English Translation of a Report and Financial Statements Originally Issued in Chinese

MEDIATEK INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE SIX MONTHS ENDED
JUNE 30, 2021 AND 2020

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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English Translation of a Report Originally Issued in Chinese

Review Report of Independent Accountants

To the Board of Directors and Shareholders
of MediaTek Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of MediaTek Inc. and its subsidiaries as of June 30, 2021 and 2020, the related consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2021 and 2020, changes in equity and cash flows for the six-month periods ended June 30, 2021 and 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements"). Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of MediaTek Inc. and its subsidiaries as at June 30, 2021 and 2020, their consolidated financial performance for the three-month and six-month periods ended June 30, 2021 and 2020, and cash flows for the six-month periods ended June 30, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard No. 34, "Interim Financial Reporting" as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Kuo, Shao-Pin

Fuh, Wen-Fun

Ernst & Young, Taiwan
July 27, 2021

Notice to Readers

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

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

MEDIATEK INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of June 30, 2021, December 31, 2020, and June 30, 2020

(June 30, 2021 and 2020 are unaudited)

(Amounts in thousands of New Taiwan Dollars)

ASSETS	Notes	June 30, 2021	%	December 31, 2020	%	June 30, 2020	%
Current assets							
Cash and cash equivalents	6(1)	$ 219,211,824	35	$ 196,579,745	37	$ 168,938,225	35
Financial assets at fair value through profit or loss-current	6(2)	8,424,175	1	8,504,707	2	7,003,156	1
Financial assets at fair value through other comprehensive income-current	6(3)	8,845,409	2	4,373,488	1	11,216,862	2
Financial assets measured at amortized cost-current	6(4)	1,799,724	-	655,356	-	-	-
Notes receivables, net	6(22)	27,765	-	43,437	-	409	-
Trade receivables, net	6(5), 6(22)	48,293,862	8	33,088,653	6	36,100,193	8
Trade receivables from related parties, net	6(5), 6(22), 7	92,714	-	630	-	-	-
Other receivables	6(6), 7	6,761,356	1	7,645,652	2	3,873,891	1
Current tax assets	4, 5, 6(30)	200,504	-	807,990	-	878,470	-
Inventories, net	6(7)	63,148,837	10	37,677,370	7	36,811,785	8
Prepayments	6(8)	2,274,446	-	1,449,401	-	1,771,768	-
Other current assets		1,175,163	-	1,035,864	-	665,329	-
Total current assets		360,255,779	57	291,862,293	55	267,260,088	55
Non-current assets							
Financial assets at fair value through profit or loss-noncurrent	6(2)	3,570,259	1	4,611,586	1	5,325,616	1
Financial assets at fair value through other comprehensive income-noncurrent	6(3)	45,993,013	7	49,872,898	9	55,307,145	12
Financial assets measured at amortized cost-noncurrent	6(4), 8	13,278,939	2	11,614,536	2	5,244,215	1
Investments accounted for using the equity method	6(9)	76,284,315	12	50,667,839	10	24,189,151	5
Property, plant and equipment	6(10), 8	40,606,986	6	38,971,343	7	38,275,273	8
Right-of-use assets	6(23)	3,139,794	1	2,934,762	1	2,858,653	1
Investment property, net	6(11), 8	1,637,847	-	1,011,956	-	971,905	-
Intangible assets	6(12), 6(13)	75,070,601	12	76,271,667	14	78,296,496	16
Deferred tax assets	4, 6(30)	6,413,479	1	5,676,629	1	4,768,724	1
Refundable deposits		3,233,705	1	280,089	-	384,597	-
Long-term financing lease receivable, net	4, 6(22), 6(23)	1,390,659	-	130,729	-	-	-
Total non-current assets		270,619,597	43	242,044,034	45	215,621,775	45
Total assets		$ 630,875,376	100	$ 533,906,327	100	$ 482,881,863	100

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

Chairman : Ming-Kai Tsai　　President : Lih-Shyng Tsai　　Chief Financial Officer : David Ku

English Translation of Financial Statements Originally Issued in Chinese

MEDIATEK INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of June 30, 2021, December 31, 2020, and June 30, 2020

(June 30, 2021 and 2020 are unaudited)

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	June 30, 2021	%	December 31, 2020	%	June 30, 2020	%
Current liabilities							
Short-term borrowings	6(14)	$ 27,427,944	4	$ 21,470,853	4	$ 42,557,312	9
Financial liabilities at fair value through profit or loss-current	6(2)	5,449	-	10,329	-	64,248	-
Contract liabilities-current	6(21)	2,893,044	1	11,692,917	2	2,310,083	1
Trade payables		43,604,316	7	32,808,713	6	25,485,666	5
Trade payables to related parties	7	2,298,699	-	1,661,473	-	1,212,526	-
Other payables	6(15)	105,402,128	17	38,992,839	7	43,678,967	9
Other payables to related parties	7	137,509	-	47,940	-	14,386	-
Current tax liabilities	4, 6(30)	7,762,940	1	4,773,718	1	2,765,387	1
Lease liabilities-current	6(23)	504,286	-	483,089	-	464,712	-
Other current liabilities	6(16)	35,332,065	6	28,363,069	6	20,610,971	4
Current portion of long-term liabilities	6(17), 8	3,195,511	1	3,493,485	1	3,803,171	1
Total current liabilities		228,563,891	37	143,798,425	27	142,967,429	30
Non-current liabilities							
Long-term borrowings	6(17), 8	827,660	-	-	-	147,400	-
Long-term payables		604,502	-	3,619,618	1	3,832,826	1
Net defined benefit liabilities-noncurrent	4, 6(18)	905,384	-	910,118	-	863,098	-
Deposits received	7	406,000	-	430,736	-	523,466	-
Deferred tax liabilities	4, 6(30)	7,388,255	1	5,974,416	1	6,885,515	1
Lease liabilities-noncurrent	6(23)	2,607,996	1	2,362,280	1	2,284,840	1
Non-current liabilities-others		1,939,142	-	1,726,283	-	1,621,555	-
Total non-current liabilities		14,678,939	2	15,023,451	3	16,158,700	3
Total liabilities		243,242,830	39	158,821,876	30	159,126,129	33
Equity attributable to owners of the parent							
Share capital	6(19)						
Common stock		15,903,358	3	15,900,622	3	15,888,503	3
Capital collected in advance		729	-	2,133	-	2	-
Capital surplus	6(19), 6(20), 6(33)	52,859,915	8	76,745,750	14	74,038,093	15
Retained earnings	6(19)						
Legal reserve		50,217,220	8	44,583,025	8	44,583,025	9
Undistributed earnings		189,591,010	30	173,052,205	32	137,932,662	29
Other equity	6(20)	77,753,834	12	61,606,056	12	49,267,610	10
Treasury shares	6(19)	(55,970)	-	(55,970)	-	(109,570)	-
Equity attributable to owners of the parent		386,270,096	61	371,833,821	69	321,600,325	66
Non-controlling interests	6(19), 6(33)	1,362,450	-	3,250,630	1	2,155,409	1
Total equity		387,632,546	61	375,084,451	70	323,755,734	67
Total liabilities and equity		$ 630,875,376	100	$ 533,906,327	100	$ 482,881,863	100

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

Chairman : Ming-Kai Tsai　　President : Lih-Shyng Tsai　　Chief Financial Officer : David Ku

English Translation of Financial Statements Originally Issued in Chinese

MEDIATEK INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the six months ended June 30, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

		Three Months Ended June 30				Six Months Ended June 30			
Description	Notes	2021	%	2020	%	2021	%	2020	%
Net sales	6(21),7	$ 125,653,403	100	$ 67,603,053	100	$ 233,686,385	100	$ 128,466,028	100
Operating costs	6(7),6(24),7	(67,614,966)	(54)	(38,196,516)	(56)	(127,127,564)	(54)	(72,822,388)	(57)
Gross profit		58,038,437	46	29,406,537	44	106,558,821	46	55,643,640	43
Operating expenses	6(22),6(23),6(24),7								
Selling expenses		(3,886,270)	(3)	(2,655,982)	(4)	(7,291,365)	(3)	(6,223,341)	(5)
Administrative expenses		(2,434,973)	(2)	(1,844,151)	(3)	(4,942,835)	(2)	(3,386,550)	(3)
Research and development expenses		(22,878,813)	(18)	(17,416,312)	(26)	(45,305,931)	(20)	(32,752,403)	(25)
Expected credit (losses) gains		(4,067)	-	(74,441)	-	13,522	-	(63,406)	-
Total operating expenses		(29,204,123)	(23)	(21,990,886)	(33)	(57,526,609)	(25)	(42,425,700)	(33)
Operating income		28,834,314	23	7,415,651	11	49,032,212	21	13,217,940	10
Non-operating income and expenses									
Interest income	6(25)	457,017	-	683,163	1	883,423	-	1,618,666	1
Other income	6(26), 7	318,994	-	217,420	-	1,503,304	1	547,388	1
Other gains and losses	6(27)	1,081,128	1	115,299	-	9,267,623	4	130,952	-
Finance costs	6(28)	(43,053)	-	(171,281)	-	(82,652)	-	(469,265)	-
Share of profit of associates and joint ventures accounted for using the equity method	6(9)	938,702	1	268,730	1	58,846	-	213,551	-
Total non-operating income and expenses		2,752,788	2	1,113,331	2	11,630,544	5	2,041,292	2
Net income before income tax		31,587,102	25	8,528,982	13	60,662,756	26	15,259,232	12
Income tax expense	4, 6(30)	(4,000,464)	(3)	(1,218,557)	(2)	(7,298,874)	(3)	(2,144,332)	(2)
Net income		27,586,638	22	7,310,425	11	53,363,882	23	13,114,900	10
Other comprehensive income	6(9), 6(29), 6(30)								
Items that may not be reclassified subsequently to profit or loss									
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income		8,740,000	7	(2,531,523)	(4)	4,337,305	2	6,049,711	5
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		544,250	-	9,534,869	14	18,299,412	8	9,613,020	7
Income tax relating to those items not to be reclassified to profit or loss		(483,474)	-	248,627	-	25,386	-	(765,208)	(1)
Items that may be reclassified subsequently to profit or loss									
Exchange differences resulting from translating the financial statements of foreign operations		(4,840,125)	(4)	(3,161,692)	(4)	(4,799,834)	(2)	(2,996,476)	(2)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income		(816)	-	56,016	-	1,052	-	23,797	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method		893,328	1	207,122	-	530,602	-	(221,735)	-
Other comprehensive income, net of tax		4,853,163	4	4,353,419	6	18,393,923	8	11,703,109	9
Total comprehensive income		$ 32,439,801	26	$ 11,663,844	17	$ 71,757,805	31	$ 24,818,009	19
Net income (loss) for the periods attributable to :									
Owners of the parent	6(31)	$ 27,510,672		$ 7,203,948		$ 53,082,905		$ 12,919,245	
Non-controlling interests	6(33)	75,966		106,477		280,977		195,655	
		$ 27,586,638		$ 7,310,425		$ 53,363,882		$ 13,114,900	
Total comprehensive income for the periods attributable to :									
Owners of the parent		$ 32,376,528		$ 11,584,052		$ 71,486,996		$ 24,675,193	
Non-controlling interests		63,273		79,792		270,809		142,816	
		$ 32,439,801		$ 11,663,844		$ 71,757,805		$ 24,818,009	
Basic Earnings Per Share (in New Taiwan Dollars)	6(31)	$ 17.44		$ 4.58		$ 33.65		$ 8.22	
Diluted Earnings Per Share (in New Taiwan Dollars)	6(31)	$ 17.37		$ 4.56		$ 33.43		$ 8.17	

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

Chairman : Ming-Kai Tsai President : Lih-Shyng Tsai Chief Financial Officer : David Ku

English Translation of Financial Statements Originally Issued in Chinese

MEDIATEK INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended June 30, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent										Non-controlling interests	Total equity
	Share capital			Retained earnings		Other equity						
	Common stock	Capital collected in advance	Capital surplus	Legal reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Others	Treasury shares	Equity attributable to owners of the parent		
Balance as of January 1, 2020	$ 15,896,473	$ 3,780	$ 82,392,203	$ 41,507,689	$ 127,729,843	$ (3,949,641)	$ 50,322,680	$ (1,096,713)	$ (55,970)	$ 312,750,344	$ 1,649,194	$ 314,399,538
Appropriation and distribution of 2019 earnings:												
Legal reserve	-	-	-	3,075,336	(3,075,336)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(7,944,252)	-	-	-	-	(7,944,252)	-	(7,944,252)
Total	-	-	-	3,075,336	(11,019,588)	-	-	-	-	(7,944,252)	-	(7,944,252)
Cash dividends distributed from capital surplus	-	-	(8,738,677)	-	-	-	-	-	-	(8,738,677)	-	(8,738,677)
Profit for the six months ended June 30, 2020	-	-	-	-	12,919,245	-	-	-	-	12,919,245	195,655	13,114,900
Other comprehensive income for the six months ended June 30, 2020	-	-	-	-	-	(3,165,372)	14,921,320	-	-	11,755,948	(52,839)	11,703,109
Total comprehensive income	-	-	-	-	12,919,245	(3,165,372)	14,921,320	-	-	24,675,193	142,816	24,818,009
Share-based payment transactions	4,414	(3,778)	133,350	-	-	-	-	-	-	133,986	(7,010)	126,976
Treasury stock acquired	-	-	-	-	-	-	-	-	(53,600)	(53,600)	-	(53,600)
Changes in associates and joint ventures accounted for using the equity method	-	-	36	-	-	-	-	-	-	36	-	36
Changes in ownership interests in subsidiaries	-	-	390,813	-	-	-	-	-	-	390,813	370,409	761,222
Issuance of restricted stock for employees	(12,384)	-	(25,120)	-	3,382	-	-	535,116	-	500,994	-	500,994
Changes in other capital surplus	-	-	(114,512)	-	-	-	-	-	-	(114,512)	-	(114,512)
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	8,299,780	-	(8,299,780)	-	-	-	-	-
Balance as of June 30, 2020	$ 15,888,503	$ 2	$ 74,038,093	$ 44,583,025	$ 137,932,662	$ (7,115,013)	$ 56,944,220	$ (561,597)	$ (109,570)	$ 321,600,325	$ 2,155,409	$ 323,755,734
Balance as of January 1, 2021	$ 15,900,622	$ 2,133	$ 76,745,750	$ 44,583,025	$ 173,052,205	$ (8,710,844)	$ 70,646,473	$ (329,573)	$ (55,970)	$ 371,833,821	$ 3,250,630	$ 375,084,451
Appropriation and distribution of 2020 earnings:												
Legal reserve	-	-	-	5,634,195	(5,634,195)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(33,398,284)	-	-	-	-	(33,398,284)	-	(33,398,284)
Total	-	-	-	5,634,195	(39,032,479)	-	-	-	-	(33,398,284)	-	(33,398,284)
Cash dividends distributed from capital surplus	-	-	(25,446,312)	-	-	-	-	-	-	(25,446,312)	-	(25,446,312)
Profit for the six months ended June 30, 2021	-	-	-	-	53,082,905	-	-	-	-	53,082,905	280,977	53,363,882
Other comprehensive income for the six months ended June 30, 2021	-	-	-	-	-	(4,259,064)	22,663,155	-	-	18,404,091	(10,168)	18,393,923
Total comprehensive income	-	-	-	-	53,082,905	(4,259,064)	22,663,155	-	-	71,486,996	270,809	71,757,805
Share-based payment transactions	3,603	(1,404)	114,881	-	-	-	-	-	-	117,080	3,145	120,225
Changes in associates and joint ventures accounted for using the equity method	-	-	988,608	-	-	-	-	-	-	988,608	-	988,608
The differences between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	-	-	(161,910)	-	-	-	-	-	-	(161,910)	(17,927)	(179,837)
Changes in ownership interests in subsidiaries	-	-	693,638	-	-	-	-	-	-	693,638	(526,611)	167,027
Issuance of restricted stock for employees	(867)	-	(30,468)	-	(16,430)	-	-	248,496	-	200,731	-	200,731
Changes in other capital surplus	-	-	(44,272)	-	-	-	-	-	-	(44,272)	-	(44,272)
Proceeds from disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	2,504,809	-	(2,504,809)	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,617,596)	(1,617,596)
Balance as of June 30, 2021	$ 15,903,358	$ 729	$ 52,859,915	$ 50,217,220	$ 189,591,010	$ (12,969,908)	$ 90,804,819	$ (81,077)	$ (55,970)	$ 386,270,096	$ 1,362,450	$ 387,632,546

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

Chairman : Ming-Kai Tsai

President : Lih-Shyng Tsai

Chief Financial Officer : David Ku

English Translation of Financial Statements Originally Issued in Chinese

MEDIATEK INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2021 and 2020

(Amounts in thousands of New Taiwan Dollars)

