Stock Code:6230

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(Original name：CHAUN-CHOUNG TECHNOLOGY CORPORATION)
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

Address: No. 184-3, Zhongxing N. St., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)
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Representation Letter

The entities that are required to be included in the combined financial statements of NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements." endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
Chairman: JUNICHI NAGAI
Date: March 24, 2021

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Independent Auditors' Report

To the Board of Directors of NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION:

Opinion

We have audited the consolidated financial statements of NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the Consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

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

1. **Revenue recognition**

   Please refer to note 4(p) "Revenue recognition" for accounting policy related to revenue recognition, and note 6(m) "Revenue from contracts with customers" for disclosure information about revenue recognition of the consolidated financial statements.

   Description of key audit matter:

   The main revenue of the Group comes from the researching, development, production, and sale of thermal components in the computer and related industries. Since products are highly customized, the revenue recognition is concerned by the users or receiver of the financial statements, the test for revenue recognition is a highly concerned matter when we comply the audit procedure for the financial statements of the Group.

   How the matter was addressed in our audit:

   Our principal audit procedures included obtaining the list of top-ten customers and newly-added customers for the current year to analyze whether there is an unusual situation or not, inspecting of significant new contracts and understanding terms and conditions to assess whether there are any significant abnormalities, assessing the appropriateness of accounting policies for revenue recognition (including sales returns and discounts), testing the effectiveness of the design and the implementation of internal controls of sales and performing the sales cut-off test on the period before and after the balance sheet date, to ensure sales are recognized in the appropriate accounting period.

Other Matter

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion.

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

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

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

Those charged with governance (including the independent directors or supervisors) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Hsin-Yi Kuo and Hui-Chih Ko.

KPMG

Taipei, Taiwan (Republic of China)
March 24, 2021

Notes to Readers

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

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION (ORIGINAL NAME： CHAUN-CHOUNG TECHNOLOGY CORPORATION) AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (notes 6(a)(p))	$ 1,774,664	20	1,470,714	20
1150	Notes receivable, net (notes 6(c)(m)(p))	6,326	-	5,006	-
1170	Accounts receivable, net (notes 6(c)(m)(p))	2,463,865	28	2,670,764	37
1180	Accounts receivable due from related parties, net (notes 6(c)(m)(p) and 7)	763,461	9	156,816	2
1200	Other receivables (note 6(p))	61,692	1	2,041	-
1210	Other receivables due from related parties (notes 6(p) and 7)	135	-	-	-
130X	Inventories (note 6(d))	1,204,367	14	997,904	14
1410	Prepayments	84,926	1	30,557	-
1470	Other current assets	49,383	1	63,432	1
	Total current assets	6,408,819	74	5,397,234	74
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (notes 6(b)(p))	27,983	-	72,709	1
1600	Property, plant and equipment (notes 6(e) and 8)	1,900,669	22	1,498,159	21
1755	Right-of-use assets (note 6(f))	245,673	3	110,873	1
1760	Investment property, net (notes 6(g) and 8)	-	-	57,806	1
1780	Intangible assets	29,144	-	11,523	-
1840	Deferred income tax assets (note 6(j))	55,714	1	115,428	2
1900	Other non-current assets	43,486	-	3,243	-
	Total non-current assets	2,302,669	26	1,869,741	26
	Total assets	$ 8,711,488	100	7,266,975	100

	Liabilities and equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings from related parties (notes 6(h)(p) and 7)	$ 313,280	4	-	-
2170	Accounts payable (note 6(p))	2,404,236	28	1,990,907	28
2181	Accounts payable to related parties (notes 6(p) and 7)	130,217	1	-	-
2200	Other payables (notes 6(p) and 7)	654,752	7	598,449	8
2220	Other payables to related parties (notes 6(p) and 7)	8,698	-	39,098	1
2250	Current provisions	1,861	-	2,387	-
2280	Current lease liabilities (note 6(p))	17,591	-	8,712	-
2300	Other current liabilities	92,991	1	98,330	1
	Total current liabilities	3,623,626	41	2,737,883	38
	Non-current liabilities:				
2570	Deferred income tax liabilities (note 6(j))	621,120	7	459,516	6
2580	Non-current lease liabilities (notes 6(p))	49,625	1	7,463	-
2640	Net defined benefit liability, non-current (note 6(i))	3,452	-	1,236	-
2645	Guarantee deposits received	920	-	1,819	-
	Total non-current liabilities	675,117	8	470,034	6
	Total liabilities	4,298,743	49	3,207,917	44
	Equity attributable to owners of parent (note 6(k)):				
3100	Ordinary shares	863,434	10	863,434	12
3200	Capital surplus	531,823	6	531,823	7
	Retained earnings:				
3310	Legal reserve	746,181	9	676,028	9
3320	Special reserve	222,369	2	185,482	3
3350	Unappropriated retained earnings (note 6(i))	2,276,029	26	2,024,660	28
	Total retained earnings	3,244,579	37	2,886,170	40
3400	Other equity	(227,091)	(2)	(222,369)	(3)
	Total equity	4,412,745	51	4,059,058	56
	Total liabilities and equity	$ 8,711,488	100	7,266,975	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION

(ORIGINAL NAME： CHAUN-CHOUNG TECHNOLOGY CORPORATION) AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2020		2019	
		Amount	%	Amount	%
4000	**Operating revenues (notes 6(m) and 7)**	9,123,421	100	8,586,172	100
5000	**Operating costs (notes 6(d)(e)(f)(i)(n) and 7)**	7,140,739	78	6,727,977	78
	Gross profit from operations	1,982,682	22	1,858,195	22
	Operating expenses (notes 6(e)(f)(i)(n) and 7):				
6100	Selling expenses	233,828	2	230,177	3
6200	Administrative expenses	338,064	4	310,512	4
6300	Research and development expenses	327,933	4	343,725	4
6450	Impairment loss determined in accordance with IFRS 9 (note 6(c))	181	-	485	-
	Total operating expenses	900,006	10	884,899	11
	Net operating income	1,082,676	12	973,296	11
	Non-operating income and expenses:				
7100	Interest income (note 6(o))	6,903	-	12,597	-
7010	Other income (notes 6(o) and 7)	60,074	1	39,102	1
7020	Other gains and losses, net (note 6(g)(o))	(71,648)	(1)	(56,238)	(1)
7050	Finance costs (notes 6(o) and 7)	(1,042)	-	(900)	-
	Total non-operating income and expenses	(5,713)	-	(5,439)	-
7900	**Income before income tax**	1,076,963	12	967,857	11
7951	**Less: Income tax expenses (note 6(j))**	294,565	3	266,323	3
	Profit	782,398	9	701,534	8
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8316	Unrealized gains from investments in equity instruments measured at fair value through other comprehensive income	(44,726)	-	22,546	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total items that may not be reclassified subsequently to profit or loss	(44,726)	-	22,546	-
8360	**Items that may be reclassified subsequently to profit or loss:**				
8361	Exchange differences on translation	50,005	-	(124,916)	(1)
8391	Other components of other comprehensive income that will be reclassified to profit or loss	(4,371)	-	3,036	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	9,127	-	(24,376)	-
	Total items that may be reclassified subsequently to profit or loss	36,507	-	(97,504)	(1)
8300	**Other comprehensive income**	(8,219)	-	(74,958)	(1)
	Total comprehensive income	$ **774,179**	**9**	**626,576**	**7**
	Basic earnings per share (note 6(l))				
	Basic earnings per share (NT Dollars)	$	**9.06**		**8.12**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION (ORIGINAL NAME： CHAUN-CHOUNG TECHNOLOGY CORPORATION) AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total	Total equity
Balance on January 1, 2019	$ 863,434	531,823	616,467	130,906	1,881,148	2,628,521	(175,147)	(10,335)	(185,482)	3,838,296
Profit for the year ended December 31, 2019	-	-	-	-	701,534	701,534	-	-	-	701,534
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	2,429	2,429	(99,933)	22,546	(77,387)	(74,958)
Comprehensive income for the year ended December 31, 2019	-	-	-	-	703,963	703,963	(99,933)	22,546	(77,387)	626,576
Legal reserve	-	-	59,561	-	(59,561)	-	-	-	-	-
Special reserve	-	-	-	54,576	(54,576)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(405,814)	(405,814)	-	-	-	(405,814)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(40,500)	(40,500)	-	40,500	40,500	-
Balance on December 31, 2019	863,434	531,823	676,028	185,482	2,024,660	2,886,170	(275,080)	52,711	(222,369)	4,059,058
Profit for the year ended December 31, 2020	-	-	-	-	782,398	782,398	-	-	-	782,398
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	(3,497)	(3,497)	40,004	(44,726)	(4,722)	(8,219)
Comprehensive income for the year ended December 31, 2020	-	-	-	-	778,901	778,901	40,004	(44,726)	(4,722)	774,179
Legal reserve	-	-	70,153	-	(70,153)	-	-	-	-	-
Special reserve	-	-	-	36,887	(36,887)	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(420,492)	(420,492)	-	-	-	(420,492)
Balance on December 31, 2020	**$ 863,434**	**531,823**	**746,181**	**222,369**	**2,276,029**	**3,244,579**	**(235,076)**	**7,985**	**(227,091)**	**4,412,745**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION

