,879
Cost	
Balance at January 1, 2019	$ 102,333
Effect of foreign currency exchange difference	1,121
Balance at June 30, 2019	$ 103,454
Accumulated depreciation and impairment	
Balance at January 1, 2019	51,806
Depreciation	2,348
Effect of foreign currency exchange difference	547
Balance at June 30, 2019	$ 54,701
Carrying amount at June 30, 2019	$ 48,753

The investment properties were leased out for 3 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Year 1	$ 5,073	$ 7,832	$ 9,873
Year 2	4,011	4,120	5,473
Year 3	205	2,270	4,327
Year 4	-	-	582
Year 5	-	-	-
Year 6 onwards	-	-	-
	$ 9,289	$ 14,222	$ 20,255

To reduce the residual asset risk related to the subleased asset at the end of the relevant sublease, the lease contract between the Group and the lessee includes the receipt of the deposits and the compensation for damage due to the lack of management and maintenance.

15. INTANGIBLE ASSETS

	June 30, 2020	December 31, 2019	June 30, 2019
Deferred technical assets	$ 596,559	$ 260,837	$ 181,987
Other intangible assets	23,127	393	564
	$ 619,686	$ 261,230	$ 182,551

	Deferred Technical Assets	Other Intangible Assets	Total
Cost			
Balance at January 1, 2020	$ 1,202,455	$ 3,426	$ 1,205,881
Additions	403,062	26,271	429,333
Effect of foreign currency exchange difference	(1,864)	(91)	(1,955)
Balance at June 30, 2020	$ 1,603,653	$ 29,606	$ 1,633,259
Accumulated amortization and impairment			
Balance at January 1, 2020	$ 941,618	$ 3,033	$ 944,651
Amortization	66,516	3,529	70,045
Effect of foreign currency exchange difference	(1,040)	(83)	(1,123)
Balance at June 30, 2020	$ 1,007,094	$ 6,479	$ 1,013,573
Carrying amounts at June 30, 2020	$ 596,559	$ 23,127	$ 619,686

(Continued)

	Deferred Technical Assets	Other Intangible Assets	Total
Cost			
Balance at January 1, 2019	$ 1,043,189	$ 3,558	$ 1,046,747
Additions	81,491	-	81,491
Disposal	(53,844)	-	(53,844)
Effect of foreign currency exchange difference	8,443	39	8,482
Balance at June 30, 2019	$ 1,079,279	$ 3,597	$ 1,082,876
Accumulated amortization and impairment			
Balance at January 1, 2019	899,145	2,848	901,993
Disposal	(53,844)	-	(53,844)
Amortization	44,218	155	44,373
Effect of foreign currency exchange difference	7,773	30	7,803
Balance at June 30, 2019	$ 897,292	$ 3,033	$ 900,325
Carrying amounts at June 30, 2019	$ 181,987	$ 564	$ 182,551

(Concluded)

16. BONDS PAYABLE

	June 30, 2020	December 31, 2019	June 30, 2019
Unsecured domestic convertible bonds	$ 2,006,339	$ -	$ -
Less: Current portions	-	-	-
	$ 2,006,339	$ -	$ -

In May 2020, the Company issued 20 thousand units, $100,000 per unit, 0% NTD-denominated unsecured convertible bonds in Taiwan, with an aggregate principal amount of $2,000,000 thousand. The terms of issuance, amounts and interest rate as follows:

a. The conversion price was set at $39.9 per share at the time of issuance. When meeting certain criteria, adjustments on the conversion price are made in accordance with the terms and conditions. Since the Company’s distribution of cash dividends, the conversion price should be adjusted according to the issuance and conversion measures, so the conversion price has been adjusted to $38.8 since August 17, 2020.

b. After the first three months of the issuance and forty days before the maturity date, if the closing price of the Company’s common shares listed on the Taiwan Stock Exchange exceeds or equals 30% of the conversion price or the outstanding balance of the bonds is less than 10% in principal amount of the bonds originally outstanding for thirty consecutive business days, the Company may redeem the bonds in cash at the principal amount.

c. After the bonds has been issued for over five years, the bondholders may request the Company to redeem the bonds at 106.41% of the principal amount (annual rate of return 1.25%). The right of the redemption was recognized as financial instruments at fair value through profit or loss - current. The fair value was $5,800 thousand on June 30, 2020.

d. Except for the bonds that have been redeemed, sold back, converted, or bought back by the Company in the market, the principal will be repaid in cash upon maturity at a rate of 109.09% (annual rate of return 1.25% upon maturity).