Description	Six Months Ended June 30 2021	2020
Cash flows from operating activities :		
Profit before tax from continuing operations	$ 60,662,756	$ 15,259,232
Adjustments for:		
The profit or loss items which did not affect cash flows:		
Depreciation	2,430,007	2,258,569
Amortization	2,505,493	2,352,600
Expected credit (gains) losses	(13,522)	63,406
Losses on financial assets and liabilities at fair value through profit or loss	217,301	116,394
Interest expenses	82,652	469,265
Gains on derecognition of financial assets measured at amortized cost	-	(5,282)
Interest income	(883,423)	(1,618,666)
Dividend income	(1,064,050)	(386,559)
Share-based payment expenses	237,970	481,632
Share of profit of associates and joint ventures accounted for using the equity method	(58,846)	(213,551)
Losses on disposal of property, plant and equipment	3,073	1,360
Property, plant and equipment transferred to expenses	-	37
Losses on disposal of intangible assets	21	36
(Gains) losses on disposal of investments	(8,429,982)	30,073
Gains on disposal of investments accounted for using the equity method	(938,749)	-
Others	(1,117)	(1,028)
Changes in operating assets and liabilities:		
Financial assets mandatorily measured at fair value through profit or loss	537,565	635,924
Notes receivables	15,672	2,402
Trade receivables	(15,984,144)	(9,456,918)
Trade receivables from related parties	(92,084)	5,000
Other receivables	(169,340)	1,326,893
Inventories	(27,087,268)	(9,176,922)
Prepayments	(935,283)	(221,683)
Other current assets	(139,299)	21,934
Contract liabilities	(8,732,607)	(383,447)
Trade payables	11,382,637	4,157,924
Trade payables to related parties	654,280	306,302
Other payables	7,064,698	(543,622)
Other payables to related parties	(18,934)	(5,978)
Other current liabilities	7,557,334	2,718,328
Net defined benefit liabilities	(4,734)	(5,903)
Non-current liabilities-others	(374,973)	(338,568)
Cash generated from operating activities:	28,423,104	7,849,184
Interest received	817,219	2,592,577
Dividend received	488,425	375,315
Interest paid	(82,290)	(505,943)
Income tax paid	(2,965,717)	(1,202,802)
Net cash provided by operating activities	26,680,741	9,108,331
Cash flows from investing activities :		
Acquisition of financial assets at fair value through other comprehensive income	(925,792)	(1,737,633)
Proceeds from disposal of financial assets at fair value through other comprehensive income	3,485,859	9,758,863
Proceeds from capital return of financial assets at fair value through other comprehensive income	464,679	40,303
Acquisition of financial assets measured at amortized cost	(2,975,596)	(2,760,683)
Proceeds from redemption of financial assets measured at amortized cost	-	255,758
Acquisition of investments accounted for using the equity method	(870,954)	(1,186,400)
Proceeds from disposal of investments accounted for using the equity method	1,132,218	-
Proceeds from capital return of investments accounted for using the equity method	72,538	-
Disposal of subsidiary	3,082,377	-
Acquisition of property, plant and equipment	(5,096,208)	(1,846,792)
Proceeds from disposal of property, plant and equipment	7,539	122
Increase in refundable deposits	(3,022,786)	(114,036)
Acquisition of intangible assets	(4,306,181)	(3,707,510)
Acquisition of right-of-use assets	-	(2,267)
Net cash used in investing activities	(8,952,307)	(1,300,275)
Cash flows from financing activities :		
Increase (decrease) in short-term borrowings	6,073,781	(14,621,839)
Proceeds from long-term borrowings	827,660	-
Repayment of long-term borrowings	-	(18,425)
Decrease in deposits received	(24,736)	(42,307)
Cash payment for the principal portion of the lease liabilities	(334,699)	(308,307)
Proceeds from exercise of employee stock options	65,698	18,062
Treasury stock acquired	-	(53,600)
Cash dividends	(31,156)	(13,126)
Change in non-controlling interests	163,702	761,222
Net cash provided by (used in) financing activities	6,740,250	(14,278,320)
Effect of changes in exchange rate on cash and cash equivalents	(1,836,605)	(2,136,425)
Net increase (decrease) in cash and cash equivalents	22,632,079	(8,606,689)
Cash and cash equivalents at the beginning of the period	196,579,745	177,544,914
Cash and cash equivalents at the end of the period	$ 219,211,824	$ 168,938,225

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

Chairman : Ming-Kai Tsai　　President : Lih-Shyng Tsai　　Chief Financial Officer : David Ku

MEDIATEK INC. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

1. Organization and Operation

As officially approved, MediaTek Inc. ("MTK") was incorporated at Hsinchu Science-based Industrial Park on May 28, 1997. Since then, it has been specialized in the R&D, production, manufacturing and marketing of multimedia integrated circuits (ICs), computer peripherals oriented ICs, high-end consumer-oriented ICs and other ICs of extraordinary application. Meanwhile, it has rendered design, test runs, maintenance and repair and technological consultation services for software & hardware of the aforementioned products, import and export trades for the aforementioned products, sale and delegation of patents and circuit layout rights for the aforementioned products.

2. Date and Procedures of Authorization of Financial Statements for Issue

The consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on July 27, 2021.

3. Newly Issued or Revised Standards and Interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

MTK and its subsidiaries ("the Company") applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2021. The application of these new standards and amendments had no material effect on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below:

Standards or Interpretations Numbers	New, Revised or Amended Standards and Interpretations	Effective Dates
IFRS 3, IAS 16 and IAS 37	"Business Combination", "Property, Plant and Equipment" and "Provisions, Contingent Liabilities and Contingent Assets" (Amendment) and the Annual Improvements	January 1, 2022

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2022 and have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC and not yet adopted by the Company as at the end of the reporting period are listed below:

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Standards or Interpretations Numbers	The Projects of Standards or Interpretations	Effective Dates
IFRS 10 and IAS 28	"Consolidated Financial Statements" and "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendment)	To be determined by IASB
IFRS 17	"Insurance Contracts"	January 1, 2023
IAS 1	"Classification of Liabilities as Current or Non-current" (Amendment)	January 1, 2023
IAS 1	"Disclosure Initiative - Accounting Policies" (Amendment)	January 1, 2023
IAS 8	"Definition of Accounting Estimates" (Amendment)	January 1, 2023
IAS 12	"Deferred Tax related to Assets and Liabilities arising from a Single Transaction" (Amendment)	January 1, 2023

A. IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendment)

The amendments address the inconsistency between the requirements in IFRS 10 "Consolidated Financial Statements" (IFRS 10) and IAS 28 "Investments in Associates and Joint Ventures" (IAS 28), in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint venture. IFRS 10 requires full profit or loss recognition on the loss of control of a subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 "Business Combinations" (IFRS 3) between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gain or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

The abovementioned standards and interpretations issued by IASB have not yet been recognized by FSC at the date of issuance of the Company's financial statements, the local effective dates are to be determined by FSC. As the Company is currently determining the potential impact of the standards and interpretations listed under A, it is not practicable to estimate the impact on the Company at this point in time. All other standards and interpretations have no material impact on the Company.

4. Summary of Significant Accounting Policies

Statement of Compliance

The consolidated financial statements of the Company for the six-month periods ended June 30, 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and IAS 34 Interim Financial Reporting as endorsed and became effective by FSC.

Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

Basis of Consolidation

Preparation principle of consolidated financial statements

Control is achieved when MTK is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, MTK controls an investee if and only if MTK has:

(1) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
(2) exposure, or rights, to variable returns from its involvement with the investee, and
(3) the ability to use its power over the investee to affect its returns.

When MTK has less than a majority of the voting or similar rights of an investee, MTK considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(1) the contractual arrangement with the other vote holders of the investee;
(2) rights arising from other contractual arrangements;
(3) MTK's voting rights and potential voting rights.

MTK re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If loses control of a subsidiary, it:
(1) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(2) derecognizes the carrying amount of any non-controlling interest;
(3) recognizes the fair value of the consideration received;
(4) recognizes the fair value of any investment retained;
(5) recognizes any surplus or deficit in profit or loss; and
(6) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The consolidated entities are listed as follows:

			Percentage of Ownership			
Investor	Subsidiary	Business nature	June 30, 2021	December 31, 2020	June 30, 2020	Note
MTK	Hsu-Ta Investment Corp.	General investing	100%	100%	100%	-
MTK	MediaTek Singapore Pte. Ltd.	Research, manufacturing and sales	100%	100%	100%	-
MTK	MediaTek Investment Singapore Pte. Ltd.	General investing	100%	100%	100%	-
MTK	MStar International Technology Inc.	Research	-	100%	100%	1
MTK	HFI Innovation Inc.	Intellectual property right management	100%	100%	100%	-
MTK	MStar France SAS	Research	-	-	100%	2
MTK	MStar Co., Ltd.	General investing	100%	100%	100%	-
MTK	Digimoc Holdings Limited	General investing	100%	100%	100%	-
MTK	MShining International Corporation	Sales	-	-	100%	3
MTK	Spidcom Technologies	Intellectual property right management	100%	100%	100%	-
MTK	Hsu-Si Investment Corp.	General investing	100%	100%	100%	4
MTK	Richtek Technology Corp.	Research, manufacturing and sales	100%	100%	100%	5
Hsu-Ta Investment Corp.	Core Tech Resources Inc.	General investing	100%	100%	100%	-
Hsu-Ta Investment Corp.	MediaTek Capital Co.	General investing	100%	100%	100%	-
Hsu-Ta Investment Corp.	MediaTek Bangalore Private Limited	Research	0%	0%	0%	-

(To be continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(Continued)

			Percentage of Ownership			
Investor	Subsidiary	Business nature	June 30, 2021	December 31, 2020	June 30, 2020	Note
Hsu-Ta Investment Corp.	Hsu-Si Investment Corp.	General investing	-	-	-	4
MediaTek Capital Co.	RollTech Technology Co., Ltd.	Research	-	-	-	6
MediaTek Capital Co.	Chingis Technology Corporation	Research	100%	100%	100%	-
MediaTek Capital Co.	MediaTek Research Corp.	Research	100%	100%	100%	-
MediaTek Capital Co.	InnoFusion Technology Corp.	Technical services	100%	100%	-	7
Core Tech Resources Inc.	MediaTek India Technology Pvt. Ltd.	Research	0%	0%	0%	-
Hsu-Si Investment Corp.	Richtek Technology Corp.	Research, manufacturing and sales	-	-	-	5
Hsu-Si Investment Corp.	Airoha Technology Corp.	Research, manufacturing and sales	-	100%	100%	8,9
Hsu-Si Investment Corp.	Airoha Technology (Cayman) Inc.	General investing	66%	-	-	8,10
Hsu-Si Investment Corp.	Airoha (Cayman) Inc.	General investing	46%	46%	100%	-
Richtek Technology Corp.	Richstar Group Co., Ltd.	General investing	-	-	100%	11
Richtek Technology Corp.	Ironman Overseas Co., Ltd.	General investing	-	-	100%	12
Richtek Technology Corp.	Richtek Europe Holding B.V.	General investing	100%	100%	100%	-
Richtek Technology Corp.	Richtek Holding International Limited	General investing	100%	100%	100%	-
Richtek Technology Corp.	Richpower Microelectronics Corp.	General investing	-	-	100%	13
Richtek Technology Corp.	Li-Yu Investment Corp.	General investing	100%	100%	100%	-

(To be continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(Continued)

			Percentage of Ownership			
Investor	Subsidiary	Business nature	June 30, 2021	December 31, 2020	June 30, 2020	Note
Richtek Technology Corp.	Richnex Microelectronics Corp.	Research, manufacturing and sales	82%	82%	82%	-
Richtek Technology Corp.	Richtek Korea LLC.	Research and technical services	100%	100%	100%	-
Richtek Technology Corp.	Richtek USA Inc.	Sales and technical services	100%	100%	-	11
Richtek Technology Corp.	Richpower Microelectronics Co., Ltd.	Technical services	100%	100%	-	14
Richtek Technology Corp.	Li-We Technology Corp.	Technical services	100%	100%	-	12
Richtek Technology Corp.	Richtek IC Design Ireland Limited	Research	100%	100%	-	15
Richstar Group Co., Ltd.	Richtek USA Inc.	Sales and technical services	-	-	100%	11
Ironman Overseas Co., Ltd.	Cosmic-Ray Technology Limited	General investing	-	-	100%	12
Richtek Europe Holding B.V.	Richtek Europe B.V.	Marketing services	100%	100%	100%	-
Cosmic-Ray Technology Limited	Li-We Technology Corp.	Technical services	-	-	100%	12
Richpower Microelectronics Corp.	Richpower Microelectronics Corporation	Administrative services	-	-	100%	13
Richpower Microelectronics Corp.	Richpower Microelectronics Co., Ltd.	Technical services	-	-	100%	14
Li-Yu Investment Corp.	Corporate Event Limited	Technical services	-	-	-	16
Airoha (Cayman) Inc.	Airotek (Shenzhen) Inc.	Research and technical services	100%	100%	100%	-
Airoha (Cayman) Inc.	Airotek (Chengdu) Inc.	Research	100%	100%	100%	-

(To be continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(Continued)

			Percentage of Ownership			
Investor	Subsidiary	Business nature	June 30, 2021	December 31, 2020	June 30, 2020	Note
Airoha Technology Corp.	Airoha Technology (Samoa) Corp.	General investing	-	-	-	9,17
MediaTek India Technology Pvt. Ltd.	MStar Semiconductor India Private Limited	Research and technical services	-	-	100%	18
Gaintech Co. Limited	MediaTek China Limited	General investing	100%	100%	100%	-
Gaintech Co. Limited	MTK Wireless Limited (UK)	Research	100%	100%	100%	-
Gaintech Co. Limited	MediaTek Japan Inc.	Technical services	100%	100%	100%	-
Gaintech Co. Limited	MediaTek India Technology Pvt. Ltd.	Research	100%	100%	100%	-
Gaintech Co. Limited	MediaTek Korea Inc.	Research	100%	100%	100%	-
Gaintech Co. Limited	Gold Rich International (Samoa) Limited	General investing	100%	100%	100%	-
Gaintech Co. Limited	Smarthead Limited	General investing	100%	100%	100%	-
Gaintech Co. Limited	Ralink Technology (Samoa) Corp.	General investing	100%	100%	100%	-
Gaintech Co. Limited	Airoha Technology (Cayman) Inc	General investing	25%	76%	75%	10
Gaintech Co. Limited	MediaTek Wireless FZ-LLC	Technical services	100%	100%	100%	-
Gaintech Co. Limited	Hsu Chia (Samoa) Investment Ltd.	General investing	100%	100%	100%	-
Gaintech Co. Limited	Hsu Fa (Samoa) Investment Ltd.	General investing	100%	100%	100%	-
Gaintech Co. Limited	Hsu Kang (Samoa) Investment Ltd.	General investing	100%	100%	100%	-
Gaintech Co. Limited	Nephos Pte. Ltd.	Research	100%	100%	100%	-
Gaintech Co. Limited	Nephos Cayman Co. Limited	General investing	100%	100%	100%	-
Gaintech Co. Limited	Zelus Technology (HangZhou) Ltd.	Research and sales	91%	91%	90%	-
Gaintech Co. Limited	IStar Technology Ltd.	General investing	100%	100%	100%	-
Gaintech Co. Limited	MediaTek Research UK Limited	Research	-	-	100%	19

(To be continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(Continued)

Investor	Subsidiary	Business nature	Percentage of Ownership June 30, 2021	December 31, 2020	June 30, 2020	Note
Gaintech Co. Limited	ILI Technology Holding Corporation	General investing	-	-	100%	20
Gaintech Co. Limited	Lepower (HK) Limited	General investing	100%	100%	100%	-
Gaintech Co. Limited	Sigmastar Technology Inc.	General investing	100%	100%	100%	-
Gaintech Co. Limited	Mountain Capital Fund, L.P.	General investing	90%	90%	90%	-
MediaTek China Limited	MediaTek (Hefei) Inc.	Research	100%	100%	100%	-
MediaTek China Limited	MediaTek (Beijing) Inc.	Research	100%	100%	100%	-
MediaTek China Limited	MediaTek (Shenzhen) Inc.	Research and technical services	100%	100%	100%	-
MediaTek China Limited	MediaTek (Chengdu) Inc.	Research	100%	100%	100%	-
MediaTek China Limited	MediaTek (Wuhan) Inc.	Research	100%	100%	100%	-
MediaTek China Limited	Xuxin Investment (Shanghai) Inc.	General investing	100%	100%	100%	-
MediaTek China Limited	MediaTek (Shanghai) Inc.	Research	100%	100%	100%	-
MTK Wireless Limited (UK)	MediaTek Sweden AB	Research	100%	100%	100%	-
MTK Wireless Limited (UK)	MediaTek USA Inc.	Research	100%	100%	100%	-
MTK Wireless Limited (UK)	MediaTek Wireless Finland Oy	Research	100%	100%	100%	-
MTK Wireless Limited (UK)	MStar Semiconductor UK Ltd.	Research and technical services	100%	100%	100%	-
MTK Wireless Limited (UK)	MStar France SAS	Research	100%	100%	-	2
Gold Rich International (Samoa) Limited	Gold Rich International (HK) Limited	General investing	100%	100%	100%	-

(To be continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(Continued)

			Percentage of Ownership			
Investor	Subsidiary	Business nature	June 30, 2021	December 31, 2020	June 30, 2020	Note
Airoha Technology (Cayman) Inc.	Airoha Technology Corp.	Research, manufacturing and sales	100%	-	-	8-10
Airoha Technology (Cayman) Inc.	Shadow Investment Limited	General investing	100%	100%	100%	10
Airoha Technology (Cayman) Inc.	Airoha Technology (HK) Limited	General investing, research, manufacturing and sales	100%	100%	100%	10,21
Airoha Technology (Cayman) Inc.	MediaTek Research UK Limited	Research	100%	100%	-	10,19
Airoha Technology (HK) Limited	Airoha Technology (Suzhou) Limited	Research, manufacturing and sales	100%	100%	100%	22
Airoha Technology (Suzhou) Limited	EcoNet Limited	General investing and sales	100%	100%	100%	22
MediaTek Investment Singapore Pte. Ltd.	MediaTek Bangalore Private Limited	Research	100%	100%	100%	-
MediaTek Investment Singapore Pte. Ltd.	Gaintech Co. Limited	General investing	100%	100%	100%	-
MediaTek Investment Singapore Pte. Ltd.	Cloud Ranger Limited	General investing	100%	100%	100%	-
Sigmastar Technology Inc.	Sigmastar Technology Ltd.	Research, manufacturing and sales	-	50%	68%	23
Sigmastar Technology Inc.	InnoFusion Technology Corp.	Technical services	-	-	100%	7
Sigmastar Technology Ltd.	Shenzhen Sing Chen Technology Inc.	Research	-	100%	100%	23
Sigmastar Technology Ltd.	SigmaStar Technology Inc. (Shanghai)	Research	-	100%	100%	23
MStar Co., Ltd.	MStar Software R&D (Shenzhen), Ltd.	Technical services	100%	100%	100%	-
MStar Software R&D (Shenzhen), Ltd.	MStar Chen Xi Software Shanghai Ltd.	Technical services	-	-	100%	24