(ORIGINAL NAME： CHAUN-CHOUNG TECHNOLOGY CORPORATION) AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	$ 1,076,963	967,857
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	255,372	159,537
Amortization expense	5,171	4,236
Expected credit loss	181	485
Interest expense	1,042	900
Interest revenue	(6,903)	(12,597)
Dividend income	(371)	(927)
(Gain) loss from disposal of property, plant and equipment	(1,587)	76,537
Property, plant and equipment transferred to expenses	799	420
Gain on disposal of investment properties	(90,619)	-
Unrealized foreign exchange loss	368	4,555
Loss from lease modifications	(151)	-
Total adjustments to reconcile profit	163,302	233,146
Changes in operating assets and liabilities:		
Changes in operating assets:		
(Increase) decrease in notes receivable	(1,320)	36,039
Decrease (increase) in accounts receivable	206,720	(215,003)
Increase in accounts receivable due from related parties	(606,645)	(156,816)
(Increase) decrease in other receivables	(6,752)	5,216
(Increase) decrease in inventories	(206,418)	110,106
Increase in prepayments	(58,812)	(9,728)
Decrease in other current assets	14,049	100,857
Changes in operating liabilities:		
Increase in accounts payable	413,329	119,958
Increase in accounts payable to related parties	130,217	-
Increase in other payables	80,671	289,419
(Decrease) increase in other payable to related parties	(30,400)	39,097
(Decrease) increase in provisions	(526)	494
Decrease in other current liabilities	(5,339)	(272,549)
Decrease in net defined benefit liability	(2,156)	(699)
Total changes in operating assets and liabilities	(73,382)	46,391
Total adjustments	89,920	279,537
Cash inflow generated from operations	1,166,883	1,247,394
Interest received	6,903	12,978
Interest paid	(1,042)	(918)
Income taxes paid	(214,258)	(209,457)
Net cash flows from operating activities	958,486	1,049,997
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(648,864)	(425,674)
Proceeds from disposal of property, plant and equipment	18,627	2,425
(Increase) decrease in refundable deposits	(40,243)	3,182
Acquisition of intangible assets	(15,811)	(2,871)
Acquisition of right-of-use assets	(85,959)	-
Proceeds from disposal of investment properties	147,913	-
Dividends received	927	1,091
Net cash flows used in investing activities	(623,410)	(421,847)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	313,280	(100,000)
Decrease in guarantee deposits received	(899)	(220)
Payments of lease liabilities	(9,371)	(7,358)
Cash dividends paid	(420,492)	(405,814)
Net cash flows used in financing activities	(117,482)	(513,392)
Effect of exchange rate changes on cash and cash equivalents	86,356	(99,578)
Net increase in cash and cash equivalents	303,950	15,180
Cash and cash equivalents at beginning of period	1,470,714	1,455,534
Cash and cash equivalents at end of period	**$ 1,774,664**	**1,470,714**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION
(ORIGINAL NAME： CHAUN-CHOUNG TECHNOLOGY CORPORATION)
AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Nidec Chaun-Choung Technology Corporation, formerly called Chaun-Choung Technology Corporation, ("the Company") was incorporated in December 14, 1973 as a company limited by shares under the approval of Ministry of Economic Affairs. Its registration address is No. 184-3, Zhongxing N. St., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.). The consolidated financial statements comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The main business activities of the Group are the manufacturing and merchandising of vapor chamber, heat pipe and thermal module. For more detailed information, please refer to note 16.

A resolution was approved during the shareholder's meeting held on December 9, 2020 to change the name of the Company from "Chaun- Choung Technology Corporation" to "Nidec Chaun-Choung Technology Corporation".

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 24, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The details of impact on the Group's adoption of the new amendments beginning January 1, 2020 are as follows:

(i) Amendments to IAS 1 and IAS 8 "Definition of Material"

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

(ii) Other amendments

The following new amendments, effective January 1, 2020, do not have a significant impact on the Group's consolidated financial statements:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

(Continued)

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform－Phase 2"

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Group, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	The key amendments to IAS 1 include: ● requiring companies to disclose their material accounting policies rather than their significant accounting policies; ● clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and ● clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company' s financial statements.	January 1, 2023

NIDEC CHAUN-CHOUNG TECHNOLOGY CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 8 "Definition of Accounting Estimates"	The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	January 1, 2023

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 " Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS 16 "Property, Plant and Equipmentt－Proceeds before Intended Use"
- Amendments to IAS 37 "Onerous Contracts－Cost of Fulfilling a Contract"
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 "Reference to the Conceptual Framework"

(4) Summary of significant accounting policies:

The significant accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial assets at fair value through other comprehensive income are measured at fair value;

2) The defined benefit liabilities are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(q).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, 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.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income 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.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

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(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2020	Shareholding December 31, 2019
The Company	Conquer Wisdom Co., Ltd. (the "Conquer")	General investing	100 %	100 %
The Company	Nidec Chaun Choung Vietnam Corporation (the "NCCV")	Production of thermal components for mobile phones	100 %	- %
Conquer	Nidec Chaun Choung Technology America Inc. (Original name: Chaun Choung Technology America Inc., the "NCCI-USA")	Sale of thermal module for computers	100 %	100 %
Conquer	GLOBE STAR ENTERPRISE Ltd. (the "GSE")	General investing	100 %	100 %
GSE	Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. (Original name: Kunshan Jue-Choung Electronics Co.,Ltd., the "NJCI")	Production of thermal module for computers	100 %	100 %
GSE	Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd. (Original name: Chongqing Cyun Siang High-Tech Co., Ltd., the "NCSI")	Production of thermal module for computers	100 %	100 %
NJCI	Nidec Chiuan-Vector Industrial (Dongguan) Co., Ltd. (Original name: Dongguan Chiuan-Vector Industrial Co.,Ltd., the "NCVI")	Research, development and Sale of thermal components	100 %	100 %

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(i) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. Excluding foreign operations in hyperinflationary economies, the income and expenses of foreign operations, are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

(i) Financial assets

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

● it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

● its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivables, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group' s procedures for recovery of amounts due.

4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

Interest related to the financial liability is recognized in profit or loss. On conversion, the financial liability is reclassified to equity, and no gain or loss is recognized.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

Financial liabilities are classified as held for trading if acquired principally for the purpose of selling in the short term.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss.

3) Other financial liabilities

Financial liabilities not classified as held for trading or designated as at fair value through profit or loss are measured at fair value, plus any directly attributable transaction costs at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss.

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or has expired.

The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

5) Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable right to offset, and intends to settle such financial assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Non-current assets held-for-sale

In the second quarter of 2020, the Board of Directors approved to dispose the investment property of the Group. All related registration of cancellation of mortgage procedures had been completed on September 9, 2020.

Non-current assets or disposal groups, comprising assets and liabilities that are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held-for-sale. Immediately before classifying as held-for-sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets or disposal groups are generally measured at the lower of their carrying amount and fair value, less costs to sell.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its book value at the date of reclassification becomes its cost for subsequent accounting.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that is eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

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 shall be depreciated separately unless the useful life and depreciation method of that significant part are the same as those of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized in profit or loss, under net other income and expenses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts of fixed assets that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	buildings	3~50 years
2)	machinery	1~10 years
3)	vehicles	4~10 years
4)	office equipment	3~10 years
5)	other equipment	2~10 years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date. If expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates.

(l) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or
- the relevant decisions about how and for what purpose the asset is used are predetermined and:
  - the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or
  - the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

(ii) As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or

— there is a change of its assessment on whether it will exercise an extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office equipment that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a leasor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

(m) Intangible assets

(i) Other intangible assets

Other intangible assets that are acquired by the Group are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(Continued)

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for current and comparative periods are as follows:

1) Computer software cost 3~10 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year end. Any changes shall be accounted for as changes in accounting estimates.

(n) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than assets arising from inventories, deferred tax assets, and assets arising from employee benefits, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to determine the recoverable amount (the higher of its fair value less costs of disposal and its value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash generating unit (CGU).

The recoverable amount for an individual asset or a CGU is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount; and that reduction will be accounted as an impairment loss, which shall be recognized immediately in profit or loss.

At each reporting date, the Group reviews the accumulated impairment of its non-financial assets to determine whether there is any indication of reversal of impairment. If any such indication that the asset's recoverable amount is changed exists, the impairment loss will be reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(p) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods–vapor chamber, heat pipe and thermal module

The Group manufactures and sells vapor chamber, heat pipe and thermal module. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, 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, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

No element of financing is deemed present as the sales of vapor chamber, heat pipe and thermal module are made with a credit term of 100 days, which is consistent with the market practice.

The Group reduces revenue by the amount of expected returns and recognizes a refund liability. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Group reassesses the estimated amount of expected returns.

The Group's obligation to provide a refund for faulty vapor chamber, heat pipe and thermal module under the standard warranty terms is recognized as a provision for warranty.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group’ s net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods, based on the discounted present value of the said defined benefit obligation. Any unrecognized past service costs and the fair value of any plan assets are deducted for purposes of determining the Group’ s net defined benefit obligation. The discount rate used in calculating the present value is the market yield at the reporting date of government bonds that have maturity dates approximating the terms of the Group’ s obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. If the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In calculating the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

If the benefits of a plan are improved, the pension cost incurred from the portion of the increased benefit relating to past service by employees, is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest), and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Group can reclassify the amounts recognized in other comprehensive income to retained earnings.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs. The gain or loss on curtailment arises from any change in the fair value of plan assets, any change in the present value of the defined benefit obligation, and any related actuarial gains or losses and past service cost which had not previously been recognized.