17. BORROWINGS

Long-term Borrowings

	Period	Interest Rate	June 30, 2020	December 31, 2019	June 30, 2019
Unsecured borrowings					
The Export-Import Bank of ROC	2019.09.20-2026.09.21	1.16%	$ 500,000	$ 500,000	$ -

The proceeds of the Company's unsecured loan from the Export-Import Bank of ROC was invested in Autotalks Ltd. The principal will be repaid every six months from September 20, 2023 until maturity and the interest rate will be reviewed and may be adjusted every six months.

18. OTHER PAYABLES

	June 30, 2020	December 31, 2019	June 30, 2019
Payable for salaries or employee benefits	$ 350,698	$ 367,537	$ 306,042
Payable for royalties	339,483	129,494	96,102
Payable for service	94,237	41,106	64,554
Payable for purchase of equipment	64,826	93,619	120,566
Others	249,500	319,302	231,750
	$ 1,098,744	$ 951,058	$ 819,014

19. RETIREMENT BENEFIT PLANS

Employee benefit expense in respect of the Company's defined benefit retirement plans was calculated using the actuarially determined pension cost discount rate as of December 31, 2019 and 2018, and recognized $9,709 thousand, $10,124 thousand, $19,511 thousand and $19,857 thousand for the three months ended and six months ended June 30, 2020 and 2019, respectively.

20. EQUITY

a. Share capital

	June 30, 2020	December 31, 2019	June 30, 2019
Shares authorized (in thousands of shares)	500,000	500,000	300,000
Shares authorized	$ 5,000,000	$ 5,000,000	$ 3,000,000
Shares issued and fully paid (in thousands of shares)	287,554	287,554	207,554
Shares issued and fully paid	$ 2,875,544	$ 2,875,544	$ 2,075,544
Par value (in New Taiwan dollars)	$ 10	$ 10	$ 10

On July 25, 2019, the Company's board of directors resolved to issue 80,000 thousand ordinary shares with a par value of NT$10 to enhance working capital. On August 26, 2019, the resolution was approved by the FSC. The consideration of NT$45 per share was determined by the chairman which was authorized by the board of directors of the Company, the subscription base date was October 23, 2019, the increase in share capital was fully paid. The associated issuance cost of $6,494 thousand was deducted from capital surplus - additional paid-in capital.

On December 6, 2019, the extraordinary general shareholders' meeting of the Company resolved to increase its capital by issuing ordinary shares between 60,000 thousand shares and 90,000 thousand shares through the offering of the Global Depository Shares (GDSs) to raise fund for the acquisition of the related business of Panasonic Semiconductor. The offering price for the GDSs was NT$45 per share. According to the laws, the actual offering price should not be lower than the closing share price of the Company, one of the simple arithmetic averages of the Company's ordinary share closing price for one, three or five business days prior to the pricing data adjusted for any distribution of stock dividends, cash dividends or capital reduction, and 90% of the average price ex-dividends. The total proposed fund amounted to US$132,787 thousand (at the exchange rate of US$1:NT$30.5); the total amount of the actual offering was based on the outstanding unit and price of the GDSs. The chairman was authorized by the board of the Company to set the pricing date and subscription base date after the approval by the FSC. On July 14, 2020, the FSC approved the termination of the offering of the GDSs.