(To be continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(Continued)

			Percentage of Ownership			
Investor	Subsidiary	Business nature	June 30, 2021	December 31, 2020	June 30, 2020	Note
IStar Technology Ltd.	Beijing Ilitek Technology Co., Ltd.	Research and technical services	100%	100%	100%	-
IStar Technology Ltd.	ShenZhen ZhongChen Semiconductor Ltd.	Technical services	100%	100%	100%	-
ILI Technology Holding Corporation	ILI Technology Corporation	Research, manufacturing and sales	-	-	100%	20
ILI Technology Corporation	ILITEK Holding Inc.	General investing	-	-	100%	20
ILITEK Holding Inc.	ILI Technology (SZ) Ltd.	Technical services	-	-	100%	20
Nephos Cayman Co. Limited	Nephos (Hefei) Co., Ltd.	Research, manufacturing and sales	100%	100%	100%	-
Nephos (Hefei) Co., Ltd.	Nephos (Beijing) Co., Ltd.	Research	-	-	100%	25
Xuxin Investment (Shanghai) Inc.	Xuxi (Shanghai) Management Consulting Co., Ltd.	General investing	100%	100%	100%	-
Xuxi (Shanghai) Management Consulting Co., Ltd.	Hefei Xuhui Management Consulting Co., Ltd.	General investing	100%	100%	100%	-
Lepower (HK) Limited	Shanghai Celeste Technology Co., Ltd.	Research, manufacturing and sales	-	-	100%	26

1. For the purpose of reorganization, MStar International Technology Inc. was dissolved due to merger with Hsu-Ta Investment Corp. in June 2021.
2. For the purpose of reorganization, the 100% ownership of MStar France SAS, which was previously owned by MediaTek Inc., was transferred to MTK Wireless Limited (UK) in November 2020.
3. For the purpose of reorganization, MShining International Corporation was dissolved due to merger with Hsu-Ta Investment Corp. in December 2020.
4. For the purpose of reorganization, the 100% ownership of Hsu-Si Investment Corp., which was previously owned by Hsu-Ta Investment Corp., was transferred to MediaTek Inc. in April 2020.
5. For the purpose of reorganization, the 100% ownership of Richtek Technology Corp., which was previously owned by Hsu-Si Investment Corp., was transferred to MediaTek Inc. in April 2020.

6. For the purpose of reorganization, RollTech Technology Co., Ltd. was dissolved due to merger with MediaTek Capital Co. in February 2020.
7. For the purpose of reorganization, the 100% ownership of InnoFusion Technology Corp., which was previously owned by Sigmastar Technology Inc., was transferred to MediaTek Capital Co. in October 2020.
8. For the purpose of reorganization, the 100% ownership of Airoha Technology Corp., which was previously owned by Hsu-Si Investment Corp., was transferred to EcoNet (Cayman) Inc. on January 1, 2021. By this transfer, Hsu-Si Investment Corp. acquired the ownership of EcoNet (Cayman) Inc.
9. Airoha Technology Corp. was renamed Airoha Technology Corp. in February 2021. (Only Chinese name was renamed.)
10. EcoNet (Cayman) Inc. was renamed Airoha Technology (Cayman) Inc. in January 2021.
11. For the purpose of reorganization, Richstar Group Co., Ltd. has been liquidated in July 2020. The 100% ownership of Richtek USA Inc., which was previously owned by Richstar Group Co., Ltd., was transferred to Richtek Technology Corp.
12. For the purpose of reorganization, Ironman Overseas Co., Ltd. and its subsidiary, which were previously owned by Ironman Overseas Co., Ltd., have been liquidated in November 2020. The 100% ownership of Li-We Technology Corporation, which was previously owned by Cosmic-Ray Technology Limited, was transferred to Richtek Technology Corp.
13. For the purpose of reorganization, Richpower Microelectronics Corp. and its subsidiary, which were previously owned by Richpower Microelectronics Corp., have been liquidated in November 2020.
14. For the purpose of reorganization, the 100% ownership of Richpower Microelectronics Co., Ltd., which was previously owned by Richpower Microelectronics Corp., was transferred to Richtek Technology Corp. in July 2020.
15. Richtek Technology Corp. established Richtek IC Design Ireland Limited in November 2020.
16. For the purpose of reorganization, Corporate Event Limited has been liquidated in March 2020.
17. For the purpose of reorganization, Airoha Technology (Samoa) Corp. has been liquidated in January 2020.
18. For the purpose of reorganization, MStar Semiconductor India Private Limited was dissolved due to merger with MediaTek India Technology Pvt. Ltd. in June 2020.
19. For the purpose of reorganization, the 100% ownership of MediaTek Research UK Limited, which was previously owned by Gaintech Co. Limited, was transferred to Airoha Technology (Cayman) Inc. in August 2020.
20. Gaintech Co. Limited has completed the transfer of shareholding rights of ILI Technology Holding Corporation by November 2020.
21. EcoNet (HK) Limited was renamed Airoha Technology (HK) Limited in February 2021.
22. EcoNet (Suzhou) Limited was renamed Airoha Technology (Suzhou) Limited in February 2021.
23. Xiamen Sigmastar Technology Inc. (renamed Sigmastar Technology Ltd. in May 2021) and its subsidiaries have not been consolidated by the Company since February 2021 as the Company lost control over them.

24. For the purpose of reorganization, MStar Chen Xi Software Shanghai Ltd. has been liquidated in December 2020.
25. For the purpose of reorganization, Nephos (Beijing) Co., Ltd. has been liquidated in September 2020.
26. Lepower (HK) Limited established Shanghai Celeste Technology Co., Ltd. in February 2020. Moreover, Lepower (HK) Limited has been liquidated in September 2020.

The financial statements of all of consolidated subsidiaries listed above had been reviewed by auditors.

Except for the accounting policies listed below, the same accounting policies have been followed in the consolidated financial statements for the six-month periods ended June 30, 2021 and 2020 as were applied in the preparation of the Company’s consolidated financial statements for the year ended December 31, 2020. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2020.

(1) Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(2) Interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period. The average annual effective income tax rate is estimated by current income tax expenses only. Deferred income tax is recognized and measured according to IAS 12 “Income Tax” and follows the same accounting policies of the Company’s annual consolidated financial statements. When income tax rate changes occur in interim period, the effect on deferred income tax is recognized in profit or loss, other comprehensive income or equity at once.

5. Significant Accounting Judgments, Estimates and Assumptions

The same significant accounting judgments, estimates and assumptions have been followed in the consolidated financial statements for the six-month periods ended June 30, 2021 and 2020 as were applied in the preparation of the Company’s consolidated financial statements for the year ended December 31, 2020. Please refer to the consolidated financial statements for the year ended December 31, 2020.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand and petty cash	$ 1,784	$ 1,921	$ 2,423
Checking and savings accounts	27,970,767	29,618,766	23,145,377
Time deposits	191,239,273	166,732,673	145,719,241
Cash equivalents - repurchase agreements	-	131,422	71,184
Cash in transit	-	94,963	-
Total	$ 219,211,824	$ 196,579,745	$ 168,938,225

Time deposits include deposits whose maturities are within twelve months and are readily convertible to known amounts of cash with values subject to an insignificant risk of changes.

Cash and cash equivalents were not pledged.

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

	June 30, 2021	December 31, 2020	June 30, 2020
Current			
Financial assets mandatorily measured at fair value through profit or loss			
Funds	$ 6,753,544	$ 6,700,296	$ 5,663,053
Linked deposits	1,562,697	1,682,717	1,179,179
Bonds	66,888	68,419	130,504
Capital	-	43,690	-
Stocks	-	-	20,561
Forward exchange contracts	41,046	9,585	9,859
Total	$ 8,424,175	$ 8,504,707	$ 7,003,156
Held for trading financial liabilities			
Forward exchange contracts	$ 5,449	$ 10,329	$ 64,248

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	June 30, 2021	December 31, 2020	June 30, 2020
Noncurrent			
Financial assets mandatorily measured at fair value through profit or loss			
Linked deposits	$ 2,305,187	$ 3,201,009	$ 4,127,387
Bonds	19,509	295,165	294,524
Trust funds	1,053,385	919,093	696,507
Stocks	192,178	196,319	207,198
Total	$ 3,570,259	$ 4,611,586	$ 5,325,616

Financial assets at fair value through profit or loss were not pledged.

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

	June 30, 2021	December 31, 2020	June 30, 2020
Current			
Debt instrument investments measured at fair value through other comprehensive income			
Bonds	$ 250,830	$ 256,085	$ -
Equity instrument investments measured at fair value through other comprehensive income			
Listed company stocks	8,594,579	4,117,403	11,216,862
Total	$ 8,845,409	$ 4,373,488	$ 11,216,862

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	June 30, 2021	December 31, 2020	June 30, 2020
Noncurrent			
Debt instrument investments measured at fair value through other comprehensive income			
Bonds	$ 438,954	$ 1,348,726	$ 1,582,563
Equity instrument investments measured at fair value through other comprehensive income			
Listed company stocks	13,340,263	22,373,009	28,259,365
Capital	23,263,915	17,263,503	16,589,222
Unlisted company stocks	5,683,254	5,547,578	5,874,684
Funds	3,266,627	3,340,082	3,001,311
Subtotal	45,554,059	48,524,172	53,724,582
Total	$ 45,993,013	$ 49,872,898	$ 55,307,145

Financial assets at fair value through other comprehensive income were not pledged.

No impairment was recognized for debt instrument investments measured at fair value through other comprehensive income. Please refer to Note 12 for more details on credit risk.

The Company has equity instrument investments measured at fair value through other comprehensive income. Details on dividends recognized for the three months and six months ended June 30, 2021 and 2020 are as follows:

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Related to investments held at the end of the reporting period	$ 209,837	$ 127,207	$ 1,064,050	$ 386,559
Dividends recognized during the period	$ 209,837	$ 127,207	$ 1,064,050	$ 386,559

In consideration of disposition according to the Company’s investment strategy, the Company derecognized certain equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of the investments for the three months and six months ended June 30, 2021 and 2020 are as follows:

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
The fair value of the investments at the date of derecognition	$ 2,558,754	$ 3,343,073	$ 2,560,649	$ 9,317,445
The cumulative gain on disposal	$ 1,956,155	$ 3,408,141	$ 1,953,955	$ 9,207,374

(4) Financial assets measured at amortized cost

	June 30, 2021	December 31, 2020	June 30, 2020
Current			
Bonds	$ 1,359,440	$ 655,356	$ -
Time deposits (including the portion with maturity later than one year)	440,284	-	-
Subtotal	1,799,724	655,356	-
Noncurrent			
Bonds	10,642,411	9,616,892	3,216,117
Time deposits (including the portion with maturity later than one year)	2,636,528	1,997,644	2,028,098
Subtotal	13,278,939	11,614,536	5,244,215
Total	$ 15,078,663	$ 12,269,892	$ 5,244,215

No loss allowance was recognized for financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge and Note 12 for more details on credit risk.

(5) Trade receivables and trade receivables from related parties

	June 30, 2021	December 31, 2020	June 30, 2020
Trade receivables	$ 48,322,689	$ 33,131,968	$ 36,254,557
Less: allowance for doubtful debts	(28,827)	(43,315)	(154,364)
Subtotal	48,293,862	33,088,653	36,100,193
Trade receivables from related parties	92,714	630	-
Less: allowance for doubtful debts	-	-	-
Subtotal	92,714	630	-
Total	$ 48,386,576	$ 33,089,283	$ 36,100,193

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Trade receivables and trade receivables from related parties were not pledged.

Trade receivables are generally on 30 to 150 day terms. The total carrying amounts were NT$48,415,403 thousand, NT$33,132,598 thousand and NT$36,254,557 thousand as of June 30, 2021, December 31, 2020, and June 30, 2020, respectively. Please refer to Note 6.(22) for more details on impairment of trade receivables for the three months and six months ended June 30, 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

Trade receivables classified as financial assets measured at fair value through profit or loss due to regular factoring without recourse were NT$10,081,294 thousand, NT$5,620,541 thousand and NT$6,505,563 thousand as of June 30, 2021, December 31, 2020, and June 30, 2020, respectively.

(6) Other receivables

	June 30, 2021	December 31, 2020	June 30, 2020
Factoring receivables	$ 2,732,928	$ 3,662,267	$ 2,684,839
Others	4,028,428	3,983,385	1,189,052
Total	$ 6,761,356	$ 7,645,652	$ 3,873,891

The Company entered into several factoring agreements without recourse with financial institutions. According to those agreements, the Company does not take the risk of uncollectible trade receivables, but only the risk of loss due to commercial disputes. The Company did not provide any collateral, and the factoring agreements met the criteria of financial asset derecognition. The Company derecognized related trade receivables after deducting the estimated value of commercial disputes. Receivables from banks due to factoring agreement were NT$2,732,928 thousand, NT$3,662,267 thousand and NT$2,684,839 thousand as of June 30, 2021, December 31, 2020, and June 30, 2020, respectively.

As of June 30, 2021, December 31, 2020, and June 30, 2020, trade receivables derecognized were summarized (by transferee) as follows:

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A. As of June 30, 2021:

The Factor (Transferee)	Interest Rate (%)	Trade receivables derecognized (US$'000)	Cash withdrawn (US$'000)	Unutilized (US$'000)	Credit line (US$'000)
BNP Paribas	-	$ 25,353	$ -	$ 25,353	$ 155,000
Taishin International Bank	-	70,693	-	70,693	163,000
SMBC	-	-	-	-	14,000
CTBC	-	644	-	644	1,900
SinoPac	-	882	-	882	5,000
CHB	-	488	-	488	1,200
Total		$ 98,060	$ -	$ 98,060	$ 340,100

B. As of December 31, 2020:

The Factor (Transferee)	Interest Rate (%)	Trade receivables derecognized (US$'000)	Cash withdrawn (US$'000)	Unutilized (US$'000)	Credit line (US$'000)
BNP Paribas	-	$ 20,795	$ -	$ 20,795	$ 155,000
Taishin International Bank	-	105,810	-	105,810	127,000
SMBC	-	-	-	-	14,000
CTBC	-	904	-	904	1,800
SinoPac	-	601	-	601	5,000
CHB	-	263	-	263	1,200
SKCB	-	92	-	92	2,500
ESB	-	-	-	-	15,000
Total		$ 128,465	$ -	$ 128,465	$ 321,500

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

C. As of June 30, 2020:

The Factor (Transferee)	Interest Rate (%)	Trade receivables derecognized (US$'000)	Cash withdrawn (US$'000)	Unutilized (US$'000)	Credit line (US$'000)
BNP Paribas	-	$ 52,624	$ -	$ 52,624	$ 305,000
Taishin International Bank	-	32,426	-	32,426	116,000
SMBC	-	3,986	-	3,986	12,000
CTBC	-	761	-	761	1,905
SinoPac	-	452	-	452	2,000
CHB	-	155	-	155	1,200
SKCB	-	117	-	117	2,500
ESB	-	-	-	-	15,000
Total		$ 90,521	$ -	$ 90,521	$ 455,605

(7) Inventories

	June 30, 2021	December 31, 2020	June 30, 2020
Raw materials	$ 2,316,780	$ 2,975,616	$ 2,999,306
Work in progress	48,125,559	24,766,494	20,910,088
Finished goods	12,706,498	9,935,260	12,902,391
Net amount	$ 63,148,837	$ 37,677,370	$ 36,811,785

The cost of inventories recognized in expenses amounted to NT$67,614,966 thousand and NT$38,196,516 thousand, including the write-down of inventories of NT$1,111,603 thousand and NT$375,648 thousand for the three months ended June 30, 2021 and 2020, respectively.

The cost of inventories recognized in expenses amounted to NT$127,127,564 thousand and NT$72,822,388 thousand, including the write-down of inventories of NT$855,838 thousand and NT$57,793 thousand for the six months ended June 30, 2021 and 2020, respectively.

Inventories were not pledged.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(8) Prepayments

	June 30, 2021	December 31, 2020	June 30, 2020
Prepaid expenses	$ 732,401	$ 541,919	$ 929,199
Input tax	525,583	229,322	460,088
Others	1,016,462	678,160	382,481
Total	$ 2,274,446	$ 1,449,401	$ 1,771,768

(9) Investments accounted for using the equity method

Details of investments in associates and jointly controlled entities are as follows:

	June 30, 2021		December 31, 2020		June 30, 2020	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:						
Vanchip (Tianjin) Technology Co., Ltd.	$ 1,300,762	28	$ 1,086,946	30	$ 1,273,023	40
FONTAINE CAPITAL FUND, L.P.	2,885,149	57	2,831,721	57	1,734,765	57
Sigmastar Technology Ltd.	7,136,538	33	-	-	-	-
Others	1,663,616	-	892,634	-	950,785	-
Subtotal	12,986,065		4,811,301		3,958,573	
Investments in jointly controlled entities:						
Yuan Ke (Pingtan) Investment Fund Limited Partnership	63,298,250	81	45,856,538	81	20,230,578	81
Total	$ 76,284,315		$ 50,667,839		$ 24,189,151	

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Subsidiary Gaintech Co. Limited acquired the 40% ownership of Vanchip (Tianjin) Technology Co., Ltd. ("Vanchip") by cash in the amount of US$40,000,000 in March 2020. In October 2020 and May 2021, the Company disposed of a portion of Vanchip shares and its ownership was reduced to 28%. Since the Company does not have the ability to direct the relevant activities of Vanchip and therefore does not have control, the Company accounts for the Vanchip investment using the equity method.