(iii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(Continued)

(r) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, which are normally the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(s) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2020	**December 31, 2019**
Cash on hand	$	934	739
Demand deposits		1,771,076	1,437,579
Check deposit		2,654	3,036
Time deposits		-	29,360
Cash and cash equivalents in the consolidated statement of cash flows	**$**	**1,774,664**	**1,470,714**

Please refer to note 6(p) for the interest rate risk and sensitivity analysis of the financial assets and liabilities of the Group.

As of December 31, 2020 and 2019, the cash and cash equivalents of the Group had not been pledged as collateral for borrowings or lawsuit.

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

		December 31, 2020	December 31, 2019
Equity investments at fair value through other comprehensive income:			
Domestic unlisted common shares-Everflow Technology Corporation	$	**27,983**	**72,709**

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term strategic purposes.

During the years ended December 31, 2020 and 2019, the dividends of $371 thousand and $927 thousand, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized.

There were no disposals of strategic investments and transfers of any cumulative gain or loss within equity relating to these investments as of December 31, 2020.

The Group derecognized the equity investments at fair value through other comprehensive income because the investee company, "Asia Carbon Corporation," dissolved at September 12, 2019. The accumulated valuation loss of $40,500 thousand, which was recognized as other comprehensive income, and thereafter, was reclassified to retained earnings.

(ii) For market risk, please refer to note 6(p).

(iii) As of December 31, 2020 and 2019, the financial assets at fair value through other comprehensive income of the Group had not been pledged as collateral.

(c) Notes and accounts receivables

		December 31, 2020	December 31, 2019
Notes receivable from operating activities	$	6,326	3,974
Notes receivable from non-operating activities		-	1,032
Notes receivables	$	**6,326**	**5,006**
Accounts receivables (including related parties)	$	3,227,576	2,828,670
Less: Loss allowance		(250)	(1,090)
Net accounts receivables	$	**3,227,326**	**2,827,580**

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The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as the incorporated forward-looking information. The loss allowance provisions in Taiwan were determined as follows:

	December 31, 2020		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,996,705	0.00030%	6
1 to 30 days past due	39,061	0.03072%	12
31 to 120 days past due	13,955	0.16482%	23
121 to 180 days past due	474	0.21097%	1
More than 180 days past due	208	100%	208
	$ 2,050,403		**250**

	December 31, 2019		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,728,190	0.00029%	6
1 to 30 days past due	32,743	0.03054%	10
31 to 120 days past due	3,035	0.13180%	4
121 to 180 days past due	5,505	0.27248%	15
More than 180 days past due	624	100%	624
	$ 1,770,097		**659**

The loss allowance provisions of the oversea entities of the Group were determined as follows:

	December 31, 2020		
	Gross carrying amount	**Weighted-average loss rate**	**Loss allowance provision**
Current	$ 1,168,935	-	-
1 to 30 days past due	14,341	-	-
31 to 120 days past due	223	-	-
121 to 180 days past due	-	-	-
More than 180 days past due	-	100%	-
	$ 1,183,499		**-**

(Continued)

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	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,018,183	-	-
1 to 30 days past due	33,511	-	-
31 to 120 days past due	11,454	-	-
121 to 180 days past due	-	-	-
More than 180 days past due	431	100%	431
	$ 1,063,579		431

The movement in the allowance for notes and accounts receivables were as follows:

	2020	2019
Balance at January 1	$ 1,090	5,014
Impairment losses recognized	181	485
Amounts written off	(1,019)	(4,393)
Foreign exchange gains/(losses)	(2)	(16)
Balance at December 31	$ 250	1,090

As of December 31, 2020 and 2019, the aforementioned notes and accounts receivables of the Group had not been pledged as collateral.

For further credit risk information, please refer to note 6(p).

(d) Inventories

	December 31, 2020	December 31, 2019
Raw materials	$ 251,645	158,752
Work in progress	214,647	242,755
Finished goods	648,065	509,957
Merchandise inventory	90,010	86,440
	$ 1,204,367	997,904

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For the years ended December 31, 2020 and 2019, the loss of inventories recognized in operating costs amounted to $47,514 thousand and $67,139 thousand, respectively. The details of the loss of inventories were as follows:

		2020	2019
Unallocated production overheads	$	52,201	450
Reversal of write-downs		(87,645)	(10,294)
Income from sale of scrap and wastes		(65,558)	(39,898)
Loss from scrap		143,615	116,907
Inventory shortage and overage		4,901	(26)
Increase in cost of sales	$	**47,514**	**67,139**

For the years ended December 31, 2020 and 2019, raw material, and changes in the finished goods, merchandise inventory and work in progress recognized as cost of sales amounted to $7,093,225 thousand and $6,660,838 thousand, respectively.

As of December 31, 2020 and 2019, the Group did not provide any inventories as collateral for its loans

(e) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group for the years ended December 31, 2020 and 2019, were as follows:

		Land	Buildings	Machinery	Vehicles	Office equipment	Other equipment	Construction in progress	Total
Cost:									
Balance on January 1, 2020	$	210,127	897,990	597,295	9,114	122,035	176,815	162,587	2,175,963
Additions		-	43,756	144,105	1,613	137,503	44,737	277,150	648,864
Disposal		-	(4,426)	(10,812)	(779)	(17,566)	(12,197)	-	(45,780)
Reclassification		-	2,918	334,452	-	(124,944)	(74,593)	(139,273)	(1,440)
Effect of movements in exchange rates		-	13,328	9,925	119	2,883	940	388	27,583
Balance on December 31, 2020	$	**210,127**	**953,566**	**1,074,965**	**10,067**	**119,911**	**135,702**	**300,852**	**2,805,190**
Balance on January 1, 2019	$	210,127	867,702	568,738	9,430	153,766	149,981	19,267	1,979,011
Additions		-	71,894	153,179	-	5,813	36,795	157,993	425,674
Disposal		-	(12,203)	(121,708)	-	(33,066)	(11,158)	(2,095)	(180,230)
Reclassification		-	-	8,893	-	20	3,390	(12,641)	(338)
Effect of movements in exchange rates		-	(29,403)	(11,807)	(316)	(4,498)	(2,193)	63	(48,154)
Balance on December 31, 2019	$	**210,127**	**897,990**	**597,295**	**9,114**	**122,035**	**176,815**	**162,587**	**2,175,963**

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	Land	Buildings	Machinery	Vehicles	Office equipment	Other equipment	Construction in progress	Total
Depreciation:								
Balance on January 1, 2020	$ -	330,399	225,504	5,828	26,564	89,509	-	677,804
Depreciation for the year	-	58,901	141,159	1,426	6,722	33,306	-	241,514
Disposal	-	(2,094)	(13,878)	(779)	-	(11,989)	-	(28,740)
Reclassification	-	-	61,820	-	(5,841)	(54,138)	-	1,841
Effect of movements in exchange rates	-	5,796	5,370	100	484	352	-	12,102
Balance on December 31, 2020	**$ -**	**393,002**	**419,975**	**6,575**	**27,929**	**57,040**	**-**	**904,521**
Balance on January 1, 2019	$ -	299,333	241,736	4,611	32,427	71,412	-	649,519
Depreciation for the year	-	47,307	58,368	1,423	12,424	29,403	-	148,925
Disposal	-	(5,117)	(68,821)	-	(17,247)	(10,083)	-	(101,268)
Reclassification	-	-	25	-	(17)	74	-	82
Effect of movements in exchange rates	-	(11,124)	(5,804)	(206)	(1,023)	(1,297)	-	(19,454)
Balance on December 31, 2019	**$ -**	**330,399**	**225,504**	**5,828**	**26,564**	**89,509**	**-**	**677,804**
Carrying amounts:								
Balance on December 31, 2020	**$ 210,127**	**560,564**	**654,990**	**3,492**	**91,982**	**78,662**	**300,852**	**1,900,669**
Balance on December 31, 2019	**$ 210,127**	**567,591**	**371,791**	**3,286**	**95,471**	**87,306**	**162,587**	**1,498,159**

As of December 31, 2020, the Group did not provide any property, plant and equipment as collaterals for its loans. As of December 31, 2019, the property, plant and equipment of the Group had been pledged as collateral for borrowings, please refer to note 8.

(f) Right-of-use assets

	Land	Buildings	Vehicles	Office equipment	Total
Cost:					
Balance at January 1, 2020	$ 114,143	13,288	3,408	5,883	136,722
Additions	85,959	62,939	1,024	-	149,922
Disposal	-	(1,319)	(694)	(3,419)	(5,432)
Reclassification	-	-	728	-	728
Effect of movements in exchange rates	1,911	-	-	(134)	1,777
Balance at December 31, 2020	**$ 202,013**	**74,908**	**4,466**	**2,330**	**283,717**
Balance at January 1, 2019	$ 118,571	4,712	926	5,308	129,517
Additions	-	8,576	3,442	703	12,721
Disposal	-	-	(960)	-	(960)
Effect of movements in exchange rates	(4,428)	-	-	(128)	(4,556)
Balance at December 31, 2019	**$ 114,143**	**13,288**	**3,408**	**5,883**	**136,722**
Accumulated depreciation and impairment losses:					
Balance at January 1, 2020	$ 19,284	5,339	378	848	25,849
Depreciation for the year	3,933	7,307	1,413	693	13,346
Disposal	-	(659)	(694)	(810)	(2,163)
Reclassification	-	-	728	-	728
Effect of movements in exchange rates	313	-	-	(29)	284
Balance at December 31, 2020	**$ 23,530**	**11,987**	**1,825**	**702**	**38,044**

		Land	Buildings	Vehicles	Office equipment	Total
Balance at January 1, 2019	$	17,653	-	-	-	17,653
Depreciation for the year		2,380	5,339	1,338	873	9,930
Disposal		-	-	(960)	-	(960)
Effect of movements in exchange rates		(749)	-	-	(25)	(774)
Balance at December 31, 2019	$	**19,284**	**5,339**	**378**	**848**	**25,849**
Carrying amount:						
Balance at December 31, 2020	$	**178,483**	**62,921**	**2,641**	**1,628**	**245,673**
Balance at December 31, 2019	$	**94,859**	**7,949**	**3,030**	**5,035**	**110,873**

For the new factory construction plans, NCCV obtained the land use rights in Vietnam at the amount of $85,959 thousand, with lease term maturing at the end of August 2060.