As of June 30, 2020, December 31, 2019 and June 30, 2019, the balance of the Company's capital account amounted to NT$2,875,544 thousand, NT$2,875,544 thousand and NT$2,075,544 thousand, divided into 287,554 thousand ordinary shares, 287,554 thousand ordinary shares and 207,554 thousand ordinary shares with a par value of NT$10.

b. Capital surplus

	June 30, 2020	December 31, 2019	June 30, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Additional paid-in capital	$ 2,856,991	$ 2,856,991	$ 63,485
May only be used to offset a deficit			
Cash capital increase reserved for employee share options	49,920	49,920	-
Overdue dividends unclaimed	52	52	52
May not be used for any purpose			
Employee share options	13	13	13
	$ 2,906,976	$ 2,906,976	$ 63,550

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

c. Retained earnings and dividends policy

The shareholders held their regular meeting on May 29, 2020 and resolved the amendments to the Company's dividend distribution policy in the Company's Articles of Incorporation (the "Articles"). Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The board of directors shall be authorized to distribute the profit, the legal reserve, and the capital plus in cash upon resolution by a majority vote at a board meeting attended by two-thirds or more of the directors, and shall report the same to the shareholders' meeting. In principle, not less than 10% of the total shareholders' bonus shall be distributed in the form of cash. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 23.

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

The appropriations of earnings for 2019 and 2018 were approved in the shareholders' meetings on May 29, 2020 and June 24, 2019, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2019	**2018**	**2019**	**2018**
Legal reserve	$ 55,183	$ 71,063		
Cash dividends	345,065	518,886	$1.20	$2.50
	$ 400,248	$ 589,949		

d. Other equity items

1) The exchange differences arising on translation of foreign operations' net assets from its functional currency to the Group's presentation currency (New Taiwan dollar) are recognized directly in other comprehensive income. For the three months ended June 30, 2020 and 2019 and the six months ended June 30, 2020 and 2019, other comprehensive (loss) gain was NT$(11,878) thousand, NT$5,860 thousand, NT$(18,065) thousand and NT$24,383 thousand, respectively.

2) Unrealized valuation gains (losses) on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2020	**2019**
Balance at January 1	$ 169,544	$ 179,854
Recognized for the period	(45,418)	8,839
Cumulative unrealized gains (losses) of equity instruments transferred to retained earnings due to disposal	-	(15,430)
Balance at June 30	$ 124,126	$ 173,263

Unrealized gains (losses) on financial assets at FVTOCI represents the cumulative gains or losses arising from the fair value measurement on financial assets at FVTOCI that are recognized in other comprehensive income. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

21. REVENUE

Refer to Note 34 for the Group's revenue.

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Current tax				
In respect of the current year	$ 70,931	$ 34,705	$ 97,531	$ 53,535
Adjustment for prior years' tax	(11,245)	310	(11,245)	467
Deferred tax				
In respect of the current year	7,916	(1,000)	(10,454)	(10,000)
Income tax expense recognized in profit or loss	$ 67,602	$ 34,015	$ 75,832	$ 44,002

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

The income tax returns though 2018 have been assessed by the tax authorities.

23. EMPLOYEE BENEFITS EXPENSE, DEPRECIATION AND AMORTIZATION

	For the Three Months Ended June 30							
	2020				2019			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Employee benefits expense								
Short-term benefits	$ 201,311	$ 570,597	$ -	$ 771,908	$ 187,934	$ 534,089	$ -	$ 722,023
Post-employment benefits	7,627	33,850	-	41,477	7,673	33,369	-	41,042
Depreciation	31,898	48,378	1,085	81,361	29,134	37,919	1,173	68,226
Amortization	8,341	34,145	-	42,486	8,370	13,597	-	21,967

	For the Six Months Ended June 30							
	2020				2019			
	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total	Classified as Operating Costs	Classified as Operating Expenses	Classified as Non-operating Income and Losses	Total
Employee benefits expense								
Short-term benefits	$ 375,345	$1,023,661	$ -	$1,399,006	$ 349,737	$ 974,572	$ -	$1,324,309
Post-employment benefits	15,051	71,587	-	86,638	15,336	75,690	-	91,026
Depreciation	64,566	97,347	2,194	164,107	59,206	74,982	2,348	136,536
Amortization	16,681	53,364	-	70,045	16,740	27,633	-	44,373

According to the Company's Articles, the Company accrued employees' compensation and remuneration of directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of director. For the three months ended June 30, 2020 and 2019 and the six months ended June 30, 2020 and 2019, the employees' compensation and remuneration of directors were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	**2019**	**2020**	**2019**
Employees' compensation	$ 24,996	$ 13,463	$ 25,913	$ 15,768
Remuneration of directors	$ 4,166	$ 2,244	$ 4,319	$ 2,628