Subsidiary Sigmastar Technology Inc. disposed of a portion of Sigmastar Technology Ltd. shares in February 2021, and its ownership was reduced to 34%. Furthermore, Sigmastar Technology Ltd. increased capital by cash in the second quarter of 2021, and the Company did not subscribe to the new share proportionate to its original ownership interest. Its ownership was therefore reduced to 33%. Since the Company does not have the ability to direct the relevant activities of Sigmastar Technology Ltd. and therefore does not have control, the Company accounts for the Sigmastar Technology Ltd. investment using the equity method.

Although partial of the Company's ownership in the aforementioned investments were higher than 50%, those investments were Limited Partnership and the Company merely served as a Limited Partner who had no ability to direct the relevant activities of them. Therefore, the Company had no control over them and they were not included in the consolidated entities.

The Company's investments in associates and jointly controlled entities were not individually material. The following table summarizes financial information of the Company's ownership in the associates and jointly controlled entities:

A. Investments in associates

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Profit (loss) from continuing operations	$ 713,837	$ 30,729	$ (231,759)	$ 21,713
Other comprehensive income (post-tax)	899	145	(152)	(2,064)
Total comprehensive income	$ 714,736	$ 30,874	$ (231,911)	$ 19,649

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

B. Investments in jointly controlled entities

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Profit from continuing operations	$ 274,271	$ 244,188	$ 299,579	$ 244,170
Other comprehensive income (post-tax)	-	-	-	-
Total comprehensive income	$ 274,271	$ 244,188	$ 299,579	$ 244,170

The associates and jointly controlled entities had no contingent liabilities or capital commitments and investments in associates and jointly controlled entities were not pledged as of June 30, 2021, December 31, 2020, and June 30, 2020.

(10) Property, plant and equipment

	June 30, 2021	December 31, 2020	June 30, 2020
Owner-occupied property, plant and equipment	$ 40,606,986	$ 38,971,343	$ 38,275,273

MEDIATEK INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Land	Buildings and facilities	Machinery equipment	Computer and telecommunication equipment	Testing equipment	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2021	$ 5,479,386	$ 29,536,371	$ 1,189,789	$ 8,680,284	$ 12,631,796	$ 1,627,882	$ 1,185,926	$ 60,331,434
Additions-acquired separately	8,442	180,851	91,726	1,093,036	894,579	1,855,672	1,968,348	6,092,654
Disposals	-	(8,604)	(1,071)	(232,953)	(25,286)	(1,265,962)	-	(1,533,876)
Transfers	-	(733,168)	12,560	1,343	11,305	(518)	(25,716)	(734,194)
Exchange differences	-	(162,520)	(1,149)	(52,048)	(56,726)	(34,380)	(13,308)	(320,131)
Others	-	-	(120,193)	(1,645)	-	(64,941)	(89,909)	(276,688)
As of June 30, 2021	$ 5,487,828	$ 28,812,930	$ 1,171,662	$ 9,488,017	$ 13,455,668	$ 2,117,753	$ 3,025,341	$ 63,559,199
As of January 1, 2020	$ 5,600,152	$ 29,837,633	$ 1,270,287	$ 7,623,697	$ 10,593,637	$ 1,693,986	$ 623,585	$ 57,242,977
Additions-acquired separately	-	105,223	130,983	301,132	821,272	152,384	378,392	1,889,386
Disposals	-	-	(1,316)	(25,038)	(33,721)	(102,515)	(7)	(162,597)
Transfers	-	87,010	379	-	132,060	(74,919)	(258,763)	(114,233)
Exchange differences	-	(397,155)	(1,621)	(81,811)	(86,949)	(44,505)	(11,295)	(623,336)
As of June 30, 2020	$ 5,600,152	$ 29,632,711	$ 1,398,712	$ 7,817,980	$ 11,426,299	$ 1,624,431	$ 731,912	$ 58,232,197

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Land	Buildings and facilities	Machinery equipment	Computer and telecommunication equipment	Testing equipment	Miscellaneous equipment	Construction in progress and equipment awaiting examination	Total
Depreciation and impairment:								
As of January 1, 2021	$ -	$ 5,704,895	$ 678,283	$ 6,064,960	$ 7,863,842	$ 1,048,111	$ -	$ 21,360,091
Depreciation	-	441,570	79,940	567,383	781,543	247,290	-	2,117,726
Disposals	-	(2,262)	-	(230,939)	(24,332)	(5,801)	-	(263,334)
Transfers	-	(83,250)	(8,834)	173	8,874	(320)	-	(83,357)
Exchange differences	-	(21,036)	(1,225)	(42,465)	(40,753)	(25,823)	-	(131,302)
Others	-	-	(23,444)	(251)	-	(23,916)	-	(47,611)
As of June 30, 2021	$ -	$ 6,039,917	$ 724,720	$ 6,358,861	$ 8,589,174	$ 1,239,541	$ -	$ 22,952,213
As of January 1, 2020	$ -	$ 4,986,476	$ 639,192	$ 5,252,552	$ 6,551,451	$ 923,366	$ -	$ 18,353,037
Depreciation	-	455,973	93,993	513,838	697,441	218,638	-	1,979,883
Disposals	-	-	(1,316)	(23,753)	(33,596)	(102,413)	-	(161,078)
Transfers	-	(4,799)	111	-	(171)	(1,606)	-	(6,465)
Exchange differences	-	(42,653)	(1,349)	(65,839)	(67,041)	(31,571)	-	(208,453)
As of June 30, 2020	$ -	$ 5,394,997	$ 730,631	$ 5,676,798	$ 7,148,084	$ 1,006,414	$ -	$ 19,956,924
Net carrying amount as of:								
June 30, 2021	$ 5,487,828	$ 22,773,013	$ 446,942	$ 3,129,156	$ 4,866,494	$ 878,212	$ 3,025,341	$ 40,606,986
December 31, 2020	$ 5,479,386	$ 23,831,476	$ 511,506	$ 2,615,324	$ 4,767,954	$ 579,771	$ 1,185,926	$ 38,971,343
June 30, 2020	$ 5,600,152	$ 24,237,714	$ 668,081	$ 2,141,182	$ 4,278,215	$ 618,017	$ 731,912	$ 38,275,273

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(11) Investment property

The Company's investment properties include both owned investment properties and investment properties held by the Company as right-of-use assets.

The Company has entered into commercial property leases for its owned investment properties with terms between 40 and 50 years. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The investment properties held by the Company as right-of-use assets with non-cancellable period of 3 to 50 years. Some of these contracts provide the Company options to extend the leases.

	Land	Buildings and facilities	Right-of-use assets	Total
Cost:				
As of January 1, 2021	$ 176,884	$ 965,049	$ 83,303	$ 1,225,236
Transfers	-	735,919	(1,560)	734,359
Exchange differences	-	(8,370)	(88)	(8,458)
As of June 30, 2021	$ 176,884	$ 1,692,598	$ 81,655	$ 1,951,137
As of January 1, 2020	$ 201,536	$ 802,035	$ 67,992	$ 1,071,563
Transfers	-	35,349	11,716	47,065
Exchange differences	-	(16,380)	(210)	(16,590)
As of June 30, 2020	$ 201,536	$ 821,004	$ 79,498	$ 1,102,038
Depreciation and impairment:				
As of January 1, 2021	$ -	$ 207,653	$ 5,627	$ 213,280
Depreciation	-	17,879	1,413	19,292
Transfers	-	83,240	(377)	82,863
Exchange differences	-	(2,129)	(16)	(2,145)
As of June 30, 2021	$ -	$ 306,643	$ 6,647	$ 313,290
As of January 1, 2020	$ -	$ 112,853	$ 2,260	$ 115,113
Depreciation	-	10,975	1,282	12,257
Transfers	-	4,845	475	5,320
Exchange differences	-	(2,523)	(34)	(2,557)
As of June 30, 2020	$ -	$ 126,150	$ 3,983	$ 130,133
Net carrying amount as of:				
June 30, 2021	$ 176,884	$ 1,385,955	$ 75,008	$ 1,637,847
December 31, 2020	$ 176,884	$ 757,396	$ 77,676	$ 1,011,956
June 30, 2020	$ 201,536	$ 694,854	$ 75,515	$ 971,905

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Rental income from investment properties	$ 34,268	$ 33,949	$ 68,582	$ 60,817
Less:				
Direct operating expenses from investment properties generating rental income	(11,655)	(6,230)	(19,292)	(12,257)
Total	$ 22,613	$ 27,719	$ 49,290	$ 48,560

Investment properties were not pledged.

The following fair value has been determined at balance sheet date partially based on comparative approach, and partially based on the weighted average calculation of comparative approach and income approach valuations, which were performed by an independent valuer. The significant assumptions and the fair value are as follows:

Based on comparative approach:	June 30, 2021	December 31, 2020	June 30, 2020
Fair value	$ 2,574,228	$ 1,630,919	$ 1,401,429

Based on comparative approach and income approach:	June 30, 2021	December 31, 2020	June 30, 2020
Fair value	$ 201,599	$ 201,599	$ 263,382
Income capitalization rate	1.19%-3.04%	1.19%-3.04%	1.10%-3.44%

The fair values of investment properties were NT$1,832,518 thousand and NT$1,649,821 thousand as of December 31, 2020 and 2019, respectively. The Company's management assessed that the fair value of its investment properties did not change significantly in the six months ended June 30, 2021 and 2020.

For those right-of-use assets leased as operating leases and presented in investment properties, please refer to Note 6. (23) for relevant disclosure as required by IFRS 16.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(12) Intangible assets

	Trademarks	Software	Customer relationship	Patents, IPs and others	Goodwill	Total
Cost:						
As of January 1, 2021	$ 772,487	$ 777,061	$ 5,114,146	$ 20,909,970	$ 65,357,866	$ 92,931,530
Additions-acquired separately	-	199,179	-	1,304,410	-	1,503,589
Disposals	-	(10,132)	-	(13,635)	-	(23,767)
Transfers	-	(1,947)	-	113	-	(1,834)
Exchange differences	-	(673)	-	(88,976)	(11,556)	(101,205)
Others	-	(25,622)	-	(191,780)	-	(217,402)
As of June 30, 2021	$ 772,487	$ 937,866	$ 5,114,146	$ 21,920,102	$ 65,346,310	$ 94,090,911
As of January 1, 2020	$ 772,487	$ 730,453	$ 5,114,146	$ 14,554,714	$ 65,450,277	$ 86,622,077
Additions-acquired separately	-	80,540	-	9,661,681	-	9,742,221
Disposals	-	(16,081)	-	(4,002,688)	-	(4,018,769)
Transfers	-	(50,594)	-	54,180	-	3,586
Exchange differences	-	(2,870)	-	(3,603)	(8,489)	(14,962)
As of June 30, 2020	$ 772,487	$ 741,448	$ 5,114,146	$ 20,264,284	$ 65,441,788	$ 92,334,153

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Trademarks	Software	Customer relationship	Patents, IPs and others	Goodwill	Total
Amortization and impairment:						
As of January 1, 2021	$ 670,331	$ 425,628	$ 4,015,066	$ 11,548,838	$ -	$ 16,659,863
Amortization	23,757	122,029	143,620	2,216,087	-	2,505,493
Disposals	-	(10,136)	-	(13,610)	-	(23,746)
Transfers	-	-	-	8	-	8
Exchange differences	-	(80)	-	(31,751)	-	(31,831)
Others	-	(10,714)	-	(78,763)	-	(89,477)
As of June 30, 2021	$ 694,088	$ 526,727	$ 4,158,686	$ 13,640,809	$ -	$ 19,020,310
As of January 1, 2020	$ 617,393	$ 357,740	$ 3,361,452	$ 11,368,390	$ -	$ 15,704,975
Amortization	29,181	120,210	320,027	1,883,182	-	2,352,600
Disposals	-	(16,081)	-	(4,002,652)	-	(4,018,733)
Transfers	-	(12,641)	-	12,641	-	-
Exchange differences	-	44	-	(1,229)	-	(1,185)
As of June 30, 2020	$ 646,574	$ 449,272	$ 3,681,479	$ 9,260,332	$ -	$ 14,037,657
Net carrying amount as of:						
June 30, 2021	$ 78,399	$ 411,139	$ 955,460	$ 8,279,293	$ 65,346,310	$ 75,070,601
December 31, 2020	$ 102,156	$ 351,433	$ 1,099,080	$ 9,361,132	$ 65,357,866	$ 76,271,667
June 30, 2020	$ 125,913	$ 292,176	$ 1,432,667	$ 11,003,952	$ 65,441,788	$ 78,296,496

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(13) Impairment testing of goodwill

The Company has no intangible assets with indefinite lives. Goodwill acquired through business combination has been allocated to a cash-generating unit which is expected to benefit from synergies of the business combination and has been assessed for impairment of the recoverable amount of goodwill at the end of each year. The recoverable amount has been determined based on the value-in-use calculated using cash flow projections discounted by the pre-tax discount rate from a five-year period financial budget. The projected cash flows reflect the change in demand for products and services. The Company had assessed for impairment of the recoverable amount of goodwill on December 31, 2020. The Company did not identify any impairment of goodwill for the year ended December 31, 2020.

(14) Short-term borrowings

	June 30, 2021	December 31, 2020	June 30, 2020
Unsecured bank loans	$ 27,427,944	$ 21,470,853	$ 42,557,312
Interest rates	(0.5)%~1.69%	0%-1.69%	0.59%-1.69%

(15) Other payables

	June 30, 2021	December 31, 2020	June 30, 2020
Accrued salaries and bonuses	$ 30,971,247	$ 25,575,298	$ 17,436,328
Dividend payables	58,844,596	-	16,682,929
Accrued royalties	2,604,353	1,857,314	2,346,900
Others	12,981,932	11,560,227	7,212,810
Total	$ 105,402,128	$ 38,992,839	$ 43,678,967

(16) Other current liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Refund liabilities	$ 34,585,435	$ 27,645,013	$ 20,020,757
Others	746,630	718,056	590,214
Total	$ 35,332,065	$ 28,363,069	$ 20,610,971

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(17) Long-term borrowings

Details of long-term loans as of June 30, 2021 are as follows:

Lenders	June 30, 2021	Interest Rate (%)	Maturity date and terms of repayment
JP Morgan Chase Bank	$ 827,660	0%	Effective from June 11, 2021 to September 11, 2023, principal is repaid once due.
Less: current portion	-		
Noncurrent portion	$ 827,660		

Details of long-term loans as of December 31, 2020 are as follows:
None

Details of long-term loans as of June 30, 2020 are as follows:

Lenders	June 30, 2020	Interest Rate (%)	Maturity date and terms of repayment
Secured long-term loan from Shin Kong Bank	$ 184,250	1.12%	Effective from October 30, 2017, principal is repaid in 16 semi-annual payments with monthly interest payments.
Less: current portion	(36,850)		
Noncurrent portion	$ 147,400		

Please refer to Note 8 for more details on assets pledged for long-term loans.

(18) Post-employment benefits plans

Defined contribution plan

MTK and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. MTK and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts. Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts. Pension benefits for employees of foreign subsidiaries are provided in accordance with the local regulations.

Pension expenses under the defined contribution plan for the three months ended June 30, 2021 and 2020 were NT$518,170 thousand and NT$376,781 thousand, respectively. Pension expenses under the defined contribution plan for the six months ended June 30, 2021 and 2020 were NT$1,033,213 thousand and NT$803,785 thousand, respectively.

Defined benefits plan

MTK and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, MTK and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee.

Pension expenses under the defined benefits plan for the three months ended June 30, 2021 and 2020 were NT$5,548 thousand and NT$3,702 thousand, respectively. Pension expenses under the defined benefits plan for the six months ended June 30, 2021 and 2020 were NT$8,990 thousand and NT$7,404 thousand, respectively.

(19) Equity

A. Share capital

MTK's authorized capital as of June 30, 2021, December 31, 2020, and June 30, 2020 was NT$20,000,000 thousand, divided into 2,000,000,000 shares (including 20,000,000 shares reserved for exercise of employee stock options at each period), each at a par value of NT$10. MTK's issued capital was NT$15,903,358 thousand, NT$15,900,622 thousand, and NT$15,888,503 thousand, divided into 1,590,335,788 shares, 1,590,062,183 shares, and 1,588,850,262 shares as of June 30, 2021, December 31, 2020, and June 30, 2020, respectively. Each share has one voting right and a right to receive dividends.

On June 15, 2018, the general shareholders' meeting approved to issue restricted stocks for employees. As of June 30, 2021, 16,666,214 shares of restricted stocks for employees were issued. Relevant regulators' approvals have been obtained and related registration processes have been completed.

MTK has redeemed and cancelled 86,713 shares and 1,238,470 shares of issued restricted stocks for employees during the six months ended June 30, 2021 and 2020, respectively. Relevant regulators' approvals have been obtained and related registration processes have been completed.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

MTK issued 219,977 new shares for the six months ended June 30, 2021, at par value of NT$10 for exercising employee stock options. The aforementioned newly issued shares (NT$729 thousand in the amount) were not yet registered and therefore were classified as capital collected in advance as of June 30, 2021.

MTK issued 63,581 new shares for the six months ended June 30, 2020, at par value of NT$10 for exercising employee stock options. The aforementioned newly issued shares (NT$2 thousand in the amount) were not yet registered and therefore were classified as capital collected in advance as of June 30, 2020.