(g) Investment property

		Land	Buildings	Total
Cost:				
Balance at January 1, 2020	$	36,370	34,776	71,146
Additions		(36,370)	(34,776)	(71,146)
Balance at December 31, 2020	$	-	-	-
Balance at January 1, 2019	$	36,370	34,776	71,146
Balance at December 31, 2019	$	**36,370**	**34,776**	**71,146**
Accumulated depreciation:				
Balance at January 1, 2020	$	-	13,340	13,340
Depreciation for the year		-	512	512
Disposal		-	(13,852)	(13,852)
Balance at December 31, 2020	$	-	-	-
Balance at January 1, 2019	$	-	12,658	12,658
Depreciation for the year		-	682	682
Balance at December 31, 2019	$	-	**13,340**	**13,340**
Carrying amount:				
Balance at December 31, 2020	$	-	-	-
Balance at December 31, 2019	$	**36,370**	**21,436**	**57,806**
Fair value:				
Balance at December 31, 2019				$ **141,396**

The Group classifies its land and building as investment property with the intention of earning a return on the investment, either through rental income, the future resale of the property, or both.

The fair value of investment property is based on the appraisal report of the independent professionals or publicly available average price of recent transactions.

On May 11, 2020, the Board of Directors approved to dispose the investment property of the Group. All related registration of cancellation of mortgage procedures had been completed on September 9, 2020. Once an investment property is classified as held-for-sale, it is no longer depreciated. On October 16, 2020, the Group disposed its property to Kuan Chynan Industrial Co., Ltd. at the amount of $147,913 thousand. For the gain and loss on the disposal of investment property, please refer to note(o).

As of December 31, 2020 and 2019, the investment property of the Group had been pledged as collateral for its borrowings, please refer to note 8.

(h) Short-term borrowings from related parties

The short-term borrowings were summarized as follows:

	December 31, 2020	December 31, 2019
Unsecured short-term borrowings from related parties	$ 313,280	-
Short-term borrowings	**$ 313,280**	**-**
Unused credit lines	**$ 578,300**	**1,213,880**
Range of interest rates	**0.57038%~0.60613%**	**-**

On August 24, 2020, Nidec Corporation agreed to make a loan to the Group in the amount of USD11,000 thousand. The loan will be due on June 30, 2021. The interest expense for the year amounted to $673 thousand.

For the collateral for short-term borrowings, please refer to note 8.

(i) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value are as follows:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$ 57,189	53,314
Fair value of plan assets	(53,737)	(52,078)
Net defined benefit liabilities	**$ 3,452**	**1,236**

The Group's employee benefit liabilities were as follows:

	December 31, 2020	December 31, 2019
Compensated absences liability	**$ 10,463**	**7,787**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group’ s Bank of Taiwan labor pension reserve account balance amounted to $53,737 thousand as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movement in present value of the defined benefit obligations for the Group were as follows:

		2020	2019
Defined benefit obligations at January 1	$	53,314	58,085
Current service costs and interest cost		1,298	1,846
Remeasurements loss (gain):			
—Return on plan assets (excluding interest income)		3,458	3,482
—Actuarial loss (gain) arising from financial assumptions		2,486	(4,832)
Benefits paid		(3,367)	(5,267)
Defined benefit obligations at December 31	**$**	**57,189**	**53,314**

3) Movements of defined benefit plan assets

The movements in the fair value of the defined benefit plan assets for the Group were as follows:

		2020	2019
Fair value of plan assets at January 1	$	52,078	53,115
Interest income		595	739
Remeasurements loss (gain):			
—Return on plan assets (excluding interest income)		1,573	1,686
Contributions paid by the employer		1,754	1,805
Benefits paid		(2,263)	(5,267)
Fair value of plan assets at December 31	**$**	**53,737**	**52,078**

(Continued)

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	2020	2019
Current service costs	$ 700	1,050
Net interest of net liabilities for defined benefit obligations	3	57
	$ 703	**1,107**

	2020	2019
Operating cost	$ 36	57
Administration expenses	667	1,050
	$ 703	**1,107**

5) Remeasurement of net defined benefit liability recognized in other comprehensive income

The Group’ s remeasurement of the net defined benefit liability recognized in other comprehensive income for the years ended December 31, 2020 and 2019, was as follows:

	2020	2019
Accumulated amount at January 1	$ (9,938)	(12,367)
Recognized during the period	(3,497)	2,429
Accumulated amount at December 31	**$ (13,435)**	**(9,938)**

6) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.750 %	1.125 %
Future salary increase rate	1.000 %	1.000 %

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is $1,822 thousand.

The weighted average lifetime of the defined benefits plans is 17.01 years.

7) Sensitivity analysis

When calculating the present value of defined benefit obligation, the Group must use judgment and estimates to determine the relevant actuarial assumptions at the balance sheet date, including discount rate, employee turnover rate, and future salary increase rate. Any change in actuarial assumptions could materially affect the amount of the Group 's defined benefit obligation.

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

		Influences of defined benefit obligations	
		Increased 0.25%	**Decreased 0.25%**
December 31, 2020			
Discount rate (0.25% variation)	$	(1,676)	1,751
Future salary increasing rate (0.25% variation)		1,716	(1,652)
December 31, 2019			
Discount rate (0.25% variation)		208	(1,974)
Future salary increasing rate (0.25% variation)		(2,001)	(5,412)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of net defined benefit liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2020 and 2019.

(ii) Defined contribution plans

The Group allocates 6.00% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The domestic companies of the Group which pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted to $13,284 thousand and $10,106 thousand for the years ended December 31, 2020 and 2019, respectively.

The overseas subsidiaries of the Group which pension costs recognized in accordance with local government regulations amounted to $30,156 thousand and $33,575 thousand for the years ended December 31, 2020 and 2019, respectively.

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(j) Income taxes

(i) Income tax expense

The components of income tax in the years 2020 and 2019 were as follows:

		2020	2019
Current tax expense	$	83,708	197,154
Deferred tax expense		210,857	69,169
Income tax expense	$	**294,565**	**266,323**

Reconciliation of income tax and profit before tax for 2020 and 2019 is as follows.

		2020	2019
Profit excluding income tax	$	**1,076,963**	**967,857**
Income tax using the Company’s domestic tax rate	$	215,393	193,571
Effect of tax rates in foreign jurisdiction		35,453	26,142
Effect of tax on foreign investment income recognized under equity method		(12,643)	(8,867)
Non-deductible expenses		1,101	(7,097)
Tax incentives		(53,965)	(28,170)
Difference between estimate and assessment		(15,106)	3,989
Under-estimation (over-estimation) from prior periods		16,516	(5,660)
Additional tax on undistributed earnings		6,797	5,766
Land Value Increment Tax		696	-
Others		100,323	86,649
Total	$	**294,565**	**266,323**

The Group's tax expenses recognized in other comprehensive income for the years ended December 31, 2020 and 2019, was as follows:

(ii)

		2020	2019
Items that may not be reclassified subsequently to profit or loss:			
Remeasurements (gain) loss	$	**(874)**	**607**
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation	$	**10,001**	**(24,983)**

(iii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2020 and 2019 were as follows:

Deferred Tax Liabilities:

		Investment income recognized under equity method	Cumulative translation adjustments	Reserve revaluation increment tax	Others	Total
Balance at January 1, 2020	$	431,398	-	26,241	1,877	459,516
Recognized in profit or loss		98,414	-	-	61,989	160,403
Foreign currency translation differences for foreign operations		-	-	-	1,201	1,201
Balance at December 31, 2020	**$**	**529,812**	**-**	**26,241**	**65,067**	**621,120**
Balance at January 1, 2019	$	359,690	-	26,241	1,737	387,668
Recognized in profit or loss		71,708	-	-	140	71,848
Balance at December 31, 2019	**$**	**431,398**	**-**	**26,241**	**1,877**	**459,516**

Deferred Tax Assets:

		Allowance for inventory valuation and obsolescence losses	Unrealized gain from downstream transaction	Cumulative translation adjustments	Others	Total
Balance at January 1, 2020	$	24,575	11,824	50,561	28,468	115,428
Recognized in profit or loss		(19,507)	(9,461)	-	(21,486)	(50,454)
Recognized directly in equity		-	-	(10,001)	874	(9,127)
Foreign currency translation differences for foreign operations		(32)	-	-	(101)	(133)
Balance at December 31, 2020	**$**	**5,036**	**2,363**	**40,560**	**7,755**	**55,714**
Balance at January 1, 2019	$	20,946	18,302	25,579	25,017	89,844
Recognized in profit or loss		3,958	(6,478)	-	5,199	2,679
Recognized directly in equity		-	-	24,982	(606)	24,376
Foreign currency translation differences for foreign operations		(329)	-	-	(1,142)	(1,471)
Balance at December 31, 2019	**$**	**24,575**	**11,824**	**50,561**	**28,468**	**115,428**

(iv) Assessment of tax

The Company’ s tax returns for the years through 2018 were assessed by the R.O.C. tax authority.

