Stock No: 1604

SAMPO CORPORATION

Individual Financial Statements and Independent Auditor's Report
2020 and 2019

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Independent Auditor's Report

To SAMPO CORPORATION:

Auditor's opinions

We have audited the individual balance sheet of SAMPO CORPORATION as of December 31, 2020 and 2019, and the individual comprehensive income statements, individual statement of changes in shareholders' equity, individual statements of cash flows, and notes to the individual financial statements (including significant accounting policies) for the years then ended.

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the individual financial position of SAMPO CORPORATION as of December 31, 2020 and 2019, and its individual financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of regulations governing the preparation of financial statements by securities issuers.

Basis of an audit opinion

We concluded our 2020 audits in accordance with the regulations governing auditing and attestation of financial statements by certified public accountants and generally accepted auditing standards. We concluded our 2019 audits in accordance with the regulations governing auditing and attestation of financial statements by certified public accountants, Financial Supervisor Commission's letter Jing-Guan-Zheng-Shen-Zi No. 1090360805 dated February 25, 2020, and generally accepted auditing standards. Our responsibilities under those standards are further described in the responsibilities of auditors for the audit of the separate financial statements. We are independent of SAMPO CORPORATION in accordance with the Code of Professional Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that our audit provides a reasonable basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2020 individual financial statements of SAMPO CORPORATION. These matters were addressed in the content of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on those matters.

Key audit matters of the 2020 individual financial statements of SAMPO CORPORATION are as follows:

Key Audit Matter: Authenticity of sales to hypermarket channels

For 2020, SAMPO CORPORATION's revenues from sales to major hypermarkets is a key indicator used by management to evaluate business performance, and the effect of the recognition of related revenues on the financial statements is material. Therefore, we have determined that the recognition of the aforementioned operating revenues is a key audit matter and the related accounting policies are described in Note 4(14) to the individual financial statements.

Our auditing procedures with respect to the above matter are as follows:

1. Understood, evaluated and tested the effectiveness of the design and implementation of the internal control system related to revenue recognition.
2. In order to confirm the authenticity of the revenue, we obtained the sales revenue details of the hypermarket channel in 2020, sampled and verified original sales orders, shipping documents and invoices of the relevant transactions, and reconciled them with the recorded amounts in the accounting books.
3. Obtained the details of sales returns and discounts for the subsequent period from the hypermarket channel, sampled and verified the relevant certificates of sales returns and discounts, and examined the reasonableness of the returns and discounts.

Responsibilities of Management and Those in Charge of Governance of the Individual Financial Statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual financial statements, the management is also responsible for assessing the ability of SAMPO CORPORATION as a going concern, disclosing as applicable, matters related to a going concern and using the going concern basis of accounting. Unless the management either intends to liquidate SAMPO CORPORATION or to cease operations, or has no other realistic alternative but to do so.

Those in charge of governance (including the Auditing Committee) are responsible for overseeing the reporting process of the financial statements of SAMPO CORPORATION.

Auditor's Responsibilities for the Audit of the Individual Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue and auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that and audit conducted in accordance with the accounting principles generally accepted in the Republic of China will always detect a material misstatement when it exists. Material misstatement could arise from fraud or errors. If fraud or errors are considered materials, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these individual financial statements.

The independent auditors when conducting the audit in accordance with generally accepted auditing standards shall exercise professional judgment and maintain professional suspicion. The independent auditors also perform the following tasks:

1. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design, and perform audit procedures responsive risks, and obtain evidence that is sufficient and appropriate to provide a basis of our opinion. Fraud may involve conspiracy, forgery, deliberate omission, false declaration, or violation of internal control; therefore, the risk of material misstatement arising from fraud is higher than that caused by error.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control effective in SAMPO CORPORATION.
3. Assess the appropriateness of the accounting policies adopted by the management and the reasonableness of the accounting estimates and related disclosures made.
4. Conclude the appropriateness of the use of the going concern basis of accounting by the management, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on SAMPO CORPORATION to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual financial statements or, if such disclosures are inappropriate, to modify our opinion. The conclusion of the independent auditors is based on the audit evidence obtained as of the audit report date. However, future events or conditions may cause SAMPO CORPORATION to cease as a going concern.
5. Evaluate the overall presentation, structure, and content of the individual statements, including related notes, whether the individual statements represent the underlying transactions and events in a matter that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of business entities within SAMPO CORPORATION in order to express an opinion on the individual financial statements. The independent auditor is responsible for guiding, supervising, and implementing the audit and also is responsible for forming an opinion on the audit of SAMPO CORPORATION.