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

The appropriations of employees' compensation and remuneration to the directors of 2019 and 2018 were resolved by the board of directors on February 6, 2020 and February 1, 2019, respectively, were as below:

	2019		2018	
	Amount	**%**	**Amount**	**%**
Employees' compensation	$ 40,868	6	$ 50,428	6
Remuneration of directors	6,811	1	8,405	1

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

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

24. SHARE-BASED PAYMENT ARRANGEMENTS

The Company's board of directors resolved to reserve 10% of the shares from the issuance of 80,000 thousand shares approved by the FSC on August 26, 2019 to be subscribed for by its employees. The number of shares subscribed for by the employees was affirmed on September 3, 2019. The fair value of such share options subscribed for by the Company's employees on the grant date was measured using the Black-Scholes Option Pricing Model and amounted to NT$49,920 thousand which was recorded as compensation costs with a corresponding increase in capital surplus.

a. As of December 31, 2019, the Company's Share-based payments agreements are as follows:

Agreement	Grant Date	Number of Shares Grant	Vesting Conditions
Cash capital increase reserved for employee share options	2019.9.3	8,000 thousand shares	Vested immediately

b. The fair value of share options acquired by employees on grant day, September 3, 2019, was measured by using Black-Scholes Option Pricing Model. Relevant information is as follows:

Stock Price (NT$)	Exercise Price (NT$)	Expected Price Volatility	Expected Vesting Period	Expected Dividend Yield Rate	Risk-free Interest Rate	Fair Value Per Share (NT$)
$50.8	$45	32.61%	46 days	0.00%	0.43%	$6.24

25. EARNINGS PER SHARE

	For the Three Months Ended June 30					
	2020			2019		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT$) After Income Tax (Attributable to Owners of the Company)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT$) After Income Tax (Attributable to Owners of the Company)
Basic earnings per share						
Net profit attributed to owners of the Company	$ 332,676	287,554	$ 1.16	$ 183,669	207,554	$ 0.88
Effect of potentially dilutive ordinary shares						
Employees' compensation	-	670		-	349	
Diluted earnings per share						
Net profit attributed to owners of the Company	$ 332,676	288,224	$ 1.15	$ 183,669	207,903	$ 0.88

	For the Six Months Ended June 30					
	2020			2019		
	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT$) After Income Tax (Attributable to Owners of the Company)	Amounts (Numerator) After Income Tax (Attributable to Owners of the Company)	Shares (Denominator) (In Thousands)	Earnings Per Share (NT$) After Income Tax (Attributable to Owners of the Company)
Basic earnings per share						
Net profit attributed to owners of the Company	$ 343,891	287,554	$ 1.20	$ 214,396	207,554	$ 1.03
Effect of potentially dilutive ordinary shares						
Employees' compensation	-	869		-	548	
Diluted earnings per share						
Net profit attributed to owners of the Company	$ 343,891	288,423	$ 1.19	$ 214,396	208,102	$ 1.03

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. The number of shares used in the computation of diluted earnings per share is estimated by the amount of compensation divided by the closing price of the potential common shares at the end of the reporting period. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. CAPITAL MANAGEMENT

The Group's capital management objective is to ensure it has the necessary financial resources and operational plan so that it can cope with the next twelve months working capital requirements, capital expenditures, research and development expenses, debt repayments and dividends payments.

27. FINANCIAL INSTRUMENT

a. Categories of financial instruments

	June 30, 2020		December 31, 2019		June 30, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Financial assets at amortized cost (Note 1)	$ 8,472,154	$ 8,472,154	$ 6,521,099	$ 6,521,099	$ 2,983,747	$ 2,983,747
Financial assets at FVTPL						
Derivative financial assets	5,800	5,800	6,037	6,037	3,860	3,860
Financial assets at FVTOCI						
Investment in equity instruments	1,071,992	1,071,992	1,117,410	1,117,410	520,889	520,889
Financial liabilities						
Financial liabilities at amortized cost (Note 2)	5,146,015	5,227,676	2,618,441	2,618,441	2,337,058	2,337,058

Note 1: Including cash and cash equivalents, notes and accounts receivable (including related parties), other receivables and refundable deposits.