B. Capital surplus

	June 30, 2021	December 31, 2020	June 30, 2020
Additional paid-in capital	$ 44,246,243	$ 69,595,338	$ 68,048,982
Treasury share transactions	1,759,683	1,759,683	1,677,838
The difference between the fair value of the consideration paid or received from acquiring or disposing subsidiaries and the carrying amounts of the subsidiaries	840,434	1,002,344	992
Changes in ownership interests in subsidiaries	3,053,220	2,359,582	1,564,418
Donated assets	1,261	1,261	1,261
Share of changes in net assets of associates	988,608	-	9,846
Employee stock options	361,796	354,686	354,687
Restricted stocks for employees	1,300,996	1,320,910	2,092,999
Others	307,674	351,946	287,070
Total	$ 52,859,915	$ 76,745,750	$ 74,038,093

According to the Company Act, the capital surplus shall not be used except for offset the deficit of the company. When a company incurs no loss, it may distribute the capital surplus generated from the excess of the issuance price over the par value of share capital (including the shares issued for mergers and the surplus from treasury shares transactions) and donations. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Treasury shares

On March 20, 2020, Board of Directors of MTK resolved to purchase and retire the treasury shares. During the period from May 14, 2020 to May 15, 2020, MTK purchased 130,000 common shares in the amount of NT$53,600 thousand on the centralized securities exchange market. Those shares have all been cancelled. Relevant regulators' approvals have been obtained and related registration processes have been completed.

As of June 30, 2021, December 31, 2020, and June 30, 2020, 7,794,085 shares of MTK's common shares amounting to NT$55,970 thousand were held by the subsidiary, MediaTek Capital Co. These shares held by MediaTek Capital Co. were acquired for the purpose of financing before the amendment of the Company Act on November 12, 2001.

As of June 30, 2021, December 31, 2020, and June 30, 2020, MTK did not hold any other treasury shares.

D. Retained earnings and dividend policy

According to MTK's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. reserve for tax payments;
b. offset accumulated losses in previous years, if any;
c. legal reserve, which is 10% of leftover profits. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds MTK's total capital stock;
d. allocation or reverse of special reserves as required by law or government authorities;
e. the remaining net profits and the retained earnings from previous years will be allocated as shareholders' dividend. The Board of Directors will prepare a distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution.

Shareholders' dividends may be distributed in the form of shares or cash and cash dividends to be distributed may not be less than 10% of total dividends to be distributed.

According to the Company Act, MTK needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to offset the deficit of MTK. When MTK incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Pursuant to existing regulations, MTK is required to set aside additional special reserve equivalent to the net debit balance of the other components of shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

The 2021 general shareholders' meeting of the Company has been postponed due to the COVID-19 pandemic. But the resolutions of the distributions of earnings and the additional paid-in capital by cash have been approved by shareholders through electronic voting by June 10, 2021. Details of the 2020 and 2019 earnings distributions and dividends per share as resolved by general shareholders' meeting on July 5, 2021 and June 11, 2020, respectively, are as follows:

	Appropriation of earnings		Dividends per share (NT$)	
	2020	2019	2020	2019
Legal reserve	$ 5,634,195	$ 3,075,336	-	-
Cash dividends-common stock	33,398,284	7,944,252	$ 21.00	$ 5.00
Total	$ 39,032,479	$ 11,019,588		

In addition, the general shareholders' meeting on July 5, 2021 and June 11, 2020 resolved to distribute the additional paid-in capital by cash in the amount of NT$ 25,446,312 thousand and NT$ 8,738,677 thousand, or NT$16 per share and NT$5.5 per share, respectively.

E. Non-controlling interests

	Six months ended June 30	
	2021	2020
Beginning balance	$ 3,250,630	$ 1,649,194
Gains attributable to non-controlling interests	280,977	195,655
Other comprehensive income (losses), attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	(10,168)	(52,839)
Share-based payment transactions	3,145	(7,010)
Changes in ownership interests in subsidiaries	(526,611)	370,409
Acquisition of additional interest in a subsidiary	(17,927)	-
Loss of control of subsidiaries	(1,617,596)	-
Ending balance	$ 1,362,450	$ 2,155,409

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(20) Share-based payment plans

Certain employees of the Company are entitled to share-based payment as part of their remuneration. Services are provided by the employees in return for the equity instruments granted. These plans are accounted for as equity-settled share-based payment transactions.

Share-based payment plans in MTK

In May 2010, August 2011, August 2012 and August 2013, MTK was authorized by the FSC, Executive Yuan, to issue employee stock options of 3,500,000 units, each unit eligible to subscribe for one common share. The options may be granted to qualified employees of MTK or any of its domestic or foreign subsidiaries, in which MTK's shareholding with voting rights, directly or indirectly, is more than fifty percent. The options are valid for ten years and exercisable at certain percentage subsequent to the second anniversary of the granted date. Under the terms of the plan, the options are granted at an exercise price equal to the closing price of MTK's common shares listed on the Taiwan Stock Exchange Corporation ("TWSE") on the grant date.

Detail information relevant to the share-based payment plans as of June 30, 2021 is as follows:

Date of grant	Total number of options granted	Total number of options outstanding	Shares available for option holders	Exercise price (NT$) (Note)
2010.08.27	1,605,757	-	-	397.8
2010.11.04	65,839	-	-	370.5
2011.08.24	2,109,871	110,950	110,950	272.6
2012.08.14	1,346,795	222,244	222,244	281.9
2013.08.22	1,436,343	325,286	325,286	368.0

Note: The exercise prices have been adjusted to reflect the change of outstanding shares (e.g. shares issued for cash, the appropriations of earnings, issuance of new shares in connection with merger, or issuance of new shares to acquire shares of other companies) in accordance with the plan.

The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model was used to estimate the fair value of options granted. Assumptions used in calculating the fair value are disclosed as follows:

	Employee Stock Option
Expected dividend yield (%)	2.43%-6.57%
Expected volatility (%)	32.9%-42.99%
Risk free interest rate (%)	0.93%-1.65%
Expected life (Years)	6.5 years

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

The following table contains further details on the aforementioned share-based payment plans:

	Six months ended June 30			
	2021		2020	
Employee Stock Option	Options (Unit)	Weighted-average Exercise Price per Share (NT$)	Options (Unit)	Weighted-average Exercise Price per Share (NT$)
Outstanding at beginning of period	879,147	$ 316.8	2,721,463	$ 329.0
Granted	-	-	-	-
Exercised (Note)	(219,977)	298.7	(63,581)	279.2
Forfeited (Expired)	(690)	368.0	(6,616)	370.8
Outstanding at end of period	658,480	322.9	2,651,266	329.9
Exercisable at end of period	658,480		2,651,266	
Weighted-average fair value of options granted during the period (in NT$)	$ -		$ -	

Note: The weighted average share price at the date of exercise of those options was NT$915.9 and NT$401.1 for the six months ended June 30, 2021 and 2020, respectively.

The information on the outstanding share-based payment plans as of June 30, 2021 and 2020 is as follows:

		June 30, 2021		June 30, 2020	
		Outstanding stock options		Outstanding stock options	
Date of grant	Range of Exercise Price (NT$)	Weighted-average Expected Remaining Years	Weighted-average Exercise Price per Share (NT$)	Weighted-average Expected Remaining Years	Weighted-average Exercise Price per Share (NT$)
2010.05.10	$ -	-	$ -	-	$ 397.4
2011.08.09	272.6	-	272.6	-	272.6
2012.08.09	281.9	-	281.9	-	281.9
2013.08.09	368.0	-	368.0	-	368.0

Restricted stocks plan for employees of MTK

On June 15, 2018, the shareholders' meeting approved to issue gratuitous restricted stocks for employees, at a total of 19,200,000 common shares. MTK shall set up the actual issuance date(s) in one tranche or in installments within one year from the date of receipt of the effective registration of the competent authority. The issuance process was granted effective registration by the securities authority.

MTK issued 12,259,550, 2,205,888, 17,818 and 2,182,958 gratuitous restricted stocks on September 6, 2018, February 27, 2019, April 12, 2019, and July 15, 2019, respectively. The issuance process was granted effective registration by the securities authority.

The fair value of the restricted stocks issued was NT$255, NT$280, NT$293.5 and NT$314.5 per share, respectively. The estimated compensation expenses amounted to NT$3,666,732 thousand in total based on the vesting conditions and will be recognized during the vesting period. As of June 30, 2021, MTK had recognized NT$3,585,655 thousand as compensation expense and NT$81,077 thousand as unearned employee compensation, which were recorded under salary expense and other equity, respectively.

Restrictions on the rights and vesting conditions of restricted stocks for employees of the 2018 plan are as follows:

A. To issue common shares of MTK with gratuitous issue price.
B. Employee's continuous employment with the Company through the vesting dates, with no violation on any terms of the Company's employment agreement, employee handbook, or policies and achievement of both personal performance criterion and the Company's operation objectives during the vesting period, are eligible to receive the vested shares. The maximum portions of the vesting shares of each year are 34%, 33%, 33%, for the years ended 2019, 2020, 2021, respectively. The actual portions of the vesting shares shall be determined by achievement of both personal performance and the Company's operation objectives.
C. During the vesting period, employees may not sell, pledge, transfer, give to another person, create any encumbrance on, or otherwise dispose of, restricted employee shares, excluding inheritance.
D. During the vesting period, the rights of attending shareholders' meeting, proposal, speech, resolution and voting right, etc., and other rights of restricted stock plan for employees, including but not limited to, dividends, bonuses, the distribution rights of legal reserve and capital surplus, the right to subscription of new shares, etc., are the same as the common shares issued by MTK.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Share-based payment plans of Subsidiaries

On May 21, 2018, Board of Directors of Airoha (Cayman) Inc. resolved to issue 4,868,732 common shares for the exercise of employee stock options of Airotek (Shenzhen) Inc. and Airotek (Chengdu) Inc. and restricted stocks plan for employees of Airoha Technology Corp. On December 16, 2020, Board of Directors resolved to issue 1,122,793 common shares for the exercise of employee stock allotment of Airoha Technology Corporation, Airotek (Shenzhen) Inc. and Airotek (Chengdu) Inc.

Each unit of employee stock options is eligible to subscribe for one common share of Airoha (Cayman) Inc. The options may be granted to qualified employees of Airotek (Shenzhen) Inc. and Airotek (Chengdu) Inc. with exercise price of US$3.48 per share. Total outstanding stock options of Airoha (Cayman) Inc. were 325,100 units and 319,200 units as of December 31, 2020 and 2019, respectively. During the six months period ended June 30, 2021, totally 0 unit was granted and 0 unit expired. During the six months period ended June 30, 2020, totally 33,000 units were granted and 16,000 units expired. Total outstanding stock options of Airoha (Cayman) Inc. were 325,100 units and 336,200 units as of June 30, 2021 and 2020, respectively.

On June 19, 2019, Board of Directors of ILI Technology Holding Corporation resolved to issue 47,463,000 common shares for the exercise of employee stock options of ILI Technology (SZ) Ltd. and restricted stocks plan for employees of ILI Technology Corporation.

Each unit of employee stock options is eligible to subscribe for one common share of ILI Technology Holding Corporation. The options may be granted to qualified employees of ILI Technology (SZ) Ltd. with subscription price of NT$10 per share.

The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model, the Price-Book Ratio and the Price-to-Earnings Ratio were used to estimate the fair value of options granted. Assumptions of the Black-Scholes Option Pricing model used in calculating the fair value are disclosed as follows:

	Compensatory Stock Option Plan
Expected dividend yield (%)	0.00%
Expected volatility (%)	38.13%
Risk free interest rate (%)	0.68%
Expected life (Years)	4.08-4.13 years

The expected life is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

On May 8, 2019 and March 5, 2018, the Board of Directors of Sigmastar Technology Ltd. resolved to issue share capital for employees with consideration in a total number of 3,269,004 units and 13,974,405 units, respectively.

On March 15, 2021, Board of Directors of Airoha Technology (Cayman) Inc. resolved to issue 814,217 common shares for restricted stocks plan for employees of Airoha Technology (Cayman) Inc. and its affiliates.

New common shares and share capital of Airoha (Cayman) Inc., ILI Technology Holding Corporation, Sigmastar Technology Ltd. and Airoha Technology (Cayman) Inc. would be issued for their respective restricted stocks plans. During the vesting period, employees may not transfer the restricted stocks to others, and the voting rights of the restricted stocks will be exercised by the custodian organizations on behalf of employees according to the trust contract. If the employees receiving the grant of restricted stocks terminate employment within the vesting period, the restricted stocks during the vesting period are clawed back by the Company.

Total units of restricted stocks issued by subsidiaries were 13,546,795 units (including 4,619,500 units without restrictions) and the total fair value amounted to NT$136,239 thousand and CNY$40,096 thousand for the year ended December 31, 2018. The grant dates were from March 2018 to December 2018 and the lock-up periods were 3 to 4 years after the grant dates or continuous services for four years after the date of employment. Total outstanding units were 0 unit and 12,167,886 units (including 4,619,500 units without restrictions) as of June 30, 2021 and 2020, respectively.

Total units of restricted stocks issued by subsidiaries were 52,101,809 units (including 1,528,102 units without restrictions) and the total fair value amounted to NT$534,455 thousand and CNY$44,791 thousand for the year ended December 31, 2019. The grant dates were from January 2019 to December 2019 and the lock-up periods were 3 to 4 years after the grant dates or continuous services for four years after the date of employment. Total outstanding units were 0 unit and 7,154,409 units (including 1,528,102 units without restrictions) as of June 30, 2021 and 2020, respectively.

Total units of restricted stocks issued by subsidiaries were 1,675,142 units and the total fair value amounted to NT$125,837 thousand and CNY$5,391 thousand for the year ended December 31, 2020. The grant dates were from January 2020 to December 2020 and the lock-up periods were 3 to 4 years after the grant dates or continuous services for four years after the date of employment. Total outstanding units were 0 unit and 1,271,036 units as of June 30, 2021 and 2020, respectively.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Total units of restricted stocks issued by subsidiaries were 814,217 units and the total fair value amounted to US$6,880 thousand for the six months ended June 30, 2021. The grant dates were from March 2021 and the lock-up periods were 4 years after the grant dates. Total outstanding units were 814,217 units as of June 30, 2021.

The compensation cost was recognized under the fair value method and the Black-Scholes Option Pricing model, the Price-Book Ratio, Price-to-Earnings Ratio, Income Approach and Market Approximation Approach were used to estimate the fair value of restricted stocks for employees. Assumptions of the Black-Scholes Option Pricing model used in calculating the fair value are disclosed as follows:

	Restricted stocks plan for employee
Expected dividend yield (%)	0.00%
Expected volatility (%)	32.87%-47.65%
Risk free interest rate (%)	0.04%-0.51%
Expected life (Years)	0.02-0.81 years

The expected life is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

New common shares of Airoha (Cayman) Inc. would be issued for respective stocks allotment plans with gratuitous issue price. The rights of the new stocks and the common shares are the same. The options may be granted to qualified employees of Airotek (Shenzhen) Inc. and Airotek (Chengdu) Inc.

For the year ended December 31, 2020, total units of the stocks issued by subsidiaries were 1,082,454 units and the total fair value was NT$107,212 thousand which was estimated using the asset method.

Share-based compensation expenses recognized for employee services received for the three months and the six months ended June 30, 2021 and 2020 are shown in the following table:

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Employee stock options	$ 3,134	$ 943	$ 3,848	$ 2,102
Restricted stocks for employees	120,062	211,128	234,122	479,530
Total	$ 123,196	$ 212,071	$ 237,970	$ 481,632

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company did not modify or cancel any share-based payment plans for the six months ended June 30, 2021 and 2020.

(21) Sales

Analysis of revenue from contracts with customers for the three months and six months ended June 30, 2021 and 2020 is as follows:

A. Disaggregation of revenue

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Sale of goods	$ 124,663,080	$ 66,687,342	$ 231,664,215	$ 126,284,722
Services and other operating revenues	990,323	915,711	2,022,170	2,181,306
Total	$ 125,653,403	$ 67,603,053	$ 233,686,385	$ 128,466,028
Revenue recognition point:				
At a point in time	$ 125,343,448	$ 67,077,664	$ 232,693,154	$ 127,145,087
Satisfies the performance obligation over time	309,955	525,389	993,231	1,320,941
Total	$ 125,653,403	$ 67,603,053	$ 233,686,385	$ 128,466,028

B. Contract balances

Contract liabilities – current

	June 30, 2021	December 31, 2020	June 30, 2020	January 1, 2020
Sale of goods	$ 2,599,467	$ 11,560,361	$ 1,958,526	$ 2,368,770
Services and other operating revenues	293,577	132,556	351,557	324,760
Total	$ 2,893,044	$ 11,692,917	$ 2,310,083	$ 2,693,530

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The significant changes in the Company's balances of contract liabilities for the three months and six months ended June 30, 2021 and 2020 are as follows:

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Revenue recognized during the period that was included in the beginning balance	$ 210,700	$ 147,159	$ 10,594,111	$ 1,805,913
Increase in receipt in advance during the period (deducting the amount incurred and transferred to revenue during the period)	$ (3,836,777)	$ 352,287	$ 1,900,191	$ 1,390,354

C. Transaction price allocated to unsatisfied performance obligations

As of June 30, 2021, and 2020, no disclosure of the unsatisfied performance obligations is needed as the contract terms with customers about the sales of goods are all shorter than one year. Besides, the summarized amounts of transaction price allocated to unsatisfied performance obligations about rendering of service are NT$ 1,222,936 thousand and NT$ 2,747,406 thousand. The Company recognizes revenues in accordance with the stage of completion of the contracts. Those contracts are expected to be completed within the next 1 to 2 years.