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

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

From the matters communicated with those in charge of governance, we determine those matters that were of most significance in the audit of the 2020 individual financial statements of SAMPO CORPORATION and are therefore the key audit matters. The independent auditors shall state the key audit matters in the audit report except for the specific matters prohibited from being disclosed by law and regulations, or, in rare cases, where the independent auditor decides not to have specific matters communicated in the audit report since the negative effect of such disclosure can be reasonably expected to be greater than the increase of public interest.

Deloitte and Touche Taiwan

CPA Su-Huan Yu

CPA: Yi-Hui Lin

Securities and Futures Bureau Approval Document No.
Tai-Cai-Zheng (6) Zi No. 0920123784

Financial Supervisory Commission approval no.
Jin-kwong-cheng-(6) No.: 0940161384

March 29, 2021

SAMPO CORPORATION

Individual Balance Sheet

December 31, 2020 and 2019

Unit: NT$ thousand

Code	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets				
1100	Cash and cash equivalents (Note 6)	$ 431,790	4	$ 717,639	6
1136	Financial assets at amortized cost – current (Note 8)	217,907	2	179,880	2
1150	Notes receivable (Note 9)	110,406	1	104,909	1
1160	Notes receivable – related parties, net (Notes 9 and 26)	-	-	9	-
1170	Accounts receivable (Note 9)	261,533	2	257,951	2
1180	Accounts receivable – related parties, net (Notes 9 and 26)	437	-	249	-
1200	Other receivables (Note 9)	11,417	-	9,182	-
1210	Other receivables – related parties, net (Notes 9 and 26)	4,437	-	17,285	-
1220	Current tax assets (Note 22)	490	-	490	-
130X	Inventory (Note 10)	1,079,490	9	1,215,831	11
1479	Other current assets (Note 14)	406,870	4	255,806	2
11XX	Total current assets	2,524,777	22	2,759,231	24
	Non-current assets				
1517	Financial assets measured at fair value through other comprehensive income – non-current (Note 7)	418,903	4	515,225	4
1550	Investments accounted for using the equity method (Note 11)	4,329,208	37	4,043,703	35
1600	Property, plant and equipment (Note 12)	4,020,496	35	3,883,757	34
1755	Right-of-use assets (Note 13)	51,344	-	59,921	1
1780	Intangible assets	66,975	1	82,603	1
1840	Deferred tax assets (Note 22)	155,823	1	139,571	1
1990	Other non-current assets (Note 14)	12,865	-	48,675	-
15XX	Total non-current assets	9,055,614	78	8,773,455	76
1XXX	Total assets	$ 11,580,391	100	$ 11,532,686	100
Code	**Liabilities and equity**				
	Current liabilities				
2100	Short-term borrowings (Note 15)	$ -	-	$ 60,000	-
2110	Short-term bills payable (Note 15)	-	-	489,785	4
2150	Notes payable	135,551	1	163,410	1
2160	Notes payable -related parties (Note 26)	-	-	68,267	1
2170	Accounts payable	480,236	4	305,986	3
2180	Accounts payable – related parties (Note 26)	120,473	1	28,652	-
2230	Current tax liabilities (Note 22)	74,251	1	-	-
2209	Other payables (Note 16)	363,344	3	297,853	3
2219	Other payables – related parties (Note 26)	11,693	-	11,754	-
2250	Provisions for liabilities – current (Note 17)	72,845	1	69,589	1
2280	Lease liabilities – current (Note 13)	62,322	-	15,440	-
2320	Long-term loans due within one year or one business cycle (Note 15)	-	-	575,000	5
2399	Other current liabilities (Note 16)	325,725	3	340,457	3
21XX	Total current liabilities	1,646,440	14	2,426,193	21
	Non-current liabilities				
2540	Long-term borrowings (Note 15)	900,000	8	1,050,000	9
2550	Provisions for liabilities – non-current (Note 17)	106,481	1	106,390	1
2570	Deferred tax liabilities (Note 22)	729,313	6	820,434	7
2580	Lease liabilities – non-current (Note 13)	27,615	-	44,919	-
2640	Defined benefit liabilities – non-current (Note 18)	368,389	3	395,801	4
2670	Other non-current liabilities (Note 16)	36,856	1	203,614	2
25XX	Total non-current liabilities	2,168,654	19	2,621,158	23
2XXX	Total liabilities	3,815,094	33	5,047,351	44
	Equity (Note 19)				
	Share capital				
3110	Common stock capital	3,872,000	33	3,872,000	34
3200	Additional paid-in capital	171,699	1	151,374	1
	Retained earnings				
3310	Statutory reserves	485,157	4	411,261	3
3320	Special reserves	1,592,788	14	1,688,706	15
3350	undistributed earnings	2,379,146	21	1,141,276	10
3300	Total retained earnings	4,457,091	39	3,241,243	28
3400	Other equity	(142,666)	(1)	(170,475)	(2)
3500	Treasury shares	(592,827)	(5)	(608,807)	(5)
3XXX	Total equity	7,765,297	67	6,485,335	56
	Total Liabilities and Equity	$ 11,580,391	100	$ 11,532,686	100