Note 2: Including accounts payable, other payables, convertible bonds, long-term loans and guarantee deposits.

b. Fair value information

1) Fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value is observable and the significance in its entirety, which are described as follows:

a) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

c) Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2) Fair value measurements recognized in the consolidated balance sheets

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices (includes listed shares and emerging market shares).

b) The fair value of the financial instruments at fair value through profit or loss is based on Level 2 inputs, either directly or indirectly. The fair value of foreign-currency derivative financial instrument could be determined by reference to the price and discount rate of currency swap quoted by financial institutions. Foreign exchange forward contracts are measured using individual maturity rate to calculate the fair value of each contract.

c) Domestic unlisted equity instruments at FVTOCI were all measured based on Level 3 fair value. Fair values of such equity instruments were determined using discounted cash flow of income approach and comparable listed company approach, by referring to strike price of similar business in active market, implied value multiple of the price and relevant information. Significant unobservable inputs included P/E ratio, value multiple and market liquidity discount. As the discounted cash flow method was used, the discount rate used for lack of marketability was 29%; a 1% increase in such discount rate will decrease the fair value of investments by $8,992 thousand assuming all the other variables are held constant.

3) Fair value of financial instruments not measured at fair value

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

4) Fair value of financial instruments measured at fair value on a recurring basis

Fair value hierarchy

	June 30, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 5,800	$ -	$ 5,800
Financial assets at FVTOCI				
Domestic listed shares and emerging market shares	$ 51,860	$ -	$ -	$ 51,860
Domestic and overseas unlisted shares	$ -	$ -	$ 1,020,132	$ 1,020,132
Financial liabilities at amortized cost				
Bonds payable (unsecured)	$ 2,088,000	$ -	$ -	$ 2,088,000

	December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 6,037	$ -	$ 6,037

(Continued)

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic listed shares and emerging market shares	$ 61,205	$ -	$ -	$ 61,205
Domestic and overseas unlisted shares	$ -	$ -	$ 1,056,205	$ 1,056,205

(Concluded)

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 3,860	$ -	$ 3,860
Financial assets at FVTOCI				
Domestic listed shares and emerging market shares	$ 104,064	$ -	$ -	$ 104,064
Domestic and overseas unlisted shares	$ -	$ -	$ 416,825	$ 416,825

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

The financial assets measured at Level 3 fair value were financial assets at FVTPL and equity investments classified as financial assets at FVTOCI. Reconciliations for the six months ended June 30, 2020 and 2019 were as follows:

	For the Six Months Ended June 30	
	2020	2019
Balance at January 1	$ 1,056,205	$ 418,733
Recognized in other comprehensive income	(36,073)	(1,908)
	$ 1,020,132	$ 416,825

c. Financial risk management objectives and policies

The Group seeks to minimize the effects of financial risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign currency risk, and the use of financial derivatives. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group entered into foreign exchange forward contracts to hedge the foreign currency risk arising on the export business.

a) Foreign currency risk

The Group has foreign currency denominated transactions, which expose the Group to foreign currency risk. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 33.

The sensitivity analysis included only outstanding foreign currency denominated monetary items at the end of the reporting period and an increase in net income and equity if New Taiwan dollars strengthen by 1% against foreign currencies. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be impact on net income in the amounts of NT$14,157 thousand decrease and NT$3,362 thousand decrease for the six months ended June 30, 2020 and 2019, respectively. The amounts used in the 1% weakening of New Taiwan dollars against the relevant currency did not consider the impact of hedge contracts and hedged item.

b) Interest rate risk

Interest rate risk refers to the risk that the change in market value will influence the fair value of financial instruments. The Group's interest rate risk arises primarily from floating rate deposits and long-term loans.

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

	June 30, 2020	**December 31, 2019**	**June 30, 2019**
Cash flow interest rate risk			
Financial assets	$ 108,313	$ 284,413	$ 8,366
Financial liabilities	500,000	500,000	-

The sensitivity analysis determined based on the Group's exposure to interest rates for fair value of variable-rate non-derivatives instruments at the end of the reporting period. If interest rates had been higher by one percentage point, the Group's cash inflows for the six months ended June 30, 2020 and 2019 would have decreased by NT$3,917 thousand and increased by NT$84 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. In this regard, the management of the Group consider that the Group's credit risk was significantly reduced.