(22) Expected credit gains

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Operating expense-Expected credit losses (gains)				
Trade receivables	$ 4,067	$ 74,441	$ (13,522)	$ 63,406

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its receivables (including note receivables, trade receivables, trade receivables from related parties and financing lease receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at June 30, 2021, December 31, 2020, and June 30, 2020 is as follow:

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The Company considers the grouping of receivables by counterparties' credit ratings, geographical regions and industry sectors. Loss allowance is measured by using a provision matrix. Details are as follows:

2021.06.30

	Neither past due	Past due				
	(Note)	Within 30 days	31-60 days	61-90 days	After 90 days	Total
Gross carrying amount	$ 47,644,444	$ 548,511	$ 14,428	$ 57,241	$ 58,065	$ 48,322,689
Loss ratio	0%	0%	0%	0%~10%	20%~100%	
Lifetime expected credit losses	-	-	-	(5,718)	(23,109)	(28,827)
Carrying amount of trade receivables	$ 47,644,444	$ 548,511	$ 14,428	$ 51,523	$ 34,956	$ 48,293,862

2020.12.31

	Neither past due	Past due				
	(Note)	Within 30 days	31-60 days	61-90 days	After 90 days	Total
Gross carrying amount	$ 31,994,934	$ 600,113	$ 389,804	$ 42,960	$ 104,157	$ 33,131,968
Loss ratio	0%	0%	0%	0%-10%	20%-100%	
Lifetime expected credit losses	-	-	-	(4,001)	(39,314)	(43,315)
Carrying amount of trade receivables	$ 31,994,934	$ 600,113	$ 389,804	$ 38,959	$ 64,843	$ 33,088,653

2020.06.30

	Neither past due	Past due				
	(Note)	Within 30 days	31-60 days	61-90 days	After 90 days	Total
Gross carrying amount	$ 35,217,872	$ 665,788	$ 93,212	$ 5,585	$ 272,100	$ 36,254,557
Loss ratio	0%	0%	0%	0%-10%	20%-100%	
Lifetime expected credit losses	-	-	-	(551)	(153,813)	(154,364)
Carrying amount of trade receivables	$ 35,217,872	$ 665,788	$ 93,212	$ 5,034	$ 118,287	$ 36,100,193

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Note: No any of the Company's note receivables, trade receivables from related parties or financing lease receivables was past due.

The movements in the provision for impairment of receivables and financing lease receivables for the six months ended June 30, 2021 and 2020 are as follows:

	Note receivables	Trade receivables	Financing lease receivables
As of January 1, 2021	$ -	$ 43,315	$ -
Reversal for the current period	-	(13,522)	-
Effect of changes in exchange rate	-	(966)	-
As of June 30, 2021	$ -	$ 28,827	$ -
As of January 1, 2020	$ -	$ 91,274	$ -
Reversal for the current period	-	63,406	-
Effect of changes in exchange rate	-	(316)	-
As of June 30, 2020	$ -	$ 154,364	$ -

(23) Leases

A. The Company as lessee

The Company leases various property (land and buildings), machinery equipment, transportation equipment and office equipment. The leases have terms between 1 and 50 years.

a. Right-of-use asset

	June 30, 2021	December 31, 2020	June 30, 2020
Land	$ 1,680,320	$ 1,773,010	$ 1,801,155
Buildings and facilities	1,272,565	1,111,563	989,014
Machinery equipment	160,580	15,130	19,669
Transportation equipment	14,727	15,283	22,034
Office equipment	11,602	19,776	26,781
Total	$ 3,139,794	$ 2,934,762	$ 2,858,653

During the six months ended June 30, 2021 and 2020, the additions to right-of-use assets of the Company amounted to NT$ 613,746 thousand and NT$ 207,186 thousand, respectively.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

b. Lease liability

	June 30, 2021	December 31, 2020	June 30, 2020
Lease liability-current	$ 504,286	$ 483,089	$ 464,712
Lease liability-noncurrent	2,607,996	2,362,280	2,284,840
Total	$ 3,112,282	$ 2,845,369	$ 2,749,552

Please refer to Note 6. (28) for the interest on lease liability recognized during the three months and six months ended June 30, 2021 and 2020 and Note 12. (2) C. for the maturity analysis of lease liabilities as of June 30, 2021.

c. Depreciation charge for right-of-use assets

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Land	$ 12,031	$ 12,313	$ 23,758	$ 24,377
Buildings and facilities	116,561	113,184	235,463	223,113
Machinery equipment	16,331	2,270	23,288	4,539
Transportation equipment	1,932	3,530	3,737	7,048
Office equipment	3,300	3,665	6,743	7,352
Total	$ 150,155	$ 134,962	$ 292,989	$ 266,429

d. Income and costs relating to leasing activities

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
The expense relating to short-term leases	$ 19,917	$ 23,102	$ 36,872	$ 41,445
The expense relating to leases of low-value assets (not including the expense relating to short-term leases of low-value assets)	$ 958	$ 1,208	$ 1,849	$ 2,256
Income from subleasing right-of-use assets	$ 3,875	$ 3,661	$ 7,639	$ 6,382

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

e. Cash outflow relating to leasing activities

During the six months ended June 30, 2021 and 2020, the Company's total cash outflows for leases amounted to NT$ 403,439 thousand and NT$ 378,992 thousand, respectively.

B. The Company as a lessor

Please refer to Note 6.(11) for details on the Company's owned investment properties and investment properties held by the Company as right-of-use assets. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

The Company has entered into machinery and equipment lease agreements with terms from the year 2020 to 2025. These leases are classified as finance leases as they transfer substantially all the risks and rewards incidental to ownership of the underlying assets.

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Lease income for operating leases				
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$ 57,292	$ 45,110	$ 110,727	$ 82,380
Lease income for finance leases				
Finance income on the net investment in the lease	3,320	-	4,026	-
Total	$ 60,612	$ 45,110	$ 114,753	$ 82,380

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The undiscounted lease payments to be received for the remaining years as at June 30, 2021, December 31, 2020, and June 30, 2020 are as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Not later than one year	$ 22,250	$ 2,092	$ -
Later than one year and not later than two years	22,250	2,092	-
Later than two years and not later than three years	369,283	2,092	-
Later than three years and not later than four years	707,865	67,067	-
Later than four years and not later than five years	349,768	66,015	-
Total non-discounted lease payments	1,471,416	139,358	-
Less: unearned finance income of finance lease	(80,757)	(8,629)	-
Less: allowance for doubtful debts	-	-	-
Net investment in the finance lease (receivable of a finance lease)	$ 1,390,659	$ 130,729	$ -
Current	$ -	$ -	$ -
Non-Current	$ 1,390,659	$ 130,729	$ -

(24) Employee benefits, depreciation and amortization expenses are summarized by function as follows:

	Three months ended June 30					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	$ 12,477	$ 511,241	$ 523,718	$ 11,289	$ 369,194	$ 380,483
Others	$ 351,095	$ 19,462,023	$ 19,813,118	$ 313,105	$ 12,269,204	$ 12,582,309
Depreciation	$ 34,216	$ 1,222,981	$ 1,257,197	$ 43,001	$ 1,089,239	$ 1,132,240
Amortization	$ 150	$ 1,246,792	$ 1,246,942	$ 2,532	$ 1,373,183	$ 1,375,715

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Six months ended June 30					
	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Pension	$ 24,287	$ 1,017,916	$ 1,042,203	$ 22,747	$ 788,442	$ 811,189
Others	$ 675,629	$ 38,191,174	$ 38,866,803	$ 607,464	$ 23,919,029	$ 24,526,493
Depreciation	$ 66,466	$ 2,363,541	$ 2,430,007	$ 87,070	$ 2,171,499	$ 2,258,569
Amortization	$ 277	$ 2,505,216	$ 2,505,493	$ 5,157	$ 2,347,443	$ 2,352,600

According to the Articles of Incorporation of MTK, no lower than 1% of profit of the current year is distributable as employees' compensation and no higher than 0.5% of profit of the current year is distributable as remuneration to directors. However, MTK's accumulated losses shall have been covered (if any). MTK may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

MTK accrued employees' compensation and remuneration to directors based on a specific rate of profit of the six months ended June 30, 2021, and 2020. If the estimated amounts differ from the actual distribution resolved by the Board of Directors, MTK will recognize the change as an adjustment to income of next year. If the Board of Directors resolves to distribute employees' compensation in stock, the number of shares distributed is determined by dividing the amount of bonuses by the closing price (after considering the effect of cash and stock dividends) of shares on the day preceding the Board of Directors' meeting. The amounts of employees' compensation and remuneration to directors were NT$383,176 thousand and NT$38,796 thousand for the three months ended June 30, 2021, respectively. The amounts of employees' compensation and remuneration to directors were NT$723,579 thousand and NT$73,262 thousand for the six months ended June 30, 2021, respectively. The amounts of employees' compensation and remuneration to directors were NT$97,412 thousand and NT$9,862 thousand for the three months ended June 30, 2020, respectively. The amounts of employees' compensation and remuneration to directors were NT$175,343 thousand and NT$17,753 thousand for the six months ended June 30, 2020, respectively. The employees' compensation and remuneration to directors were recognized as salary expense.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

A resolution was approved in a meeting of the Board of Directors held on March 19, 2021 to distribute NT$546,125 thousand and NT$55,295 thousand in cash as employees' compensation and remuneration to directors, respectively. There were no differences between the aforementioned approved amounts and the amounts charged against earnings in 2020.

There was no material difference between the actual distribution amounts of employees' compensation and remuneration to directors in 2020 and the amounts charged against earnings in 2019.

(25) Interest income

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Financial assets measured at amortized cost	$ 400,995	$ 618,528	$ 816,730	$ 1,501,097
Financial assets at fair value through other comprehensive income	56,022	64,635	66,693	117,569
Total	$ 457,017	$ 683,163	$ 883,423	$ 1,618,666

(26) Other income

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Rental income	$ 57,292	$ 45,110	$ 110,727	$ 82,380
Dividend income	209,837	127,207	1,064,050	386,559
Others	51,865	45,103	328,527	78,449
Total	$ 318,994	$ 217,420	$ 1,503,304	$ 547,388

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(27) Other gains and losses

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Losses on disposal of property, plant and equipment	$ (1,511)	$ (1,160)	$ (3,073)	$ (1,360)
Losses on disposal of intangible assets	(25)	(9)	(21)	(36)
Gains (losses) on disposal of investments				
Debt instruments measured at fair value through other comprehensive income	-	(30,073)	9,777	(30,073)
Investments accounted for using the equity method	901,381	-	938,749	-
Subsidiary	-	-	8,420,205	-
Foreign exchange gains	151,138	126,255	139,827	129,231
(Losses) gains on financial assets at fair value through profit or loss	(6,656)	65,943	(249,280)	89,553
Gains (losses) on financial liabilities at fair value through profit or loss	10,061	(45,386)	(5,449)	(64,248)
Others	26,740	(271)	16,888	7,885
Total	$ 1,081,128	$ 115,299	$ 9,267,623	$ 130,952

(28) Finance costs

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Interest expense on borrowings	$ 28,189	$ 158,093	$ 52,633	$ 442,281
Interest expense on lease liabilities	14,864	13,188	30,019	26,984
Total	$ 43,053	$ 171,281	$ 82,652	$ 469,265

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(29) Components of other comprehensive income

For the three months ended June 30, 2021：

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	$ -	$ -	$ -	$ -	$ -
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	8,740,000	-	8,740,000	(483,474)	8,256,526
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	544,250	-	544,250	-	544,250
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(4,840,125)	-	(4,840,125)	-	(4,840,125)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	(816)	-	(816)	-	(816)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	900,468	(7,140)	893,328	-	893,328
Total	$ 5,348,777	$ (7,140)	$ 5,336,637	$ (483,474)	$ 4,853,163

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the three months ended June 30, 2020：

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	$ -	$ -	$ -	$ -	$ -
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	(2,531,523)	-	(2,531,523)	248,627	(2,282,896)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	9,534,869	-	9,534,869	-	9,534,869
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(3,161,692)	-	(3,161,692)	-	(3,161,692)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	25,943	30,073	56,016	-	56,016
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	207,122	-	207,122	-	207,122
Total	$ 4,074,719	$ 30,073	$ 4,104,792	$ 248,627	$ 4,353,419

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the six months ended June 30, 2021：

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	$ -	$ -	$ -	$ -	$ -
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	4,337,305	-	4,337,305	25,386	4,362,691
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	18,299,412	-	18,299,412	-	18,299,412
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(4,707,447)	(92,387)	(4,799,834)	-	(4,799,834)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	10,829	(9,777)	1,052	-	1,052
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	537,742	(7,140)	530,602	-	530,602
Total	$ 18,477,841	$ (109,304)	$ 18,368,537	$ 25,386	$ 18,393,923

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

For the six months ended June 30, 2020：

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax expense	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of the defined benefit plan	$ -	$ -	$ -	$ -	$ -
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	6,049,711	-	6,049,711	(765,208)	5,284,503
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	9,613,020	-	9,613,020	-	9,613,020
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(2,996,476)	-	(2,996,476)	-	(2,996,476)
Unrealized gains (losses) from debt instrument investments measured at fair value through other comprehensive income	(6,276)	30,073	23,797	-	23,797
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(221,735)	-	(221,735)	-	(221,735)
Total	$ 12,438,244	$ 30,073	$ 12,468,317	$ (765,208)	$ 11,703,109

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Upon derecognition of the Company’s debt instrument investments measured at fair value through other comprehensive income, the cumulative gain or loss of NT$0 and NT$9,777 thousand for the three months and six months ended June 30, 2021, respectively, which were recognized in other comprehensive income, were reclassified to profit or loss.

Upon derecognition of the Company’s debt instrument investments measured at fair value through other comprehensive income, the cumulative gain or loss of NT$(30,073) thousand for the three months and six months ended June 30, 2020, which were recognized in other comprehensive income, were reclassified to profit or loss.

(30) Income tax

The major components of income tax expense are as follows:

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Current income tax expense:				
Current income tax charge	$ 3,275,985	$ 1,438,782	$ 6,280,302	$ 2,044,656
Deferred tax (income) expense:				
Deferred tax expense (income) relating to origination and reversal of temporary differences	817,088	(50,479)	642,623	289,545
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	71,600	(1,172)	100,317	7,482
Deferred tax (income) expense arising from write-down or reversal of write-down of deferred tax asset	(180,001)	76,145	213,185	9,154
Tax expense (income) recognized in the periods for previously unrecognized tax credit or temporary difference of prior periods	-	(253,319)	-	(252,950)
Others	15,792	8,600	62,447	46,445
Income tax expense	$ 4,000,464	$ 1,218,557	$ 7,298,874	$ 2,144,332

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Income tax recognized in other comprehensive income

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Deferred tax (income) expense:				
Unrealized gains from equity instrument investments measured at fair value through other comprehensive income	$ 483,474	$ (248,627)	$ (25,386)	$ 765,208
Income tax relating to components of other comprehensive income	$ 483,474	$ (248,627)	$ (25,386)	$ 765,208

Income tax charged directly to equity

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Current income tax expense:				
Realized gains from equity instrument investments measured at fair value through other comprehensive income	$ 208,081	$ 325,675	$ 213,579	$ 907,594

The assessment of income tax returns

As of June 30, 2021, the assessments of the income tax returns of MTK and its material subsidiaries are as follows:

	The assessment of income tax returns
MTK	Assessed and approved up to 2018
Subsidiary- Hsu-Ta Investment Corp.	Assessed and approved up to 2019
Subsidiary- Hsu-Si Investment Corp.	Assessed and approved up to 2018
Subsidiary- Richtek Technology Corp.	Assessed and approved up to 2018
Subsidiary- Airoha Technology Corp.	Assessed and approved up to 2018

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(31) Earnings per share

Basic earnings per share is calculated by dividing net profit for the year attributable to ordinary equity owners of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary equity owners of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
A. Basic earnings per share				
Profit attributable to ordinary equity owners of the parent (in thousand NT$)	$ 27,510,672	$ 7,203,948	$ 53,082,905	$ 12,919,245
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,577,410,942	1,571,344,670	1,577,346,175	1,571,413,109
Basic earnings per share (NT$)	$ 17.44	$ 4.58	$ 33.65	$ 8.22
B. Diluted earnings per share				
Profit attributable to ordinary equity owners of the parent (in thousand NT$)	$ 27,510,672	$ 7,203,948	$ 53,082,905	$ 12,919,245
Weighted average number of ordinary shares outstanding for basic earnings per share (share)	1,577,410,942	1,571,344,670	1,577,346,175	1,571,413,109
Effect of dilution:				
Employees’ compensation-stock (share)	752,162	302,838	1,009,448	805,244
Employee stock options (share)	594,029	714,606	503,182	522,868
Restricted stocks for employees (share)	5,095,722	8,499,588	8,986,932	8,769,428
Weighted average number of ordinary shares outstanding after dilution (share)	1,583,852,855	1,580,861,702	1,587,845,737	1,581,510,649
Diluted earnings per share (NT$)	$ 17.37	$ 4.56	$ 33.43	$ 8.17

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

(32) Loss of control of subsidiary

A. On January 27, 2021, the Company's Board of Directors approved to sell the 16% shares of Sigmastar Technology Ltd. Total sale price was US$115 million and the Company recognized a gain on disposal of a subsidiary of NT$2,767,468 thousand. After the sale, the Company lost control over Sigmastar Technology Ltd. The remaining 34% shares were remeasured at the fair value of NT$6,671,441 thousand on the date of disposal and the Company recognized a holding gain of NT$5,652,737 thousand. Assets and liabilities of the disposed subsidiary as of February 28, 2021 are shown as follows:

B.

	As of February 28, 2021	
Assets		
Cash and cash equivalents	$	1,285,672
Financial assets at fair value through profit or loss-current		837,002
Trade receivables, net		576,876
Other receivables		18,397
Current tax assets		13
Inventories, net		1,388,345
Prepayments		110,238
Financial assets measured at amortized cost-noncurrent		2,013
Property, plant and equipment		229,077
Right-of-use assets		85,555
Intangible assets		127,925
Deferred tax assets		17,350
Refundable deposits		69,170
		4,747,633
Liabilities		
Contract liabilities-current		(67,266)
Trade payables (including related parties)		(425,769)
Other payables (including related parties)		(682,095)
Current tax liabilities		(51,437)
Other current liabilities		(276,859)
Lease liabilities (including current and noncurrent)		(11,017)
		(1,514,443)
Net assets carrying amount	$	3,233,190

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

On February 24, 2021, the Company has completed the transfer of shareholding rights of Sigmastar Technology Ltd.