The notes attached shall constitute an integral part of this individual financial statement.

Chairman: Chen Mao-Bang Industry and Commerce Development Foundation　　Managerial officer: Hsu, Ching-Chao　　Accounting officer: Chiang, Chuan-Tien

SAMPO CORPORATION

Individual Comprehensive Income Statement

January 1 to December 31, 2020 and 2019

Unit: NTD thousand, except Earnings Per Share (NTD)

Code		2020 Amount	2020 %	2019 Amount	2019 %
	Operating revenues				
4100	Sales revenues	$ 6,249,376	96	$ 5,795,612	96
4600	Service revenues	234,822	4	224,674	4
4800	Other operating revenues	22,961	-	17,430	-
4000	Total operating revenues	6,507,159	100	6,037,716	100
5000	Operating costs	5,163,076	79	4,846,415	80
5900	Gross profits	1,344,083	21	1,191,301	20
	Operating expenses				
6100	Marketing expenses	563,738	9	580,242	10
6200	Administrative expenses	380,290	6	319,904	5
6300	Research and development expenses	77,433	1	87,588	2
6450	Expected credit impairment loss (gain on reversal)	1,841	-	(3,024)	-
6000	Total operating expenses	1,023,302	16	984,710	17
6900	Net Operating profits	320,781	5	206,591	3
	Non-operating income and expenses				
7100	Interest income (Note 21)	7,651	-	23,564	-
7010	Other income (Note 21)	63,598	1	55,321	1
7020	Other gains and losses (Note 21)	1,331,786	20	326,320	5
7050	Financial costs	(21,007)	-	(28,018)	-
7070	Share of subsidiaries, affiliates and joint ventures accounted for using the equity method	306,741	5	175,213	3
7000	Total non-operating income and expenses	1,688,769	26	552,400	9

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Code		2020 Amount	2020 %	2019 Amount	2019 %
7900	Net profits before tax	$ 2,009,550	31	$ 758,991	12
7950	Income tax expense (Note 22)	(213,557)	(3)	(20,028)	-
8200	Net profits for the year	1,795,993	28	738,963	12
	Other comprehensive income				
8310	Items not to be reclassified as profit or loss:				
8311	Remeasurement of defined benefit plan	(10,208)	-	(28,079)	(1)
8316	Unrealized gains or losses on investments in equity instruments measured at fair value through other comprehensive income	(96,322)	(1)	157,170	3
8330	Share of other comprehensive income of subsidiaries, affiliates and joint ventures accounted for under equity method	95,658	1	3,371	-
		(10,872)	-	132,462	2
8360	Items that may be reclassified subsequently under profit or loss				
8380	Share of other comprehensive income of subsidiaries, affiliates and joint ventures accounted for under equity method	29,136	-	(47,026)	-
8300	Other comprehensive income of the current year (net amount after taxation)	18,264	-	85,436	2
8500	Total amount of comprehensive income of the current year	$ 1,814,257	28	$ 824,399	14
	Earnings per share (Note 23)				
9750	Basic	$ 4.86		$ 2.00	
9850	Diluted	$ 4.82		$ 2.00	

The notes attached shall constitute an integral part of this individual financial statement.