(k) Capital and other equity

(i) Ordinary shares

As of December 31, 2020 and 2019, the Company's government-registered total authorized capital both amounted to $1,200,000 thousand, and total issued capital stock both amounted to $863,434 thousand, divided into 86,343 thousand shares of stock with $10 par value per share.

(ii) Capital surplus

The balances of capital surplus as of December 31, 2020 and 2019, were as follows:

	December 31, 2020	December 31, 2019
Share capital	$ 376,600	376,600
Conversion of bonds	155,223	155,223
	$ 531,823	**531,823**

According to the R.O.C. Company Act, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring capital surplus in excess of par value should not exceed 10% of the total common stock outstanding.

(iii) Retained earnings

The Company's article of incorporation stipulates that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

The distribution of retained earnings of the Company should not be less than 15% of the net income. In addition, the stock dividends shall not be more than 80% of total dividends and the cash dividends shall not be less than 20% of total dividends when distributing the dividends.

1) Legal reserve

According to the R.O.C. Company Act the Company must retain 10% of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

As the Company opted to avail of the exemptions allowed under IFRS 1 "First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the IFRSs as endorsed by the FSC, unrealized revaluation increments and cumulative translation adjustments (gain) which were previously recognized in shareholders' equity were reclassified to retained earnings. According to regulations, retained earnings would be increased by $84,833 thousand, by recognizing the fair value on the adoption date as deemed cost. In accordance with Ruling No.1010012865 issued by the FSC on April 6, 2012, an increase in retained earnings due to the first time adoption of the IFRSs shall be reclassified as a special reserve during earning distribution, and when the relevant assets were used, disposed of or reclassified, this special reserve shall be reversed as distributable earnings proportionately. The balance of special reserve amounted to $222,369 thousand and $185,482 thousand as of December 31, 2020 and 2019, respectively.

In accordance with Ruling mentioned above, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should equal the current-period total net reduction of other shareholders' equity. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

Earnings distribution for 2019 and 2018 was decided by the resolution adopted, at the general meeting of shareholders held on June 22, 2020 and June 24, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	2019		2018	
	Amount per share	**Total amount**	**Amount per share**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 4.87	**420,492**	4.70	**405,814**

(iv) Other equity accounts, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Total
Balance on January 1, 2020	$ (275,080)	52,711	(222,369)
Exchange differences on translation of foreign financial statements, net of tax	40,004	-	40,004
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(44,726)	(44,726)
Balance on December 31, 2020	**$ (235,076)**	**7,985**	**(227,091)**
Balance on January 1, 2019	$ (175,147)	(10,335)	(185,482)
Exchange differences on translation of foreign financial statements, net of tax	(99,933)	-	(99,933)
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	22,546	22,546
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	40,500	40,500
Balance on December 31, 2019	**$ (275,080)**	**52,711**	**(222,369)**

(l) Earnings per share

(i) Basic earnings per share

The calculation of basic earnings per share at December 31, 2020 and 2019, were based on the profit attributable to ordinary shareholders of the Company of $782,398 thousand and $701,534 thousand, respectively, and the weighted average number of ordinary shares outstanding of 86,343 thousand shares, calculated as follows:

1) Profit attributable to ordinary shareholders of the Company

	2020	2019
Profit attributable to ordinary shareholders of the Company	**$ 782,398**	**701,534**

2) Weighted average number of ordinary shares

	2020	2019
Issued ordinary shares at January 1	86,343	86,343
Weighted average number of ordinary shares at December 31	$ 86,343	86,343

Considering the employee profit sharing plan and the dividend payout experience in the most recent 2 year, the Company paid the cash bonus and the cash dividends. As the result, the basic earnings per share and the diluted earnings per share were the same for the years ended, 2020 and 2019.

(m) Revenue from contracts with customers

(i) Details of revenue

	2020	2019
Primary geographical markets:		
Chinese mainland	$ 6,096,371	4,743,478
Taiwan	1,034,074	1,400,672
Singapore	468,674	702,726
Malaysia	601,772	517,392
United States	267,143	442,220
Others	655,387	779,684
	$ 9,123,421	8,586,172
Major products:		
Thermal module	$ 6,416,095	6,338,744
Thermal products	1,682,927	1,504,308
Others	1,024,399	743,120
	$ 9,123,421	8,586,172

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivables from operating activities	$ 6,326	3,974	40,478
Accounts receivables (including related parties)	3,227,576	2,828,670	2,461,244
Less: allowance for impairment	(250)	(1,090)	(5,014)
Total	$ 3,233,652	2,831,554	2,496,708

For details on accounts receivables and allowance for impairment, please refer to note 6(c).

(n) Employee compensation and directors' and supervisors' remuneration

In accordance with the articles of incorporation the Company should contribute no less than 3% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the Board of Directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to $30,360 thousand and $46,000 thousand, and directors' and supervisors' remuneration amounting to $3,300 thousand and $5,000 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2020 and 2019. The related information would be available at the Market Observation Post System website. The amounts, as stated in the consolidated financial statements, are identical to those of the actual distributions for 2019. For the year ended December 31, 2020, the difference between the amount stated in the financial statements and the amount to be distributed, approved by Board of Directors, is as follows:

	2020		
	The amount to be distributed approved by Board of Directors	**The amount stated in the financial statement**	**Differences**
Employee remuneration	$ 28,847	30,360	(1,513)
Director and supervisor's remuneration	3,300	3,300	-
	$ 32,147	**33,660**	**(1,513)**

(o) Non-operating income and expenses

(i) Interest income

The details of interest income were as follows:

	2020	**2019**
Interest income from bank deposits	$ 6,903	12,597
	$ 6,903	**12,597**

(ii) Other income

The details of other income were as follows:

	2020	2019
Rental income	$ 3,324	4,199
Dividend income	371	927
Other income, others	56,379	33,976
	$ 60,074	**39,102**

(iii) Other gains and losses

The details of other gains and losses were as follows:

	2020	2019
Loss on disposal of property, plant and equipment	$ (1,587)	(76,537)
Gain on disposal of investment property	90,619	-
Foreign currency exchange (loss) gain	(154,328)	28,858
Depreciation of investment property	(512)	(682)
Others	(5,840)	(7,877)
	$ (71,648)	**(56,238)**

(iv) Finance costs

The details of finance costs were as follows:

	2020	2019
Interest expense	$ 673	410
Amortization interest of lease liabilities	365	483
Other finance costs	4	7
	$ 1,042	**900**

(p) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2020	December 31, 2019
Financial assets at fair value through other comprehensive income	$ 27,983	72,709
Financial assets at amortized cost (loans and receivables)		
Cash and cash equivalents	1,774,664	1,470,714
Notes and accounts receivables (including related parties)	3,233,652	2,832,586
Other receivables (including related parties)	61,827	2,041
Subtotal	5,070,143	4,305,341
Total	**$ 5,098,126**	**4,378,050**

2) Financial liabilities

	December 31, 2020	December 31, 2019
Financial liabilities at amortized cost		
Short-term borrowings from related parties	$ 313,280	-
Accounts payables (including related parties)	2,534,453	1,990,907
Other payables (including related parties)	663,450	637,547
Lease liabilities	67,216	16,175
Total	**$ 3,578,399**	**2,644,629**

(ii) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk. December 31, 2020 and 2019, the Group's exposure to credit risk and the maximum exposure were mainly from notes and accounts receivables and other receivables, the amount is $3,295,479 thousand and $2,834,627 thousand, respectively.

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2) Concentration of credit risk

The major customers of the Group are centralized in the high-tech computer industry. To minimize credit risk, the Group periodically evaluates the Group's financial positions and the possibility of collecting accounts receivables. Besides, the Group monitors and reviews the recoverable amount of the accounts receivables to ensure the uncollectible amount are recognized appropriately as impairment loss. As of December 31, 2020 and 2019, 35% and 31%, respectively, of accounts receivables were three major customers. Thus, credit risk is significantly centralized.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost includes other receivables.

All of other receivables are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g). For the years ended December 31, 2020 and 2019, no allowance for impairment were provided because there was no indication of credit-impaired for other receivables.

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
December 31, 2020							
Non-derivative financial liabilities							
Short-term borrowings from related parties	$ 313,280	(314,202)	(314,202)	-	-	-	-
Accounts payables (including related parties)	2,534,453	(2,534,453)	(2,534,453)	-	-	-	-
Other payables (including related parties)	663,450	(663,450)	(663,450)	-	-	-	-
Lease liabilities	67,216	(68,295)	(9,179)	(8,866)	(15,894)	(34,356)	-
	$ 3,578,399	**(3,580,400)**	**(3,521,284)**	**(8,866)**	**(15,894)**	**(34,356)**	**-**
December 31, 2019							
Non-derivative financial liabilities							
Accounts payables (including related parties)	$ 1,990,907	(1,990,907)	(1,990,907)	-	-	-	-
Other payables (including related parties)	637,547	(637,547)	(637,547)	-	-	-	-
Lease liabilities	16,175	(17,011)	(4,562)	(4,538)	(3,551)	(4,028)	(332)
	$ 2,644,629	**(2,645,465)**	**(2,633,016)**	**(4,538)**	**(3,551)**	**(4,028)**	**(332)**

(Continued)

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iv) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 121,625	28.480	3,463,880	96,745	29.980	2,900,415
CNY	6,211	4.377	27,186	1,729	4.305	7,443
Financial liabilities						
Monetary items						
USD	40,595	28.480	1,156,146	30,157	29.980	904,107
CNY	4,975	4.377	21,776	2,844	4.305	12,243

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts and other receivables, loans and borrowings; and accounts and other payables that are denominated in foreign currency. A weakening of 1% of the NTD against the USD and CNY as of December 31, 2019 and 2018 would have increased the net income before tax by $23,131 thousand and $19,915 thousand, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2020 and 2019.