C. On July 31, 2020, the Company's Board of Directors approved to sell the shares of ILI Technology Holding Corporation to Midus Investments Limited at the price of US$138 million. The Company recognized the gain from disposal of subsidiary of NT$206,451 thousand on November 30, 2020. Assets and liabilities of the disposed subsidiary are shown as follows:

	As of November 30, 2020
Assets	
Cash and cash equivalents	$ 1,194,528
Trade receivables, net	2,966,436
Other receivables	68,079
Inventories, net	2,394,347
Prepayments	252,479
Other current assets	29,993
Property, plant and equipment	765,771
Right-of-use assets	47,399
Intangible assets	135,552
Deferred tax assets	84,149
Refundable deposits	211,926
	8,150,659
Liabilities	
Contract liabilities-current	(195,952)
Trade payables	(828,366)
Other payables (including related parties)	(2,706,147)
Current tax liabilities	(87,806)
Other current liabilities	(12,352)
Long-term borrowings (including current portion)	(165,825)
Deferred tax liabilities	(9,248)
Lease liabilities (including current and noncurrent)	(46,670)
Net defined benefit liabilities-noncurrent	(22,558)
Deposits received	(1,691)
Non-current liabilities-others	(9,352)
	(4,085,967)
Net assets carrying amount	$ 4,064,692

On November 30, 2020, the Company has completed the transfer of shareholding rights of ILI Technology Holding Corporation.

(33) Changes in ownership interests in subsidiaries

Changes in ownership of subsidiaries

In consideration of the Company's investment strategy, the Company disposed of shares of Sigmastar Technology Ltd. in September 2020 and its ownership was reduced to 50%. In addition, Sigmastar Technology Ltd. increased capital by cash in the year 2020. The Company did not subscribe to the new shares proportionate to its original ownership interest that resulted in a change in ownership interest but control remained. The Company accounted for the change as an equity transaction. In addition, the Company disposed partial of the ownership of Sigmastar Technology Ltd. and lost control over it in February 2021. Please refer to Note 6.(32) for more details.

In consideration of the Company's investment strategy, the Company acquired the additional 0.05% of voting shares of Airoha Technology (Cayman) Inc. in November 2020 and its ownership interest rose to 76%. Furthermore, the 100% ownership of Airoha Technology Corp., which was previously owned by Hsu-Si Investment Corp., was transferred to Airoha Technology (Cayman) Inc. on January 1, 2021. Airoha Technology (Cayman) Inc. increased its capital by cash in April 2021. The Company did not subscribe to the new shares proportionate to its original ownership interest this time and its ownership rose to 91%. As the control over these two subsidiaries remained, the Company accounted for the change as an equity transaction.

Airoha (Cayman) Inc. increased its capital by cash in December 2020, and the Company did not subscribe to the new shares proportionate to its original ownership interest. Furthermore, the Company acquired the additional 0.35% of voting shares of Airoha (Cayman) Inc. in June 2021 and its ownership interest rose to 46%. As the control over the subsidiary remained, the change of the ownership interest was accounted for as an equity transaction.

In consideration of the Company's investment strategy, the Company acquired the additional 1.15% of voting shares of Zelus Technology (HangZhou) Ltd. in November 2020 and its ownership rose to 91%. As the control over the subsidiary remained, the change of the ownership interest was accounted for as an equity transaction.

The differences between the fair value of purchased equity investments and the increase in the non-controlling interest were NT$ 693,638 thousand and NT$ 390,813 thousand for the six months ended June 30, 2021 and 2020, respectively, which had been recorded in equity.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

7. Related Party Transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Intelligo Technology Inc.	Associate
Amobile Intelligent Corp. Limited	Associate
PuTian Joint Micro Technology Inc.	Associate
Cyberon Corp.	Associate
ASIX Electronics Corporation	Associate
IC PLUS CORP.	Associate
Yuan Ke (Pingtan) Investment Fund Limited Partnership	Associate
Sigmastar Technology Ltd. and its subsidiaries	Associate (Note)
King Yuan Electronics Co., Ltd. and its subsidiaries	Substantive related party
Andes Technology Corp.	Substantive related party
Richtek Education Foundation	Substantive related party
MediaTek Foundation	Substantive related party

Note: The Company lost control over Sigmastar Technology Ltd. in March 2021. As a result, Sigmastar Technology Ltd. has become an associate of the Company since that month.

Significant transactions with the related parties

(1) Sales

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Associates				
Intelligo Technology Inc.	$ 4,213	$ 1,266	$ 5,666	$ 2,714
ASIX Electronics Corporation	29,873	-	41,962	-
Sigmastar Technology Ltd. and its subsidiaries	51,101	-	62,138	-
IC PLUS CORP.	-	-	1,979	-
Amobile Intelligent Corp. Limited	-	4,695	-	4,695
PuTian Joint Micro Technology Inc.	-	420	-	420
Total	$ 85,187	$ 6,381	$ 111,745	$ 7,829

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The trade credit terms for associates were 30 days and third-party customers were 30 to 150 days.
Third-party customers may pay their accounts in advance.

(2) IC testing, experimental services, and manufacturing technology services

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Associates				
ASIX Electronics Corporation	$ 5,830	$ -	$ 17,580	$ -
Other related parties				
King Yuan Electronics Co., Ltd. and its subsidiaries	2,229,270	1,434,674	4,384,412	2,462,870
Total	$ 2,235,100	$ 1,434,674	$ 4,401,992	$ 2,462,870

The trade credit terms for related parties and third-party customers were both 60 to 75 days.

(3) Consign research and development expenses and license expense

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Associate				
Cyberon Corp.	$ 4,199	$ 15,143	$ 9,072	$ 19,144
Other related parties				
Andes Technology Corp.	12,890	7,696	19,963	13,121
Total	$ 17,089	$ 22,839	$ 29,035	$ 32,265

(4) Donation expense

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Other related parties				
MediaTek Foundation	$ -	$ -	$ 120,000	$ -
Richtek Education Foundation	-	-	-	6,000
Total	$ -	$ -	$ 120,000	$ 6,000

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(5) Rental income

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Associate				
Sigmastar Technology Ltd. and its subsidiaries	$ 4,462	$ -	$ 5,950	$ -

(6) Trade receivables from related parties

	June 30, 2021	December 31, 2020	June 30, 2020
Associate			
Intelligo Technology Inc.	$ 2,042	$ 630	$ -
ASIX Electronics Corporation	7,522	-	-
Sigmastar Technology Ltd. and its subsidiaries	83,150	-	-
Total	$ 92,714	$ 630	$ -

(7) Other receivables

	June 30, 2021	December 31, 2020	June 30, 2020
Associate			
Yuan Ke (Pingtan) Investment Fund Limited Partnership	$ 242,833	$ -	$ -

(8) Trade payables to related parties

	June 30, 2021	December 31, 2020	June 30, 2020
Other related parties			
Andes Technology Corp.	$ 69	$ -	$ -
King Yuan Electronics Co., Ltd. and its subsidiaries	2,298,630	1,661,473	1,212,526
Total	$ 2,298,699	$ 1,661,473	$ 1,212,526

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(9) Other payables to related parties

	June 30, 2021	December 31, 2020	June 30, 2020
Associate			
Cyberon Corp.	$ 14,455	$ 5,631	$ 8,780
Intelligo Technology Inc.	111,480	-	-
Subtotal	125,935	5,631	8,780
Other related parties			
King Yuan Electronics Co., Ltd. and its subsidiaries	-	37,991	-
Andes Technology Corp.	11,574	4,318	5,606
Subtotal	11,574	42,309	5,606
Total	$ 137,509	$ 47,940	$ 14,386

(10) Deposits received

	June 30, 2021	December 31, 2020	June 30, 2020
Associate			
Sigmastar Technology Ltd. and its subsidiaries	$ 3,124	$ -	$ -

(11) Others

A. During the six months ended June 30, 2021, the Company acquired patent from Andes Technology Corp. in the amount of NT$19,915 thousand which was recorded as intangible assets.
B. During the six months ended June 30, 2021, the Company acquired computer software from Intelligo Technology Inc. in the amount of NT$111,480 thousand which was recorded as intangible assets.

(12) Key management personnel compensation

	Three months ended June 30		Six months ended June 30	
	2021	2020	2021	2020
Short-term employee benefits (Note)	$ 412,023	$ 285,043	$ 859,695	$ 523,047
Share-based payment	20,902	46,000	50,247	86,548
Post-employment benefits	886	951	2,083	1,915
Total	$ 433,811	$ 331,994	$ 912,025	$ 611,510

Note: The compensation (including remuneration to directors) to key management personnel was determined by the Compensation Committee of MTK in accordance with individual performance and the market trends.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

8. Assets Pledged as Collateral

The following table lists assets of the Company pledged as collateral:

	Carrying amount			
Assets pledged as collateral	June 30, 2021	December 31, 2020	June 30, 2020	Purpose of pledge
Financial assets measured at amortized cost-noncurrent	$ 19,895	$ 9,991	$ 9,972	Lease execution deposits
Financial assets measured at amortized cost-noncurrent	64,285	72,319	87,475	Customs clearance deposits
Financial assets measured at amortized cost-noncurrent	36,390	30,105	30,142	Land lease guarantee
Financial assets measured at amortized cost-noncurrent	133,244	133,244	217,047	Performance bond
Property, plant and equipment - buildings and land	-	-	318,827	Long-term borrowings
Total	$ 253,814	$ 245,659	$ 663,463	

9. Contingencies and Off Balance Sheet Commitments

Legal claim contingency

A. Nippon Telegraph and Telephone Corporation ("NTT") and Essential WiFi, LLC ("EWF") filed complaints in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on March 25, 2020, alleging infringement of United States Patent Nos. 7,280,551, 7,545,781, 7,400,616, and 7,242,720. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

B. Divx, LLC ("Divx") filed a complaint in the United States District Court for the District of Delaware against MTK and subsidiaries MediaTek USA Inc. and MStar Semiconductor Inc. on September 9, 2020, alleging infringement of United States Patent Nos. 8,832,297, 10,212,486, 10,412,141, and 10,484,749. The court dismissed the claims against MTK and its subsidiaries pursuant to the plaintiff's voluntary dismissal on February 8, 2021.

Divx filed a complaint with the U.S. International Trade Commission against MTK and subsidiaries MediaTek USA Inc. and MStar Semiconductor Inc. on September 10, 2020 alleging infringement of the same patents listed above. Pursuant to the parties' joint motion to terminate, the Administrative Law Judge issued an Initial Determination terminating MTK and its subsidiaries from the investigation on February 22, 2021.

C. Koninklijke Philips N.V., and Philips North America LLC, (“Philips”) filed a complaint in the United States District Court for the District of Delaware against MTK and subsidiary MediaTek USA Inc. on September 17, 2020, alleging infringement of United States Patent Nos. 9,590,977 and 10,298,564. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

   Philips filed a complaint with the U.S. International Trade Commission against MTK and subsidiary MediaTek USA Inc. on September 18, 2020 alleging infringement of the same patents listed above. The Administrative Law Judge issued an Initial Determination terminating MTK and its subsidiaries from the investigation on July 19, 2021.

D. Liberty Patents, LLC, (“Liberty”) filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on October 16, 2020, alleging infringement of U.S. Patent No. 6,535,959. The court dismissed the claims against MTK and subsidiary MediaTek USA Inc. with prejudice pursuant to the plaintiff’s voluntary dismissal on July 1, 2021.

E. Ocean Semiconductor LLC, (“Ocean”) filed a complaint in the United States District Court for the Western District of Texas against MTK and subsidiary MediaTek USA Inc. on December 31, 2020, alleging infringement of U.S. Patent Nos. 6,660,651, 6,907,305, 6,725,402, 6,968,248, 7,080,330, 6,836,691, and 8,676,538. The operations of MTK and subsidiary MediaTek USA Inc. will not be materially affected by this case.

F. Elite Gaming Tech LLC, (“EGT”) filed a complaint in the United States District Court for the Eastern District of Texas against MTK on March 18, 2021, alleging infringement of U.S. Patent No. 6,963,947. The operations of MTK will not be materially affected by this case.

G. Continental Circuits LLC and Continental Circuits of Texas LLC, (“Continental Circuits”) filed a complaint in the United States District Court for the Eastern District of Texas against MTK on May 28, 2021, alleging infringement of U.S. Patent Nos. 7,501,582, 8,278,560, 8,581,105, and 9,374,912. The operations of MTK will not be materially affected by this case.

The Company will handle these cases carefully.

10. Losses due to Major Disasters

None

11. Significant Subsequent Events

None

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

12. Others

(1) Financial instruments

A. Categories of financial instruments

Financial assets

	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets at fair value through profit or loss:			
Held for trading financial assets	$ 41,046	$ 9,585	$ 9,859
Mandatorily measured at fair value through profit or loss (Note 1)	22,034,682	18,727,249	18,824,476
Subtotal	22,075,728	18,736,834	18,834,335
Financial assets at fair value through other comprehensive income	54,838,422	54,246,386	66,524,007
Financial assets measured at amortized cost (Note 2)	280,773,765	244,136,276	207,648,947
Total	$ 357,687,915	$ 317,119,496	$ 293,007,289

Financial liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Financial liabilities at fair value through profit or loss:			
Held for trading financial liabilities	$ 5,449	$ 10,329	$ 64,248
Financial liabilities at amortized cost:			
Short-term borrowings	27,427,944	21,470,853	42,557,312
Trade payables (including related parties)	45,903,015	34,470,186	26,698,192
Other payables (including related parties)	105,539,637	39,040,779	43,693,353
Long-term payables (including current portion)	3,800,013	7,113,103	7,599,147
Long-term borrowings (including current portion)	827,660	-	184,250
Lease liabilities	3,112,282	2,845,369	2,749,552
Subtotal	186,610,551	104,940,290	123,481,806
Total	$ 186,616,000	$ 104,950,619	$ 123,546,054

Notes:

1. Includes trade receivables classified as financial assets measured at fair value through profit or loss in the amount of NT$ 10,081,294 thousand, NT$ 5,620,541 thousand and NT$ 6,505,563 thousand as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively. Please refer to Note 6.(5) for further explanation.

2. Includes cash and cash equivalents (excluding cash on hand), financial assets measured at amortized cost, notes receivable, trade receivables (excluding financial assets measured at fair value through profit or loss in the amount of NT$ 10,081,294 thousand, NT$ 5,620,541 thousand and NT$ 6,505,563 thousand as of June 30, 2021, December 31, 2020 and June 30, 2020, respectively. Please refer to Note 6.(5) for further explanation.), other receivables and financing lease receivables, net.

B. Fair values of financial instruments

a. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

(a) The carrying amount of cash and cash equivalents, trade receivables (including related parties), other receivables, short-term borrowings, trade payables (including related parties) and other payables (including related parties) approximate their fair value due to their short maturities.

(b) For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.

(c) Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

(d) The fair value of derivative financial instrument is based on market quotations. For unquoted derivatives that are not options, the fair value is determined based on discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the option pricing model.