Chairman: Chen Mao-Bang Industry and Commerce Development Foundation

Managerial officer: Hsu, Ching-Chao

Accounting officer: Chiang, Chuan-Tien

SAMPO CORPORATION

Individual Statements of Changes in Shareholders' Equity

January 1 to December 31, 2020 and 2019

Unit: NT$ thousand

		Equity attributable to shareholders of the company										
		Capital stock			Retained earnings			Other equity				
Code		Number of Shares	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of financial statements of foreign operations	Unrealized gain or loss on financial assets measured at fair value through other comprehensive income	Treasury shares	Total	Total equity
A1	Balance as of January 1, 2019	387,200,000	$ 3,872,000	$ 132,933	$ 345,080	$ 1,917,160	$ 840,989	($ 258,372)	($ 66,138)	($ 624,787)	$ 6,158,865	$ 6,158,865
B17	Reversal of special reserve	-	-	-	-	(228,454)	228,454	-	-	-	-	-
	Distribution of 2018 earnings											
B1	Legal reserve	-	-	-	66,181	-	(66,181)	-	-	-	-	-
B5	Cash dividend to the Company's shareholders	-	-	-	-	-	(531,160)	-	-	-	(531,160)	(531,160)
C7	Changes in affiliates and joint ventures recognized under the equity method	-	-	3,683	-	-	-	-	-	-	3,683	3,683
D1	Net profits for 2019	-	-	-	-	-	738,963	-	-	-	738,963	738,963
D3	Other comprehensive income after tax in 2019	-	-	-	-	-	(32,328)	(47,026)	164,790	-	85,436	85,436
D5	Total comprehensive income in 2019	-	-	-	-	-	706,635	(47,026)	164,790	-	824,399	824,399
L1	Purchase and disposal of treasury shares	-	-	-	-	-	(1,190)	-	-	15,980	14,790	14,790
M1	Adjustment of capital surplus by dividends paid to subsidiaries	-	-	14,824	-	-	-	-	-	-	14,824	14,824
M5	The differences between carrying amount and market price of actual acquisition or disposal of shares in subsidiaries.	-	-	(66)	-	-	-	-	-	-	(66)	(66)
Q1	Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	-	(36,271)	-	36,271	-	-	-
Z1	Balance as of December 31, 2019	387,200,000	3,872,000	151,374	411,261	1,688,706	1,141,276	(305,398)	134,923	(608,807)	6,485,335	6,485,335
B17	Reversal of special reserve	-	-	-	-	(95,918)	95,918	-	-	-	-	-
	Distribution of 2019 earnings											
B1	Legal reserve	-	-	-	73,896	-	(73,896)	-	-	-	-	-
B5	Cash dividend to the Company's shareholders	-	-	-	-	-	(570,600)	-	-	-	(570,600)	(570,600)
C7	Changes in affiliates and joint ventures recognized under the equity method	-	-	752	-	-	-	-	-	-	752	752
D1	Net profits for 2020	-	-	-	-	-	1,795,993	-	-	-	1,795,993	1,795,993
D3	Other comprehensive profit and loss after tax in 2020	-	-	-	-	-	(9,545)	29,136	(1,327)	-	18,264	18,264
D5	Total profit and loss in 2020	-	-	-	-	-	1,786,448	29,136	(1,327)	-	1,814,257	1,814,257
L1	Purchase and disposal of treasury shares	-	-	3,670	-	-	-	-	-	15,980	19,650	19,650
M1	Adjustment of capital surplus by dividends paid to subsidiaries	-	-	15,882	-	-	-	-	-	-	15,882	15,882
M5	The differences between carrying amount and market price of actual acquisition or disposal of shares in subsidiaries.	-	-	21	-	-	-	-	-	-	21	21
Z1	Balance as of December 31, 2020	387,200,000	$ 3,872,000	$ 171,699	$ 485,157	$ 1,592,788	$ 2,379,146	($ 276,262)	$ 133,596	($ 592,827)	$ 7,765,297	$ 7,765,297

The notes attached shall constitute an integral part of this individual financial statement.