3) Foreign exchange gain and loss on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the years ended December 31, 2020 and 2019, foreign exchange gain (loss) (including realized and unrealized portions) amounted to $(154,328) thousand and $28,858 thousand, respectively.

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased / decreased by 1% basis points, the Group's net income would have decreased / increased by $2,506 thousand and $0 thousand, respectively, for the years ended December 31, 2020 and 2019 with all other variable factors remaining constant. This is mainly due to the Group's borrowing at variable rates.

(vi) Fair value of financial instruments

1) Fair value hierarchy

The financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value and lease liabilities, disclosure of fair value information is not required:

	December 31, 2020				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 1,774,664	-	-	-	-
Notes and accounts receivable (including related parties)	3,233,652	-	-	-	-
Other receivables (including related parties)	61,827	-	-	-	-
Financial assets at fair value through other comprehensive income	27,983	-	-	27,983	27,983
Total	**$ 5,098,126**	**-**	**-**	**27,983**	**27,983**

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	December 31, 2020				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at amortized cost					
Short-term borrowings from related parties	$ 313,280	-	-	-	-
Accounts payables (including related parties)	2,534,453	-	-	-	-
Other payables (including related parties)	663,450	-	-	-	-
Lease liabilities	67,216	-	-	-	-
Total	**$ 3,578,399**	**-**	**-**	**-**	**-**

	December 31, 2019				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 1,470,714	-	-	-	-
Notes and accounts receivable (including related parties)	2,832,586	-	-	-	-
Other receivables (including related parties)	2,041	-	-	-	-
Financial assets at fair value through other comprehensive income	72,709	-	-	72,709	72,709
Total	**$ 4,378,050**	**-**	**-**	**72,709**	**72,709**
Financial liabilities at amortized cost					
Accounts payables (including related parties)	$ 1,990,907	-	-	-	-
Other payables (including related parties)	637,547	-	-	-	-
Lease liabilities	16,175	-	-	-	-
Total	**$ 2,644,629**	**-**	**-**	**-**	**-**

(Continued)

2) Valuation techniques for financial instruments measured at fair value

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

Fair value of the Group's financial instruments that have an active market is displayed by category and attribute as follows:

The listed callable bonds, listed stocks, bill of exchange and corporate bonds are financial assets and liabilities with standard transaction terms and conditions, and traded on active market. The fair value of such items is determined in reference to the quoted market price.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

Fair value of the Group's financial instruments that without an active market is displayed by category and attribute as follows:

Equity instruments without an open quoted price: Fair value is estimated using the approach of comparative companies. The main assumptions are the estimated EBITDA of the investee, and the earnings multiplier derived from the quoted price of a comparative publicly listing company. Such estimate has been adjusted by the discount due from the lack of market circulation of the equity securities.

3) Transfers between Level 1 and Level 2

There were no transfers between levels of fair value hierarchy for the years ended December 31, 2020 and 2019.

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value is fair value through other comprehensive income – equity investments.

The equity investments without active market has multiple significant unobservable inputs. The significant unobservable inputs are independent of each other, and no interrelationship exists.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair
Financial assets at fair value through other comprehensive income-equity investments without an active market	Market comparable companies method	·Discount rate for lack of market circulation (25% as of December 31, 2020 and 2019)	· value measurement The higher the discount rate for lack of market circulation, the lower the fair value.

vii) Other pricing risk

For the years ended December 31, 2020 and 2019, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2020		2019	
Price of securities at the reporting date	**Other comprehensive profit or loss after tax**	**Profit or loss after tax**	**Other comprehensiv e profit or loss after tax**	**Profit or loss after tax**
Increased by 1%	$ 280	-	727	-
Decreased by 1%	$ (280)	-	(727)	-

(q) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Chairman' s office and Group operations center, which are responsible for developing and monitoring the Group' s risk management policies.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customer.

1) Accounts and other receivable

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and, in some cases, bank references. Purchase limits are established for each customer and represent the maximum open amount without requiring approval from the Group; these limits are reviewed regularly. No collateral required for accounts and other receivable. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Clients who transaction with the Group has few experiences on default losses. When monitoring customers' credit risk, customers are grouped according to its credit characteristics, including whether it is an individual or a legal entity, geographical distinction, industry, aging schedule, maturity date and previously existing financial difficulties. Customers who are rated as high risk are classified as restricted and these customers may transact with the Group only on a prepayment basis.

The Group established an impairment allowance that represents its estimate of incurred losses in respect of accounts and other receivables, as well as investments. Major components of this impairment allowance are specific losses related to individually significant exposure and collective losses which have incurred but have not been identified. The collective losses are based on historical payment experience of similar financial assets.

2) Investments

The exposure to credit risk for the bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to wholly owned subsidiaries.

As of December 31, 2020 and 2019, the Group did not provide financial guarantees to other third parties.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group' s approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group depend its accounting policy to cost its products and services, which assists it in monitoring cash flow requirements and optimizing its cash return on investments. The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on financial liabilities (other than accounts payables) over the succeeding 60 days. The Group also monitors the level of expected cash outflows on accounts and other payables. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. As of December 31, 2020 and 2019, the Group's unused credit line were amounted to $578,300 thousand and $1,213,880 thousand, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk. All such transactions are carried out within the guidelines set by the Board of Directors.

1) Currency risk

The Group is exposed to currency risk on sales, purchases, and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the NTD, US Dollar (USD), and Chinese Yuan (CNY). The currencies used in these transactions are the NTD, USD, and CNY.

Loan interest is denominated in the currency of the loan. Generally, the currency of the borrowings is the same as the currency of the cash flows from operating activities, which is mainly NTD and USD. As a result, economic hedging is provided, and without signing derivatives, so the Group doesn't apply hedge accounting.

2) Interest rate risk

The Group holds floating interest rate of assets and liabilities, and thus suffer from cash flow interest rate risk exposure. The detail of floating interest rate of the Group's assets and liabilities, please refer to note "liquidity risk management".

3) Other market price risk

The Group doesn' t sign merchandise contract except for meeting the expected consumption and sales demand.

(r) Capital management

The Board' s policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, and to sustain the future development of the business. The capital includes ordinary shares, capital surplus and retained earnings. The Board monitors the return on capital and controls the level of common stock dividends.

The Group monitors funds by regularly review debt-to-equity ratio. As of December 31, 2020 and 2019, the Group's debt-to-equity ratio is as follows:

	December 31, 2020	December 31, 2019
Total liabilities	$ 4,298,743	3,207,917
Less: cash and cash equivalents	(1,774,664)	(1,470,714)
Net debt	**$ 2,524,079**	**1,737,203**
Total equity	**$ 4,412,745**	**4,059,058**
Debt-to-equity ratio	**57.20 %**	**42.80 %**

(7) Related-party transactions

(a) Parent company and ultimate controlling company

Nidec Corporation is both the parent company and the ultimate controlling party of the Company. As of December 31, 2020 and 2019, it owns 67.02% and 52.14% of all shares outstanding of the Company, respectively. Nidec Corporation has issued the consolidated financial statements available for public use.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Nidec Corporation	The parent company
Nidec Machinery Corporation	The Group's other related parties
Nidec Precision (Thailand) Co., Ltd	The Group's other related parties
Nidec America Corporation	The Group's other related parties
Nidec Sankyo Corporation	The Group's other related parties
Nidec Management Shanghai Corporation	The Group's other related parties
Nidec Sankyo (H.K.) Co., Limited	The Group's other related parties
Nidec (H.K.) Co., Limited	The Group's other related parties
Nidec Machinery (Zhejiang) Corporation	The Group's other related parties
Nidec Taiwan Corporation	The Group's other related parties
Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd.	The Group's other related parties
Nidec (Dalian) Limited	The Group's other related parties
Nidec (Shenzhen) Co., Ltd.	The Group's other related parties
Nidec (Zhejiang) Corporation	The Group's other related parties
Nidec (Shanghai) International Trading Co., Ltd.	The Group's other related parties
Create Area Interior Design Co., Ltd.	The Group's other related parties
Nidec Copal (Zhejiang) Co., Ltd.	The Group's other related parties
Shanghai Lvyao Energy Technology Co., Ltd.	The Group's other related parties (Note)
Suzhou Zhuoyao Intelligent Technology Co., Ltd.	The Group's other related parties (Note)

Note: The company was no longer listed as one of the Group's other related parties since July 1, 2020.

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Group to related parties and the balance of accounts receivables were as follows:

	Sales		Accounts receivables	
	2020	2019	December 31, 2020	December 31, 2019
The parent company	$ 15,027	2,324	2,378	2,956
Other related parties				
Nidec (H.K.) Co., Limited	764,584	-	628,191	-
Other related parties	288,301	142,188	132,892	153,860
	$ 1,067,912	**144,512**	**763,461**	**156,816**

The selling price for related parties approximated the market price. The accounts receivables arising from sales of related parties are collected 90 to 120 days after the account day. Amounts receivable from related parties were uncollateralized, and no expected credit loss were required after the assessment by the management.