3) Liquidity risk

The Group has enough operating capital to comply with loan covenants; liquidity risk is low.

The Group's non-derivative financial liabilities and their agreed repayment period are as follows:

	June 30, 2020			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 2,577,936	$ -	$ -	$ 2,577,936
Lease liabilities	122,212	113,005	309,190	544,407
Variable interest rate liabilities	-	-	500,000	500,000
Fixed interest rate liabilities	-	-	2,181,800	2,181,800
	$ 2,700,148	$ 113,005	$ 2,990,990	$ 5,804,143

Additional information about the maturity analysis of lease liabilities:

	Less than 2 Years	2-5 Years	5-10 Years	10-15 Years	Total
Non-derivative financial liabilities					
Lease liabilities	$ 235,217	$ 214,009	$ 89,454	$ 5,727	$ 544,407

	December 31, 2019			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 2,076,872	$ -	$ -	$ 2,076,872
Lease liabilities	126,438	115,424	360,654	602,516
Variable interest rate liabilities	-	-	500,000	500,000
	$ 2,203,310	$ 115,424	$ 860,654	$ 3,179,388

	June 30, 2019			
	Within 1 Year	1-2 Years	Over 2 Years	Total
Non-derivative financial liabilities				
Non-interest bearing	$ 2,298,738	$ -	$ -	$ 2,298,738
Lease liabilities	103,760	88,508	358,514	550,782
	$ 2,402,498	$ 88,508	$ 358,514	$ 2,849,520

28. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and categories

Related Party Name	Related Party Categories
Winbond Electronics Corporation ("WEC")	The Company's parent
Winbond Electronics (HK) Limited ("WEHK")	Associate
Winbond Electronics Corporation America ("WECA")	Associate
Winbond Electronics Corporation Japan ("WECJ")	Associate
Techdesign Corporation	Associate
Callisto Holding Limited	Associate
Nyquest Technology Co., Ltd. ("Nyquest")	Related party in substance
Walton Advanced Engineering Inc.	Related party in substance
Chin Cherng Construction Co., Ltd.	Related party in substance
United Industrial Gases Co., Ltd.	Related party in substance

b. Operating activities

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
1) Operating revenue				
Related party in substance	$ 48,389	$ 74,770	$ 85,490	$ 126,241
Associate	24,918	13,933	46,202	30,159
	$ 73,307	$ 88,703	$ 131,692	$ 156,400
2) Purchases of goods				
Parent company	$ 44,466	$ 52,392	$ 84,565	$ 79,487
3) Manufacturing expenses				
Parent company	$ 121	$ -	$ 220	$ -
4) Selling expenses				
Associate	$ 219	$ 222	$ 429	$ 442
Parent company	131	-	261	-
	$ 350	$ 222	$ 690	$ 442
5) General and administrative expenses				
Related party in substance	$ 2,695	$ 2,695	$ 5,390	$ 5,390
Parent company	(526)	1,522	2,403	3,022
Associate	250	222	502	442
	$ 2,419	$ 4,439	$ 8,295	$ 8,854

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
6) Research and development expenses				
Parent company	$ 2,320	$ 54	$ 4,640	$ 107
Associate	1,459	1,553	2,928	3,091
	$ 3,779	$ 1,607	$ 7,568	$ 3,198
7) Dividend income				
Related party in substance				
United Industrial Gases Co., Ltd.	$ 64,394	$ 62,858	$ 64,394	$ 62,858
Nyquest Technology Co., Ltd.	3,300	7,636	3,300	7,636
	$ 67,694	$ 70,494	$ 67,694	$ 70,494
8) Other income				
Parent company	$ 20	$ -	$ 20	$ -

	June 30, 2020	December 31, 2019	June 30, 2019
9) Accounts receivable from related parties			
Related party in substance	$ 35,901	$ 45,903	$ 55,810
Associate	23,095	21,491	8,843
	$ 58,996	$ 67,394	$ 64,653
10) Other receivables			
Associate	$ 98	$ 94	$ 222
Related party in substance	-	-	7,636
	$ 98	$ 94	$ 7,858
11) Refundable deposits			
Parent company	$ 1,780	$ 1,780	$ -
Related party in substance	1,722	1,722	1,722
	$ 3,502	$ 3,502	$ 1,722
12) Accounts payable to related parties			
Parent company	$ 26,891	$ 24,535	$ 30,654