Chairman: Chen Mao-Bang Industry and Commerce Development Foundation

Managerial officer: Hsu, Ching-Chao

Accounting officer: Chiang, Chuan-Tien

SAMPO CORPORATION

Individual Statements of Cash Flow

January 1 to December 31, 2020 and 2019

Unit: NT$ thousand

Code		2020	2019
	Cash flow from operating activities		
A10000	Current year net profit before taxation	$ 2,009,550	$ 758,991
A20010	Profits and loss		
A20100	depreciation expense	72,353	78,658
A20200	Amortization expenses	39,545	42,979
A29900	Expected credit impairment loss (gain on reversal)	1,841	(3,024)
A20900	Financial costs	21,007	28,018
A21200	Interest income	(7,651)	(23,564)
A21300	Dividend income	(7,738)	(2,662)
A22400	Share of profit or loss of subsidiaries, affiliates and joint ventures accounted for using the equity method	(306,741)	(175,213)
A22500	Gain on disposal of property, plant and equipment	(1,371,915)	(561)
A23000	Gain on disposal of non-current assets held for sale	-	(361,486)
A23700	Loss on decline in value of inventories and slow moving (gain on reversal)	(9,209)	4,903
A22800	Lease modification gain	(92)	(25)
A30000	Net change in operating assets and liabilities		
A31130	Notes receivable	(5,696)	54,902
A31140	Notes receivable – related party	12	254
A31150	Accounts receivable	(6,887)	(29,864)
A31160	Accounts receivable – related parties	(196)	1,656
A31180	Other receivables	(1,858)	1,004
A31190	Other receivables – related parties	12,848	3,399
A31200	Inventory	145,550	263,153
A31240	Other current assets	(151,064)	(28,596)
A32130	Notes payable	(27,859)	(42,880)
A32140	Notes payable – related party	(68,267)	(5,131)
A32150	Accounts payable	174,655	29,684
A32160	Accounts payable – related parties	91,821	4,633
A32180	Other payables	67,322	15,935
A32190	Other payables – related parties	(61)	(16)
A32200	Provision for liabilities	3,347	(3,195)

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Code		2020	2019
A32230	Other current liabilities	($ 14,732)	($ 52,359)
A32240	Net defined benefit liabilities	(37,620)	(46,410)
A33000	Cash generated from operating activities	622,265	513,183
A33100	Interest received	7,651	23,564
A33300	Interest paid	(21,437)	(28,284)
A33500	Income tax paid	(246,679)	(11,609)
AAAA	Net cash inflow from operating activities	361,800	496,854
	Cash flow from investment activities		
B00200	Disposal of financial assets at fair value through other comprehensive income	-	11,672
B00040	Acquisition of financial assets measured at amortized cost	(38,027)	(179,880)
B01800	Acquisition of investment accounted for using the equity method	(206,255)	(206,441)
B02400	Refund of share price for capital reduction of subsidiaries accounted for using the equity method	-	578,895
B02600	Disposal of non-current assets held for sale	-	481,835
B02700	Purchase of property, plant, and equipment	(564,476)	(389,886)
B02800	Proceeds from disposal of property, plant and equipment	1,792,250	2,677
B03700	Decrease in Refundable deposits	34,099	498
B04200	Decreased in other receivables – related parties	-	120,000
B04500	Purchase of intangible assets	(23,917)	(28,582)
B06800	Decrease in other non-current assets	1,810	1,262
B07600	Receipt of dividends from subsidiaries, affiliates and joint ventures	221,625	301,770
B07600	Receipt of other dividends	7,738	2,662
BBBB	Net cash inflow from investment activities	1,224,847	696,482
	Cash flow from financing activities		
C00200	Decrease in short-term loans	(60,000)	(350,000)
C00500	Short-term bills payable	(489,785)	(59,747)
C01600	Borrowing of long-term loans	900,000	650,000
C01700	Repayments of long-term borrowings	(1,625,000)	(725,000)
C04300	Increase (decrease) in other non-current liabilities	(19,443)	39,322
C04500	Payment of dividends	(570,600)	(531,160)
C05100	Treasury stock purchased by employees	19,650	14,790
C04020	Lease principal repayment	(26,704)	(15,523)
CCCC	Net cash outflow from financing activities	(1,871,882)	(977,318)

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Code		2020	2019
DDDD	Impact of changes in exchange rate on cash and cash equivalents	($ 614)	$ 2,942
EEEE	Current cash and cash equivalents increase (decrease)	(285,849)	218,960
E00100	Cash and cash equivalents balance – beginning of year	717,639	498,679
E00200	Cash and cash equivalents balance – end of year	$ 431,790	$ 717,639

The notes attached shall constitute an integral part of this individual financial statement.