(ii) Purchases

	Acquisition price		Other payables	
	2020	2019	December 31, 2020	December 31, 2019
Other related parties	**$ 198,221**	**-**	**130,217**	**-**

The terms and pricing of purchase transactions with related parties were not significantly different from those offered by other vendors. The payment terms are 120 days, which were no different from the payment terms given by other vendors.

(iii) Property transactions

The acquisition price of property, plant and equipment purchased from related parties and the balance of other payables are summarized as follows:

	Acquisition price		Other payables	
	2020	2019	December 31, 2020	December 31, 2019
Other related parties				
Create Area Interior Design Co., Ltd.	$ 508	31,316	60	3,198
Other related parties	47,927	36,426	4	33,988
	$ 48,435	**67,742**	**64**	**37,186**

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	Acquisition price		Other payables	
	2020	2019	December 31, 2020	December 31, 2019
Create Area Interior Design Co., Ltd.	$ 416	-	-	-

	Proceeds from disposal of property, plant and equipment		Loss (gain) from disposal of property, plant and equipment		Other receivables	
	2020	2019	2020	2019	December 31, 2020	December 31, 2019
Other related parties	$ 17,582	-	9,579	-	-	-

(iv) Borrowing from a Related Party

	December 31, 2020	December 31, 2019
The parent company	$ 313,280	-

The Group's unsecured borrowing from the related party has ICE 3 months USD LIBOR rates fixed on two working days before the starting date of the next period every three months plus 0.35% per annum.

(v) Others

1) The amounts of advance payment by the Group to related parties and the balance of other receivables were as follows:

	Disbursement		Other receivables	
	2020	2019	December 31, 2020	December 31, 2019
The parent company	$ 135	25	135	-
Other related parties	1,152	-	-	-
	$ 1,287	25	135	-

2) The amounts of advance payment by the Group from related parties and the balance of other payables were as follows:

	Disbursement		Other payables	
	2020	2019	December 31, 2020	December 31, 2019
The parent company	$ 12,026	5,591	4,614	1,523
Other related parties	4,344	2,564	4,020	389
	$ 16,370	8,155	8,634	1,912

(d) Key management personnel compensation

Key management personnel compensation comprised:

	2020	2019
Short-term employee benefits	$ 56,706	54,089
Post-employment benefits	1,016	658
	$ 57,722	**54,747**

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	December 31, 2020	December 31, 2019
Property, plant and equipment-land	Bank loans	$ -	78,218
Property, plant and equipment-buildings	Bank loans	-	43,312
Investment property-land	Bank loans	-	36,370
Investment property-buildings	Bank loans	-	21,436
		$ -	**179,336**

(9) Commitments and contingencies: None

(10) Losses Due to Major Disasters: None

(11) Subsequent Events:

In order to raise funds for NCCV's new factory construction plans, Nidec Corporation loan the Company the amount of USD24,000 thousand on March 9, 2021, wherein the Company transferred the above amount, plus an additional amount of USD904 thousand, totaling USD24,904 thousand, to NCCV on March 11, 2021, resulting in the government-registered total authorized capital to be USD34,904 thousand. The funds will be available after NCCV obtains the Enterprise Registration Certificate in accordance with the law in Vietnam.

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

	For the year ended December 31					
	2020			2019		
By function / By item	Cost of Sale	Operating Expense	Total	Cost of Sale	Operating Expense	Total
Employee benefits						
Salary	609,288	365,349	974,637	530,968	311,799	842,767
Labor and health insurance	50,278	28,410	78,688	37,804	21,399	59,203
Pension	28,699	15,444	44,143	30,757	14,031	44,788
Remuneration of directors	-	2,742	2,742	-	4,078	4,078
Others	34,047	18,057	52,104	22,088	15,158	37,246
Depreciation	183,871	70,989	254,860	112,855	46,000	158,855
Amortization	275	4,896	5,171	122	4,114	4,236

(b) Impact assessment of the COVID-19:

The Company's subsidiaries, Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. and Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd., are experiencing uncertainty in the operating environment in mainland China due to the COVID-19 outbreak in the beginning of 2020, which has affected their operations, including delays in production, delivery and collection. This incident has prompted both subsidiaries to adjust their production schedules and re-organized their shipment plans after the resumption of their production. The above matter did not have a significant impact on the Group's operating and financial condition.

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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Collateral Value	Individual funding loan limits	Maximum limit of fund financing	Notes
0	The Company	Nidec Chaun Choung Vietnam Corporation	Other receivables from related parties	Yes	142,400 (USD5,000)	142,400 (USD5,000)	113,920 (USD4,000)	1%	2	-	Operating capital	-	None	-	441,275	1,765,098	Note 5
1	Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	The Company	Other receivables from related partie	Yes	199,360 (USD7,000)	199,360 (USD7,000)	-	USD floating rate		-	Operating capital	-	None	-	2,777,014 (RMB634,456)	2,777,014 (RMB634,456)	Note 5
2	Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	Other receivables from related partie	Yes	569,010 (RMB130,000	525,240 (RMB120,000)	372,045 (RMB85,000)	4.35%		-	Operating capital	-	None	-	2,777,014 (RMB634,456)	2,777,014 (RMB634,456)	Note 5

Note 1: Those with business contact please fill in 1

Those necessary for short-term financing please fill in 2

Note 2: The total amount allowed for financing should not exceed 40% of the Company's net equity. The maximum amount of loans to individual entity should not exceed 10% of the Company's net equity. The maximum amount of loans to the Company's foreign subsidiaries, which directly and indirectly hold 100% of the voting shares, should not exceed the borrower's net equity on its latest financial statements.

Note 3: The total amount allowed for financing of Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. should not exceed 40% of its net equity on its current financial statements.

Note 4: Within NJCI's maximum financing allowed, it should not exceed the 10% of NJCI's net worth individually. If the counterpart is the Company owns 100% of its outstanding common shares directly or indirectly, the total financing amount to any individuals should not exceed the most recent net worth of NJCI.

Note 5: The transactions are eliminated when preparing the consolidated financial statements.

Note 6: The exchange rate of NTD to CNY and NTD to USD at December 31, 2020 are NTD4.377:CNY1 and NTD28.480:USD1, respectively.

(ii) Guarantees and endorsements for other parties: None

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance Shares/Units (thousands)	Ending balance Carrying value	Ending balance Percentage of ownership (%)	Ending balance Fair value	Highest percentage of ownership (%)	Note
The Company	Everflow Technology Corporation	-	Non-current financial assets at fair value through other comprehensive income	1,854	27,983	11.21%	27,983	11.21 %	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

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(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase(Sale)	Amount	Percentage of total purchases(sales)	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	Parent-subsidiary	Purchase	1,295,797	25.07%	O/A 120 days	-	-	(893,017)	(32.65)%	Note
The Company	Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Parent-subsidiary	Purchase	2,163,120	41.85%	O/A 150 days	-	-	(1,180,031)	(43.14)%	Note
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	The Company	Parent-subsidiary	(Sales)	(2,163,120)	58.89%	O/A 150 days	-	-	1,180,031	66.62%	Note
Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	The Company	Parent-subsidiary	(Sales)	(1,295,797)	45.82%	O/A 120 days	-	-	893,017	60.76%	Note
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd.	Other related parties	Purchase	198,221	8.42%	O/A 120 days	-	-	(130,217)	(10.73)%	
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Nidec (Shenzhen) Co., Ltd.	Other related parties	(Sales)	(267,763)	7.29%	O/A 120 days	-	-	129,301	7.30%	
The Company	Nidec (H.K.) Co., Limited	Other related parties	(Sales)	(764,414)	12.59%	O/A 90 days	-	-	628,191	30.31%	

Note: The transaction has already been written off in the consolidated financial statement.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance (note)	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts	Note
					Amount	Action taken			
The Company	Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Parent-subsidiary	271,249	1.77	-		55,259	-	Note
The Company	Nidec Chaun Choung Vietnam Corporation	Parent-subsidiary	113,920	Note 1	-		-	-	Note
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	The Company	Parent-subsidiary	1,180,031	5.16	-		261,792	-	Note
Nidec Chongqing Qunxiang Technology Co., Ltd.	The Company	Parent-subsidiary	893,017	5.82	-		293,426	-	Note
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	Fellow subsidiary	372,045	Note 1	-		-	-	Note
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Nidec (Shenzhen) Co., Ltd.	Other related parties	129,301	3.39	-		17,391	-	
The Company	Nidec (H.K.) Co., Limited	Other related parties	628,197	2.43	-		442,316	-	

Note: The transaction has already been written off in the consolidated financial statements.

Note 1: The calculation of turnover rate excludes other receivables from related parties.

(ix) Trading in derivative instruments: None.

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(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No. (note1)	Name of company	Name of counter-party	Nature of relationship (note1)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	NCCI-USA	1	Sales	54,169	On the basis of general conditions	0.59%
0	The Company	NCCI-USA	1	Accounts receivable	22,665	O/A 120 days	0.26%
0	The Company	NJCI	1	Other receivables	271,249	O/A 150 days	3.11%
0	The Company	NCSI	1	Other receivables	41,993	O/A 120 days	0.48%
1	NJCI	The Company	2	Sales	2,163,120	On the basis of general conditions	23.71%
1	NJCI	The Company	2	Accounts receivable	1,180,031	O/A 150 days	13.55%
1	NJCI	NCSI	3	Sales	1,200	On the basis of general conditions	0.01%
1	NJCI	NCSI	3	Accounts receivable	142	O/A 120 days	-%
1	NJCI	NCSI	3	Other receivables	372,045	On the basis of general conditions	4.27%
1	NJCI	NCCV	2	Sales	395	On the basis of general conditions	-%
1	NJCI	NCCV	2	Accounts receivable	439	O/A 120 days	-%
2	NCSI	The Company	2	Sales	1,295,797	On the basis of general conditions	14.20%
2	NCSI	The Company	1	Accounts receivable	893,017	O/A 120 days	10.25%

Note 1: Assigned numbers represent the following:

1. 0 represents the parent company.