	June 30, 2020	December 31, 2019	June 30, 2019
13) Other payables			
Parent company	$ 1,818	$ 2,740	$ 1,177
14) Guarantee deposits			
Parent company	$ 545	$ 545	$ 545

The sales and purchase prices and collection and payment terms with related parties were not significantly different from those with third parties. For other related party transactions, price and terms were determined in accordance with mutual agreement.

c. Lease arrangements - Group is lessee

	June 30, 2020	December 31, 2019	June 30, 2019
1) Lease liabilities			
Parent company	$ 53,932	$ 59,750	$ -
Related party in substance	27,680	32,869	38,015
Associate	11,704	15,652	20,093
	$ 93,316	$ 108,271	$ 58,108

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
2) Interest expense				
Parent company	$ 147	$ -	$ 301	$ -
Associate	110	184	238	383
Related party in substance	115	156	240	323
	$ 372	$ 340	$ 779	$ 706

d. Lease arrangements - Group is lessor/Sublease arrangements

Sublease arrangements under operating leases

For the six months ended June 30, 2020 and 2019, the Group subleases its right-of-use assets to its associate companies WEC and WEHK under operating leases with lease terms between 1 and 3 years.

1) The balance of operating lease receivables was as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Parent company	$ 386	$ 434	$ 421
Associate	255	269	278
	$ 641	$ 703	$ 699

2) Future lease payment receivables are as follows:

	June 30, 2020	December 31, 2019	June 30, 2019
Parent company	$ 9,568	$ 11,430	$ 13,510
Associate	3,040	535	1,386
	$ 12,608	$ 11,965	$ 14,896

3) Lease income was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Parent company	$ 936	$ 972	$ 1,919	$ 2,009
Associate	386	416	778	829
	$ 1,322	$ 1,388	$ 2,697	$ 2,838

e. Endorsements and guarantees

The chairman of the Company is a joint guarantor of the land-leasing from Taiwan Sugar Corporation. Refer to Note 13.

f. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Short-term employee benefits	$ 19,516	$ 16,379	$ 48,295	$ 43,547
Post-employment benefits	630	740	1,277	1,443
	$ 20,146	$ 17,119	$ 49,572	$ 44,990

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

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

Please refer to Note 6.

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Company and NTCA received a complaint served by the court on June 29, 2020. The plaintiff charged in the California High Court that the gasoline generator produced by HD POWER SYSTEMS INC. exploded during use and caused damage to it. At the same time, the Company, NTCA and other related companies shall bear the relevant compensation. The court stipulated that the defendant must submit a defense within 30 days. The Company continues to evaluate the possible impact on business operation and financial position, and will conduct related litigation matters in accordance with the procedures established by the court.

31. SIGNIFICANT CONTRACTS

On November 28, 2019, the Company's board of directors resolved to acquire the semiconductor business of Panasonic Corporation. Consequently, the Company and Panasonic Corporation reached an agreement and signed a contract for the Company's acquisition of the semiconductor business of Panasonic Corporation. Both parties will obtain approval from their government authorities and have already to complete the contract settlement in September 2020. The total contract amount is US$250,000 thousand (approximately NT$7,627,500 thousand), which will be adjusted on or after the settlement in accordance with the regulated price formula in the contract.

According to the aforementioned contract signed on November 28, 2019, the Company has the right to decide whether to purchase the PSCS land when received the environmental assessment report within three months. The Company's board of directors resolved to purchase the land for business use within US$50,000 thousand on May 19, 2020.