(e) The fair value of other financial assets and liabilities is determined using discounted cash flow analysis; the interest rate and discount rate are selected with reference to those of similar financial instruments.

b. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

c. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level 3: Unobservable inputs for the assets or liabilities.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(b) Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets measured at fair value on a non-recurring basis; the following table presents the fair value measurement hierarchy of the Company's assets and liabilities on a recurring basis:

As of June 30, 2021

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Bonds	$ -	$ -	$ 86,397	$ 86,397
Linked deposits	378,308	-	3,489,576	3,867,884
Stocks	179,760	-	12,418	192,178
Funds	1,432,545	-	5,320,999	6,753,544
Trust funds	1,053,385	-	-	1,053,385
Forward exchange contracts	-	41,046	-	41,046
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	24,838,861	362,608	28,947,169	54,148,638
Debt instruments measured at fair value through other comprehensive income	-	-	689,784	689,784
Total	$ 27,882,859	$ 403,654	$ 38,546,343	$ 66,832,856
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 5,449	$ -	$ 5,449

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Bonds	$ -	$ -	$ 363,584	$ 363,584
Linked deposits	377,367	-	4,506,359	4,883,726
Stocks	183,750	-	12,569	196,319
Funds	1,126,846	-	5,573,450	6,700,296
Capital	-	-	43,690	43,690
Trust funds	919,093	-	-	919,093
Forward exchange contracts	-	9,585	-	9,585
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	29,830,494	-	22,811,081	52,641,575
Debt instruments measured at fair value through other comprehensive income	910,728	-	694,083	1,604,811
Total	$ 33,348,278	$ 9,585	$ 34,004,816	$ 67,362,679
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 10,329	$ -	$ 10,329

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

As of June 30, 2020

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Financial assets at fair value through profit or loss				
Bonds	$ -	$ -	$ 425,028	$ 425,028
Linked deposits	370,412	-	4,936,154	5,306,566
Stocks	208,721	-	19,038	227,759
Funds	1,045,026	-	4,618,027	5,663,053
Trust funds	696,507	-	-	696,507
Forward exchange contracts	-	9,859	-	9,859
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	42,477,538	-	22,463,906	64,941,444
Debt instruments measured at fair value through other comprehensive income	895,908	-	686,655	1,582,563
Total	$ 45,694,112	$ 9,859	$ 33,148,808	$ 78,852,779
Liabilities measured at fair value:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 64,248	$ -	$ 64,248

For the six months ended June 30, 2021 and 2020, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

The detail movement of recurring fair value measurements in Level 3:

Reconciliation for recurring fair value measurements in Level 3 of the fair value hierarchy during the period is as follows:

	Financial assets mandatorily measured at fair value through profit or loss				Financial assets at fair value through other comprehensive income			
	Stocks	Bonds	Funds	Link deposits	Bonds	Capital	Stocks	Total
As of January 1, 2021	$ 12,569	$ 363,584	$ 5,573,450	$ 4,506,359	$ 694,083	$ 17,263,503	$ 5,547,578	$ 33,961,126
Amount recognized in profit or loss	-	(272,164)	51,487	23,944	(120)	-	-	(196,853)
Amount recognized in OCI	-	-	-	-	6,886	6,116,473	761,993	6,885,352
Amount recognized in OCI- exchange differences	(151)	(5,023)	(61,416)	(95,454)	(11,065)	(393,901)	(110,650)	(677,660)
Acquisitions	-	-	5,196,791	529,502	-	767,258	157,577	6,651,128
Settlements	-	-	(4,608,456)	(1,474,775)	-	(489,418)	(168,377)	(6,741,026)
Others	-	-	(830,857)	-	-	-	-	(830,857)
Transfer out of level 3	-	-	-	-	-	-	(504,867)	(504,867)
As of June 30, 2021	$ 12,418	$ 86,397	$ 5,320,999	$ 3,489,576	$ 689,784	$ 23,263,915	$ 5,683,254	$ 38,546,343

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

	Financial assets mandatorily measured at fair value through profit or loss				Financial assets at fair value through other comprehensive income			
	Stocks	Bonds	Funds	Link deposits	Bonds	Capital	Stocks	Total
As of January 1, 2020	$ 107,269	$ 478,983	$ 5,108,668	$ 5,059,583	$ 729,362	$ 11,979,752	$ 7,344,955	$ 30,808,572
Amount recognized in profit or loss	(86,606)	(47,464)	98,434	3,978	392	-	-	(31,266)
Amount recognized in OCI	-	-	-	-	(4,352)	3,732,563	(1,364,749)	2,363,462
Amount recognized in OCI- exchange differences	(1,625)	(6,491)	(149,892)	(76,665)	(17,245)	(119,392)	(175,208)	(546,518)
Acquisitions	-	-	4,367,283	218,300	-	1,036,601	69,686	5,691,870
Settlements	-	-	(4,806,466)	(269,042)	(21,502)	(40,302)	-	(5,137,312)
As of June 30, 2020	$ 19,038	$ 425,028	$ 4,618,027	$ 4,936,154	$ 686,655	$ 16,589,222	$ 5,874,684	$ 33,148,808

Total losses related to assets recognized for the six months ended June 30, 2021 and 2020 amounted to NT$ 230,402 thousand and NT$ 128,559 thousand, respectively.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Information on significant unobservable inputs to valuation of fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's linked-deposits of the fair value hierarchy are based on unadjusted quoted price of trading partners. Therefore, the quantitative information and sensitivity analysis are not available.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Finance Department is responsible for validating the fair value measurements and updating the latest quoted price of trading partners periodically to ensure that the results of the valuation are in line with market conditions, based on stable, independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date to ensure the measurement or assessment are reasonable.

C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of June 30, 2021

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	$ -	$ -	$ 2,775,827	$ 2,775,827

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	$ -	$ -	$ 1,832,518	$ 1,832,518

As of June 30, 2020

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property	$ -	$ -	$ 1,664,811	$ 1,664,811

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

D. Derivative financial instruments

The Company's derivative financial instruments held for trading were forward exchange contracts. The related information is as follows:

The Company entered into forward exchange contracts to manage its exposure to financial risk, but these contracts were not designated as hedging instruments. The table below lists the information related to outstanding forward exchange contracts:

Forward exchange contracts	Currency	Contract amount ('000)		Maturity
As of June 30, 2021	CNY to USD	Sell USD	4,000	July 2021
As of June 30, 2021	TWD to USD	Sell USD	30,000	July 2021
As of June 30, 2021	CNY to USD	Buy USD	78,136	August 2021
As of June 30, 2021	CNY to USD	Sell USD	2,000	August 2021
As of June 30, 2021	TWD to USD	Sell USD	19,000	August 2021
As of June 30, 2021	TWD to USD	Buy USD	40,000	August 2021
As of June 30, 2021	CNY to USD	Sell USD	2,500	September 2021
As of June 30, 2021	CNY to USD	Sell USD	4,000	October 2021
As of June 30, 2021	CNY to USD	Sell USD	2,000	November 2021
As of December 31, 2020	CNY to USD	Sell USD	2,000	January 2021
As of December 31, 2020	TWD to USD	Sell USD	25,000	January 2021
As of December 31, 2020	TWD to USD	Buy USD	10,000	January 2021
As of December 31, 2020	JPY to USD	Buy USD	12,009	January 2021
As of December 31, 2020	CNY to USD	Sell USD	4,000	March 2021
As of December 31, 2020	CNY to USD	Sell USD	2,000	April 2021
As of December 31, 2020	CNY to USD	Sell USD	6,000	June 2021
As of December 31, 2020	CNY to USD	Sell USD	2,000	July 2021
As of June 30, 2020	CNY to USD	Sell USD	4,000	July 2020
As of June 30, 2020	CNY to USD	Buy USD	227,371	July 2020
As of June 30, 2020	TWD to USD	Sell USD	34,000	July 2020
As of June 30, 2020	TWD to USD	Buy USD	140,000	July 2020
As of June 30, 2020	JPY to USD	Buy USD	16,746	July 2020
As of June 30, 2020	CNY to USD	Sell USD	3,000	August 2020
As of June 30, 2020	TWD to USD	Sell USD	8,000	August 2020
As of June 30, 2020	TWD to USD	Buy USD	40,000	September 2020
As of June 30, 2020	CNY to USD	Sell USD	3,000	October 2020
As of June 30, 2020	CNY to USD	Sell USD	5,000	November 2020
As of June 30, 2020	CNY to USD	Sell USD	1,000	December 2020

The Company entered into forward foreign exchange contracts to hedge foreign currency risk of net assets or net liabilities. As there will be corresponding cash inflows or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk tendency.

The Company has established appropriate policies, procedures and internal controls for financial risk management. The plans for material treasury activities are reviewed by Board of Directors and Audit Committee in accordance with relevant regulations and internal controls. The Company complies with its financial risk management policies at all times.

A. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise foreign currency risk, interest rate risk and other price risk.

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

a. Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenues or expenses are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company reviews its assets and liabilities denominated in foreign currency and enters into forward exchange contracts to hedge the exposure from exchange rate fluctuations. The level of hedging depends on the foreign currency requirements from each operating unit. As the purpose of holding forward exchange contracts is to hedge exchange rate fluctuation risk, the gain or loss made on the contracts from the fluctuation in exchange rates are expected to mostly offset gains or losses made on the hedged item. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY. The information of the sensitivity analysis is as follows:

When NTD appreciates or depreciates against USD by 0.1%, the profit for the six months ended June 30, 2021 and 2020 decreases/increases by NT$4,344 thousand and NT$4,632 thousand, while equity decreases/increases by NT$56,293 thousand and NT$62,171 thousand, respectively.

When NTD appreciates or depreciates against CNY by 0.1%, the profit for the six months ended June 30, 2021 and 2020 decreases/increases by NT$ 1 thousand and NT $0 thousand, while equity decreases/increases by NT$19,372 thousand and NT$14,153 thousand, respectively.

b. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment of debt instruments at variable interest rates, bank borrowings with fixed and variable interest rates. Moreover, the market value of the Company's investments in credit-linked deposits and interest rate-linked deposits are affected by interest rates. The market value would decrease (even lower than the principal) when the interest rate increases, and vice versa. The market values of exchange rate-linked deposits are affected by interest rates and changes in the value and volatility of the underlying. The following sensitivity analysis focuses on interest rate risk and does not take into account the interdependencies between risk variables.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as of the end of the reporting period, including investments and bank borrowings with variable interest rates. At the reporting date, an increase/decrease of 10 basis points of interest rate in a reporting period could cause the profit for the six months ended June 30, 2021 and 2020 to increase/decrease by NT$ 4,185 thousand and NT$ 4,500 thousand, respectively.

c. Other price risk

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's equity securities are classified under the category of equity instrument investments measured at fair value through profit or loss and equity instrument investments measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves certain equity investments according to level of authority.

A change of 1% in the price of the listed companies stocks classified under equity instrument investments measured at fair value through profit or loss could cause the profit or loss for the six months ended June 30, 2021 and 2020 to increase/decrease by NT$ 1,798 thousand and NT$ 2,087 thousand, respectively.

A change of 1% in the price of the listed companies stocks classified under equity instrument investments measured at fair value through other comprehensive income could cause the other comprehensive income for the six months ended June 30, 2021 and 2020 to increase/decrease by NT$ 248,388 thousand and NT$ 424,775 thousand, respectively.

Please refer to Note 12. (1) B for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3 of the fair value hierarchy.

B. Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policies, procedures and controls relating to credit risk management. Credit limits are established for all trading partners based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain trading partners' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As of June 30, 2021, December 31, 2020, and June 30, 2020, receivables from top ten customers represented 56.46%, 37.13%, and 55.01% of the total trade receivables of the Company, respectively. The credit concentration risk of other accounts receivables was insignificant.

The Company's exposure to credit risk arises from potential default of the counter-party or other third-party. The level of exposure depends on several factors including concentrations of credit risk, components of credit risk, the price of contract and other receivables of financial instruments. Since the counter-party or third-party to the foregoing forward exchange contracts and cross currency swap contracts are all reputable financial institutions, management believes that the Company's exposure to default by those parties is minimal.

Credit risk of credit-linked deposits, interest rate-linked deposits, exchange-linked deposits, index-linked deposits and convertible bonds arises if the issuing banks breached the contracts or the debt issuer could not pay off the debts; the maximum exposure is the carrying value of those financial instruments. Therefore, the Company minimized the credit risk by only transacting with counter-party who is reputable, transparent and in good financial standing.

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of trade receivables and financing lease receivables which are measured at lifetime expected credit losses, for debt instrument investments which are not measured at fair value through profit or loss and are at low credit risk upon acquisition, an assessment is made at each reporting date as to whether the credit risk has substantially increased in order to determine the method of measuring the loss allowance and the loss ratio. The measurement indicators of the Company are described as follows:

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Level of credit risk	Indicator	Measurement method for expected credit losses	Carrying amount June 30, 2021	Carrying amount December 31, 2020	Carrying amount June 30, 2020
Low credit risk	Credit risk measure belongs to IG category Counter parties with investment grade credit rating	12-month expected credit losses	$ 11,292,150	$ 9,928,466	$ 3,956,746
Credit risk significantly increased	Credit risk measure reduced from IG category to HY category Contract payment overdue 30 days	Lifetime expected credit losses	$ 1,399,485	$ 1,948,593	$ 841,934
Credit-impaired	Credit risk measure belongs to DS category or above Contract payment overdue 90 days Other impaired evidence	Lifetime expected credit losses	$ -	$ -	$ -
Simplified method (Note)	(Note)	Lifetime expected credit losses	$ 49,833,827	$ 33,306,764	$ 36,254,966

Note: The Company adopted simplified method (lifetime expected credit loss) to measure credit risk. It includes notes receivables, trade receivables (including related parties) and financing lease receivables.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

When the credit risk on debt instrument investment has increased, the Company will dispose that investment in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (which available without undue cost and effort), it is mainly based on the macroeconomic information and industrial information and further adjusts the credit loss ratio if there is significant impact from forward-looking information.

C. Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Non-derivative financial liabilities

	Less than 1 year	1 to 5 years	Later than 5 years	Total
As of June 30, 2021				
Short-term borrowings	$ 27,435,141	$ -	$ -	$ 27,435,141
Trade payables (including related parties)	45,903,015	-	-	45,903,015
Other payables (including related parties)	105,536,623	-	-	105,536,623
Lease liabilities	553,922	1,125,236	2,025,809	3,704,967
Long-term borrowings	-	827,660	-	827,660
Long-term payables	3,195,511	604,502	-	3,800,013
Total	$ 182,624,212	$ 2,557,398	$ 2,025,809	$ 187,207,419
As of December 31, 2020				
Short-term borrowings	$ 21,479,545	$ -	$ -	$ 21,479,545
Trade payables (including related parties)	34,470,186	-	-	34,470,186
Other payables (including related parties)	39,035,815	-	-	39,035,815
Lease liabilities	505,445	990,788	1,948,714	3,444,947
Long-term payables	3,493,485	3,619,618	-	7,113,103
Total	$ 98,984,476	$ 4,610,406	$ 1,948,714	$ 105,543,596
As of June 30, 2020				
Short-term borrowings	$ 42,575,528	$ -	$ -	$ 42,575,528
Trade payables (including related parties)	26,698,192	-	-	26,698,192
Other payables (including related parties)	43,679,523	-	-	43,679,523
Lease liabilities	511,371	913,549	1,910,193	3,335,113
Long-term borrowings	38,742	150,839	-	189,581
Long-term payables	3,766,321	3,832,826	-	7,599,147
Total	$ 117,269,677	$ 4,897,214	$ 1,910,193	$ 124,077,084

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Derivative financial liabilities

	Less than 1 year	1 to 5 years	Total
As of June 30, 2021			
Gross settlement			
Forward exchange contracts			
Inflow	$ 1,277,340	$ -	$ 1,277,340
Outflow	(1,282,020)	-	(1,282,020)
Net	$ (4,680)	$ -	$ (4,680)
As of December 31, 2020			
Gross settlement			
Forward exchange contracts			
Inflow	$ 1,045,260	$ -	$ 1,045,260
Outflow	(1,056,400)	-	(1,056,400)
Net	$ (11,140)	$ -	$ (11,140)
As of June 30, 2020			
Gross settlement			
Forward exchange contracts			
Inflow	$ 7,811,059	$ -	$ 7,811,059
Outflow	(7,841,163)	-	(7,841,163)
Net	$ (30,104)	$ -	$ (30,104)
Net settlement			
Forward exchange contracts	(41,757)	-	(41,757)
Total	$ (71,861)	$ -	$ (71,861)

The table above contains the undiscounted net cash flows of derivative financial liabilities.

D. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the six months ended June 30, 2021:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2021	$ 21,470,853	$ -	$ 2,845,369	$ 430,736	$ 24,746,958
Cash flows	6,073,781	827,660	(334,699)	(24,736)	6,542,006
Non-cash movement	-	-	601,612	-	601,612
Foreign exchange movement	(116,690)	-	-	-	(116,690)
As of June 30, 2021	$ 27,427,944	$ 827,660	$ 3,112,282	$ 406,000	$ 31,773,886

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

Reconciliation of liabilities for the six months ended June 30, 2020:

	Short-term borrowings	Long-term borrowings	Lease liabilities	Deposits received	Total liabilities from financing activities
As of January 1, 2020	$ 57,254,570	$ 202,675	$ 2,859,459	$ 565,773	$ 60,882,477
Cash flows	(14,621,839)	(18,425)	(308,307)	(42,307)	(14,990,878)
Non-cash movement	-	-	198,400	-	198,400
Foreign exchange movement	(75,419)	-	-	-	(75,419)
As of June 30, 2020	$ 42,557,312	$ 184,250	$ 2,749,552	$ 523,466	$ 46,014,580

(3) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	June 30, 2021		
	Foreign Currency (thousand)	Exchange rate	NT$ (thousand)
Financial assets			
Monetary item:			
USD	$ 3,533,611	27.870	$ 98,481,966
CNY	$ 4,641	4.316	$ 20,031
Non-monetary item:			
USD	$ 1,672,455	27.870	$ 46,611,311
CNY	$ 4,484,673	4.316	$ 19,358,137
Financial liabilities			
Monetary item:			
USD	$ 3,085,023	27.870	$ 85,979,604
CNY	$ 1,064	4.316	$ 4,591

(To be continued)

(Amounts are expressed in thousands of New Taiwan Dollars unless otherwise stated)

(Continued)

	December 31, 2020		
	Foreign Currency (thousand)	Exchange rate	NT$ (thousand)
Financial assets			
Monetary item:			
USD	$ 3,402,414	28.508	$ 96,996,036
CNY	$ 3,974	4.369	$ 17,875
Non-monetary item:			
USD	$ 1,670,904	28.508	$ 47,634,122
CNY	$ 4,195,043	4.369	$ 18,328,309
Financial liabilities			
Monetary item:			
USD	$ 2,544,175	28.508	$ 72,529,356
CNY	$ 287	4.369	$ 1,256

	June 30, 2020		
	Foreign Currency (thousand)	Exchange rate	NT$ (thousand)
Financial assets			
Monetary item:			
USD	$ 2,394,020	29.660	$ 71,006,627
CNY	$ 1,902	4.198	$ 8,457
Non-monetary item:			
USD	$ 2,080,721	29.660	$ 61,714,182
CNY	$ 3,371,905	4.198	$ 14,155,796
Financial liabilities			
Monetary item:			
USD	$ 2,588,553	29.660	$ 76,776,497
CNY	$ 2,649	4.198	$ 11,120

The above information is disclosed based on the carrying amounts of foreign currencies (after conversion to the Company’s functional currency.)

Functional currencies of entities of the Company are varied. Accordingly, the Company is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies. The foreign exchange gains were NT$151,138 thousand and NT$126,255 thousand for the three months ended June 30, 2021 and 2020, respectively. The foreign exchange gains were NT$139,827 thousand and NT$129,231 thousand for the six months ended June 30, 2021 and 2020, respectively.

(4) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

13. Segment Information

(1) General information

The major sales of the Company come from multimedia and mobile phone chips and other integrated circuit design products. The chief operating decision maker reviews the overall operating results to make decisions about resources to be allocated to and evaluates the overall performance. Therefore, the Company is aggregated into a single segment.