Chairman: Chen Mao-Bang
Industry and Commerce Development Foundation

Managerial officer:
Hsu, Ching-Chao

Accounting officer:
Chiang, Chuan-Tien

SAMPO CORPORATION

Individual Notes to financial statements

January 1 to December 31, 2020 and 2019

(Unless otherwise provided, Unit: NTD thousand)

1. Company History

SAMPO CORPORATION. (hereinafter referred to as "SAMPO" or the "Company"), formerly known as "DONGXING ELECTRIC CO., LTD.," was established in September 1962. In September 1964, DONGXING merged with DONJOY ELECTRIC CO., LTD. and changed its name to SAMPO ELECTRONICS CO., LTD. In 1970, its stock was publicly traded, and in 1974, the name was changed to SAMPO CORPORATION.

The Company engages in the manufacture, processing, contracting, wholesaling, retailing, repair services, and consignment of electronics, electrochemicals, telecommunications, electrical materials, information products, and audio products, and engages in the import and export business and investment in foreign related businesses.

The individual financial statements are presented in the Company's functional currency – NTD.

2. Financial reporting date and procedures

The individual financial statements were approved by the Board of Directors on March 24, 2021.

3. Application of new and revised standards and interpretation

(1) First-time application of International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations ("IFRICs" and "SICs") (hereinafter collectively referred to as the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as the "FSC").

The adoption of the IFRSs endorsed and issued into effect by the FSC will not result in significant changes in the Company's accounting policies, except as indicated below:

1. Amendment to "Definition of a business" in IFRS 3

This amendment shall apply to the Company's transactions occurring after January 1, 2020. This amendment requires that the business shall consist of at least inputs and significant processes that together make a significant contribution to the ability to generate output. The determination of whether the "process of acquisition" is material will vary depending on whether there is an output on the date of acquisition. In addition, a new and simplified way of assessing the consistency of the acquired activities and asset portfolio with the business – the concentration test – is available for companies to choose.

2. Amendments to IAS 1 and IAS 8 “Definition of Materiality”

Effective January 1, 2020, the Company adopted the amendment to use “reasonably expected to affect users” as the threshold of materiality and adjusted the disclosure of consolidated financial statements to remove immaterial information that may obscure material information.

(2) IFRSs endorsed by the Financial Supervisory Commission (hereinafter referred to as “FSC”) applicable for 2021.

The new/amended/revised standards or interpretation	Effective Date per IASB publication
Amendment to IFRS 4 “Extension of Provisional Exemption for Application of IFRS 9”	Effective from the date of publication
Amendments to the IFRS 9, IAS 39, and IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase II”	Effective for annual reporting periods beginning after January 1, 2021
Amendment to IFRS 16 “Rent Reduction associated with COVID-19 pandemic.”	Effective for annual reporting periods beginning after June 1, 2020.

As of the date of publication of this financial report, the Company has evaluated that the amendments to the above standards and interpretations will not have a material impact on the financial position and financial performance.

(3) The IFRSs released by the IASB but not yet approved and announcement effective by the Financial Supervisory Commission

The new/amended/revised standards or interpretation	IASB publication effective date (Note 1)
“2018-2020 IFRSs improvements”	January 1, 2022 (Note 2)
Amendment to IFRS 3 “Update the index of the conceptual framework.”	January 1, 2022 (Note 3)
Amendment to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture and Investment in Affiliates.”	Undefined
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendment to IFRS 17	January 1, 2023
Amendment to IAS 1 “Classification of Liabilities as Current or Noncurrent”	January 1, 2023
Amendment to IAS 1 “Disclosure of Accounting Policies.”	January 1, 2023 (Note 6)
Amendment to IAS 8 “Definition of Accounting Estimates.”	January 1, 2023 (Note 7)
Amendment to IAS 16 “Property, plant and equipment: price before reaching the intended state of use”	January 1, 2022 (Note 4)
Amendment to IAS 37 “Onerous Contracts – Cost of Performing Contracts.”	January 1, 2022 (Note 5)

Note 1: Unless otherwise stated, the aforementioned new/amended/revised standards or interpretation are effective for annual reporting periods beginning after the respective dates.

Note 2: The amendment to IFRS 9 applies to swaps or changes in the terms of financial liabilities that occur in annual reporting periods beginning after January 1, 2022; the amendment to IAS 41, "Agriculture," applies to fair value measurements in annual reporting periods beginning after January 1, 2022; and the amendment to IFRS 1, "First-time Adoption of IFRSs," applies retrospectively to annual reporting periods beginning after January 1, 2022.