2. The subsidiaries are represented numerically starting from 1.

Note 2: The terms of transactions are defined as follows:

1. Parent company to subsidiary.

2. Subsidiary to parent company.

3. Subsidiary to subsidiary.

Note 3: Intercompany relationships and significant intercompany transactions are only disclosed sales and accounts receivable. The corresponding purchases and accounts payables are not disclosed.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest percentage of ownership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares	Percentage of ownership	Carrying value				
The Company	Conquer Wisdom Co., Ltd.	British Virgin Islands	Investment activities	737,240	737,240	-	100.00 %	3,806,546	100.00 %	562,799	576,695	Note 1 and Note 3
The Company	Nidec Chaun Choung Vietnam Corporation	Vietnam	Sale of thermal module for smart phones	299,343	-	-	100.00 %	264,158	100.00 %	(21,417)	(21,417)	Note 3
Conquer Wisdom Co., Ltd.	Nidec Chaun Choung Technology America Inc.	U.S.A	Sale of thermal module for computers	8,544 (USD300)	8,544 (USD300)	300,000	100.00 %	10,851 (USD381)	100.00 %	2,009 (USD68)	2,009 (USD68)	Note 2 and Note 3
Conquer Wisdom Co., Ltd.	GLOBE STAR ENTERPRISE Ltd.	Hong Kong	Investment activities	513,836 (USD18,042)	513,836 (USD18,042)	140,407,615	100.00 %	3,797,295 (USD133,332)	100.00 %	558,476 (USD18,900)	558,476 (USD18,900)	Note 2 and Note 3

Note 1: The Group recognized net income of Conquer Wisdom Co., Ltd. $562,799 thousand, realized gross profit $60,438 thousand and unrealized gross profit $46,542 thousand. The Group recognized share of profits of investee $576,695 thousand in total.

Note 2: The exchange rate of New Taiwan dollars to US dollars as of December 31, 2020 was 28.480 to 1. The average exchange rate of New Taiwan dollars to US dollars for the year ended December 31, 2020 was 29.549 to 1.

Note 3: The transaction has already been written off in the consolidated financial statements.

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(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020 (note 4)	Net income (losses) of the investee (note 4 and 7)	Percentage of ownership	Highest percentage of ownership	Investment income (losses) (note 5, 6 and 7)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Nidec Jue-Choung Electronics (Kunshan) Co., Ltd.	Manufacture the thermal module for computers	655,040 (USD23,000) Note 2、Note 3	2 Note 1	386,588 (USD13,574)	-	-	386,588 (USD13,574)	185,361 (USD6,273)	100.00%	100.00%	184,031 (USD6,228)	2,750,484 (USD96,576)	321,430
Nidec Cyun Siang High-Tech (Chongqing) Co., Ltd.	Manufacture the thermal module for computers	227,840 (USD8,000)	2 Note 1	227,840 (USD8,000)	-	-	227,840 (USD8,000)	374,652 (USD12,679)	100.00%	100.00%	374,652 (USD12,679)	1,046,298 (USD36,738)	-
Nidec Chiuan-Vector Industrial (Dongguan) Co., Ltd.	Research, development and sale of thermal components	16,633 (RMB3,800)	2 Note 1	-	-	-	-	(651) (RMB-152)	100.00%	100.00%	(651) (RMB-152)	8,767 (RMB2,003)	-

Note 1: Reinvest in Mainland China by establishing investing companies which is the Group 100% owned subsidiary in third region.

Note 2: Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. transferred US dollar 8,800 thousand from retained earnings to capital in 2007.

Note 3: The difference between accumulated outflow of investment from Taiwan and total amount of paid-in-capital is US Dollar 626 thousand, the primary reason is funds acquired from the shareholders in Taiwan and has not remitted to Mainland China.

Note 4: The exchange rate of New Taiwan dollars to US dollars as of December 31, 2020 was 28.480 to 1. The average exchange rate of New Taiwan dollars to US dollars for the year ended December 31, 2020 was 29.549 to 1.

Note 5: Investment income (losses) is recognized according to the financial statements audited by the CPA of the parent company.

Note 6: The Group recognized net income of Nidec Jue-Choung Electronics (Kunshan) Co., Ltd. USD6,273 thousand, realized gross profit USD887 thousand and unrealized gross profit USD932 thousand. The Group recognized share of profits of investee USD6,228 thousand in total.

Note 7: The exchange rate of New Taiwan dollars to Chinese Yuan as of December 31, 2020 was 4.377 to 1. The average exchange rate of New Taiwan dollars to Chinese Yuan for the year ended December 31, 2020 was 4.282 to 1.

(ii) Limitation on investment in Mainland China:

	Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
	614,428 (USD21,574)	891,908 (USD31,317)	2,647,647

Note : The exchange rate of New Taiwan dollars to US dollars as of December 31, 2020 was 28.480 to 1.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(d) Major shareholders:

Shareholding / **Shareholder’s Name**	**Shares**	**Percentage**
Nidec Corporation	57,872,550	67.02 %

(14) Segment information:

(a) General information: The main operating activities of the Group are manufacturing, processing and trading of thermal components for computer, which is a single industry. The business decision maker considers the overall operation of the Group, customer service and after-sales support, and each segment unit acquires separately as well as retains the management team at the time of acquisition. The business decision makers manage the segment separately according to the economic environment of the segment located regions. The Group identifies the operating segments and reportable segments and assesses the operating segments which have met the quantified thresholds whether meet the core principles of aggregation, and decides to aggregate the reportable segments. If the operating segments do not meet the quantitative threshold, then they are included in other segments.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis.

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliation are as follows:

	2020				
	Segment Taiwan	**Segment Mainland China**	**Other segment**	**Reconciliation and elimination**	**Total**
Revenue					
Revenue from external customers	$ 6,019,321	3,036,576	67,524	-	9,123,421
Intersegment revenues	54,169	3,464,566	9,200	(3,527,935)	-
Total revenue	**$ 6,073,490**	**6,501,142**	**76,724**	**(3,527,935)**	**9,123,421**

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	2020				
	Segment Taiwan	Segment Mainland China	Other segment	Reconciliation and elimination	Total
Interest expenses	$ 916	-	126	-	1,042
Depreciation and amortization	85,316	173,271	2,252	(296)	260,543
Share of profit (loss) of associates subsidiaries accounted for using equity method	555,278	-	-	(555,278)	-
Reportable segment profit or loss	**$ 927,918**	**707,515**	**543,403**	**(1,101,873)**	1,076,963
Investments accounted for using equity method	$ 4,070,704	-	-	(4,070,704)	-
Reportable segment assets	**$ 8,376,956**	**6,542,025**	**4,288,111**	**(10,495,604)**	**8,711,488**
Reportable segment liabilities	**$ 3,964,211**	**2,744,716**	**148,205**	**(2,558,389)**	**4,298,743**

	2019				
	Segment Taiwan	Segment Mainland China	Other segment	Reconciliation and elimination	Total
Revenue					
Revenue from external customers	$ 6,247,640	2,266,636	71,896	-	8,586,172
Intersegment revenues	61,192	3,612,330	10,432	(3,683,954)	-
Interest revenue	4,021	7,855	721	-	12,597
Total revenue	**$ 6,312,853**	**5,886,821**	**83,049**	**(3,683,954)**	**8,598,769**
Interest expenses	$ 494	183	223	-	900
Depreciation and amortization	64,607	98,486	870	(190)	163,773
Share of profit (loss) of subsidiaries accounted for using equity method	402,879	-	-	(402,879)	-
Reportable segment profit or loss	**$ 868,875**	**503,776**	**404,337**	**(809,131)**	**967,857**
Investments accounted for using equity method	$ 3,118,771	-	-	(3,118,771)	-
Reportable segment assets	**$ 7,055,684**	**5,120,598**	**3,275,679**	**(8,184,986)**	**7,266,975**
Reportable segment liabilities	**$ 2,996,626**	**1,949,029**	**27,983**	**(1,765,721)**	**3,207,917**

(c) Product and service information

Revenue from the external customers of the Group was as follows:

Product and service	**2020**	**2019**
Thermal module	$ 6,416,095	6,338,744
Thermal product	1,682,927	1,504,308
Others	1,024,399	743,120
	$ 9,123,421	**8,586,172**

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(d) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical information	2020	2019
Revenue from external customers:		
Chinese mainland	$ 6,096,371	4,743,478
Taiwan	1,034,074	1,400,672
Singapore	468,674	702,726
Malaysia	601,772	517,392
United States	267,143	442,220
Other countries	655,387	779,684
	$ 9,123,421	**8,586,172**
Non-current assets:		
Taiwan	$ 549,269	520,749
Chinese mainland	1,379,058	1,156,320
Other countries	290,645	4,535
Total	**$ 2,218,972**	**1,681,604**

Non-current assets include property, plant and equipment, right-of-use assets investment property, intangible assets, and other assets, not including financial instruments and deferred tax assets.

(e) Major customers

	2020	2019
E00001	$ 1,345,105	1,232,394
E00011	1,003,722	1,417,684
L00007	560,806	780,398
NIDJP001	1,067,912	144,512
Total	**$ 3,977,545**	**3,574,988**