32. OTHER ITEMS

In the first half of 2020, the novel coronavirus (Covid-19) spreads all over the world, causing subsidiaries, customers and suppliers in some regions to implement quarantine and travel restrictions. The Group evaluated that there is no significant impact on the overall business operation and financial position of the Group. There are no doubts about the ability of the Group to going concern, assets impairment and financing risks.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currency of the entities in the Group and the related exchange rates between foreign currencies and respective functional currency were as follows:

	June 30, 2020		
	Foreign Currencies (Thousand)	**Exchange Rate (Note)**	**New Taiwan Dollars (Thousand)**
Financial assets			
Monetary items			
USD	$ 80,581	29.63	$ 2,387,610
ILS	15,369	8.5609	131,573
JPY	38,158	0.2751	10,497
RMB	4,574	4.191	19,168
Financial liabilities			
Monetary items			
USD	33,644	29.63	996,871
ILS	15,405	8.5609	131,882
JPY	40,838	0.2751	11,234

	December 31, 2019		
	Foreign Currencies (Thousand)	**Exchange Rate (Note)**	**New Taiwan Dollars (Thousand)**
Financial assets			
Monetary items			
USD	$ 40,291	29.98	$ 1,207,919
ILS	14,128	8.6652	122,421
JPY	15,093	0.276	4,166
RMB	908	4.305	3,909
Financial liabilities			
Monetary items			
USD	26,123	29.98	783,180
ILS	17,812	8.6652	154,348
JPY	62,389	0.276	17,219

	June 30, 2019		
	Foreign Currencies (Thousand)	**Exchange Rate (Note)**	**New Taiwan Dollars (Thousand)**
Financial assets			
Monetary items			
USD	$ 34,993	31.06	$ 1,086,875
ILS	12,170	8.7076	105,967
JPY	13,932	0.2886	4,021
RMB	1,145	4.521	5,178
Financial liabilities			
Monetary items			
USD	22,463	31.06	697,701
ILS	14,299	8.7076	124,514
JPY	111,286	0.2886	32,117

Note: The rate foreign currencies are exchanged to New Taiwan dollars and displayed as a rate.

For the three months ended June 30, 2020 and 2019 and the six months ended June 30, 2020 and 2019, realized and unrealized net foreign exchange gains (losses) were NT$(11,252) thousand, NT$4,574 thousand, NT$(3,313) thousand and NT$7,260 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

34. SEGMENT INFORMATION

a. Basic information about operating segment

1) Classification of operating segments

The Group's reportable segments under IFRS 8 and IAS 34 were as follows:

a) General IC product segment

The general IC product segment engages mainly in research, design, manufacturing, sale and after-sales service.

b) Foundry service segment

The foundry service segment engages mainly in research, design, manufacturing and sale.

2) Principles of measuring reportable segments profit, assets and liabilities

The significant accounting principles of each operating segment are the same as those stated in Note 4 to the consolidated financial statements. The Group's operating segment profit or loss represents the profit or loss earned by each segment. The profit or loss is controllable by segment managers and is the basis for assessment of segment performance. The Group does not provide information on assets regularly to the Group's chief operating decision maker; thus, the measure of assets is zero. Major liabilities are arranged based on the capital cost and deployment of the whole company, which are not controlled by individual segment managers.

b. Segment revenues and operating results

The following is an analysis of the Group's revenue from continuing operations by reportable segments.

	Segment Revenue For the Six Months Ended June 30		Segment Profit and Loss For the Six Months Ended June 30	
	2020	2019	2020	2019
General IC products	$ 4,190,666	$ 3,731,483	$ 449,992	$ 353,359
Foundry service	978,268	896,158	326,744	244,683
Total of segment revenue	5,168,934	4,627,641	776,736	598,042
Other revenue	25,363	6,478	22,060	3,874
Operating revenue	$ 5,194,297	$ 4,634,119	798,796	601,916
Unallocated expenditure				
Administrative and supporting expense			(261,110)	(200,528)
Sales and other common expenses			(190,343)	(216,941)
Income from operations			347,343	184,447
Finance costs			(11,325)	(5,632)
Interest income			14,314	7,289
Dividend income			67,694	70,494
Other gains and losses			8,492	6,461

(Continued)

	Segment Revenue		Segment Profit and Loss	
	For the Six Months Ended June 30		For the Six Months Ended June 30	
	2020	2019	2020	2019
Gains (losses) on disposal of property, plant and equipment			$ 29	$ (5)
Foreign exchange gains (losses)			(3,313)	7,260
Gains (losses) on financial instruments at fair value through profit or loss			(3,511)	(11,916)
Profit before income tax			$ 419,723	$ 258,398

(Concluded)