Note 3: This amendment applies to business mergers for which the acquisition date falls within the annual reporting period after January 1, 2022.

Note 4: This amendment applies to plant, property and equipment that begins to operate in the manner such as location and condition expected by management after January 1, 2021.

Note 5: This amendment applies to contracts with unfulfilled obligations as of January 1, 2022.

Note 6: The application of this amendment is deferred for annual reporting periods beginning after January 1, 2023

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

1. Amendment to IFRS 10 and IAS 28, "Sale or Contribution of Assets between an Investor and its Affiliate or Joint Venture and Investment in Affiliates."

The amendment provides that if the Company sells or contributes an asset to an affiliated party (or joint venture), or if the Company loses control of a subsidiary but retains significant influence (or joint control) over the subsidiary, the Company recognizes all of the gains or losses resulting from such transactions if the aforementioned asset or former subsidiary meets the definition of "business merger" for "business" under IFRS 3.

In addition, if the Company sells or contributes assets to affiliated companies (or joint ventures), or the Company losses the control over a subsidiary but retains significant influence on the subsidiaries (or joint control), and if the aforementioned assets or subsidiary not in compliance with the definition of IFRS 3 "Business," the Company is to recognize the profit and loss of the transactions only within the equity scope of the affiliated companies (or joint ventures) irrelevant to the investors, in other words, the profit and loss attributable to the Company should be offset.

2. Amendment to IAS 1 "Classification of Liabilities as Current or Noncurrent"

The amendment aims to clarify whether a liability is classified as noncurrent; the Company should assess whether it has the right to defer settlement at the end of the reporting period for at least 12 months after the reporting period. If the Company has such a right as of the end of the reporting period, the liability is classified as noncurrent whether or not the Company exercises its right to defer settlement of a liability. The amendment aims to clarify if the Company is required to comply with certain conditions in order to have the right to defer settlement of a liability. The Company must have complied with specific conditions as of the end of the reporting period, even if the lender tests whether the Company has complied with those conditions at a later date.

The amendment provides the purpose to clarify that settlement refers to the transfer to the counterparty of cash, other economic resources or equity instruments of the Company that results in the extinguishment of the liability. However, if the terms of the liability may result in transferring the Company's equity instruments at the option of the counterparty, and if the option is separately recognized in equity in accordance with IAS 32, "Financial Instruments: Presentation," the above-mentioned provisions do not affect the classification of the liability.

3. Annual Improvements 2018 – 2020 Cycle

The amendment to IFRS 9, "Financial Instruments," to assess whether there is a material difference between the exchange or modification of the terms of a financial liability and whether there is a 10% difference in the discounted cash flows (including the net fees received for entering into new or modified contracts) between the terms of the old and new contracts, should only include fees received by the borrower and the lender. The above fees shall only include fees received and paid between the borrower and the lender.

4. Amendment to IFRS 3 "Update the index of the conceptual framework."

The amendment updates the index to the conceptual framework and adds a new requirement that the acquirer should apply IFRIC 21 "Levies" to determine whether there is an obligation to incur a levy payment liability at the date of acquisition.

5. Amendment to IAS 16 "Property, plant and equipment: price before reaching the intended state of use"

The amendment provides that the sale price of output items of property, plant and equipment produced to bring them to the location and condition necessary to meet management's expectations for the manner in which they will be operated is not appropriate as a deduction to the cost of those assets. The aforementioned output items should be measured in accordance with IAS 2, "Inventories," and the sales price and cost should be recognized in profit or loss in accordance with the applicable standards.

The amendment applies to plant, property and equipment in the locations and condition necessary to achieve management's intended location mode of operation after January 1, 2021, and the information for the comparative period shall be restated when the amendment is first applied by the Company.

6. Amendment to IAS 37 "Onerous Contracts – Cost of Performing Contracts."

The amendment specifies that in assessing whether a contract is onerous, the "cost of performing the contract" should include the allocation of incremental costs of performing the contract (e.g. direct labor and raw materials) and other costs directly related to the performance of the contract (e.g. the allocation of depreciation expense for property, plant and equipment used to perform the contract).

When the amendment is first applied, the Company will recognize the cumulative effect as retained earnings at the date of initial application.

7. Amendment to IAS 1 "Disclosure of Accounting Policies."

The amendment specifies that the Company shall determine the material accounting policy information to be disclosed based on the definition of materiality. Accounting policy information is considered material if it could reasonably be expected to affect the decisions of the primary users of the general-purpose financial statements based on those financial statements. The amendment also clarifies:

- Accounting policy information related to immaterial transactions, other events or circumstances is immaterial and the Company is not required to disclose such information.
- The Company may determine that related accounting policy information is material because of the nature of the transactions, other events or circumstances, even if the amount is not material.
- Not all accounting policy information related to significant transactions, other events or circumstances is material.

In addition, the amendment provides examples of accounting policy information that may be material if it relates to significant transactions, other events or circumstances and under the following circumstances, the information may be material:

(1) A change in the Company's accounting policy during the reporting period that results in a material change in financial statement information;

(2) The Company selects applicable accounting policies from among the options permitted by the standards.

(3) Due to the lack of specific standards, the Company establishes accounting policies in accordance with IAS 8 "Accounting Policies, Changes and Errors in Accounting Estimates";

(4) The Company discloses the relevant accounting policies that require the application of significant judgments or assumptions; or

(5) That it involves complex accounting requirements when users of financial statements rely on such information to understand such significant transactions, other events or circumstances.

8. Amendment to IAS 8 "Definition of Accounting Estimates."

The amendment explicitly specifies that accounting estimate represents the monetary amounts in the financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may need to measure financial statement items using monetary amounts that are not directly observable but must be estimated, and therefore measurement techniques and input values are required to create accounting estimates for this purpose. The effect of changes in measurement techniques or input values on accounting estimates that are not corrections of prior period errors are accounted for as changes in accounting estimates.

Further to the aforementioned influence, the Company will continue to evaluate the effect of the amendment to other IFRSs on the financial positions and performance of the Company to the date this parent company only financial statement approved and released, and will make appropriate disclosure after the evaluation.

4. Summary of significant accounting policies

(1) Compliance Statement

The individual financial statements were prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers."

(2) Basis of preparation

Except for the financial instruments on the basis of fair value and the recognition of net defined benefit liabilities on the basis of the present value of net defined benefit obligation net of the fair value of planned assets, this individual financial statement was compiled on the basis of historical cost.

The evaluation of fair value could be classified into Level 1 to Level 3 by the observable intensity and importance of related input value:

1. Level 1 input value: refers to the quotation of the same asset or liability in an active market as of the evaluation (before adjustment).
2. Level 2 input value: refers to the direct (the price) or indirect (inference of price) observable input value of asset or liability further to the quotation of Level 1.
3. Level 3 input value: the unobservable input value of asset or liability.

In preparing its financial statements, the Company uses the equity method to account for its investment in subsidiaries, affiliates and joint ventures. In order to make the profit or loss for the year, other comprehensive income and equity in the individual financial statements the same as the profit or loss for the year, other comprehensive income and equity attributable to the owners of the Company in the consolidated financial statements, certain accounting differences between the stand-alone basis and the consolidated basis are adjusted for "investments accounted for using the equity method," "share of profit or loss of subsidiaries and affiliates accounted for using the equity method," "share of other comprehensive income and loss of subsidiaries and affiliates accounted for using the equity method" and related equity items. Other comprehensive income of subsidiaries and affiliates using the equity method" and related equity items.

(3) Standards in differentiating current and non-current assets and liabilities.

Current assets including:

1. Assets held mainly for trading purpose:
2. Assets to be realized within 12 months after the balance sheet date; and
3. Cash and cash equivalents (not including those that are limited to exchange or repay liabilities exceeding 12 months after the balance sheet date).

Current liabilities include:

1. Liabilities held for trading purposes;
2. The liabilities to be liquidated upon due within 12 months after the balance sheet date (those with long-term refinancing or payment term rearrangement completed from the balance sheet date to the financial reports approved and published date are also classified as current liabilities), and
3. Liabilities with the repayment deadline that cannot be unconditionally deferred to at least 12 months after the balance sheet date. Where the liabilities might be paid off at the discretion of the other party through the tools of the issuance equity, the classification would remain unaffected.

For those that are not current assets or liabilities above are classified as non-current assets or liabilities.

(4) Foreign currency

For the transactions conducted in a currency other than the Company's functional currency (foreign currency), it is to be translated to the functional currency in accordance with the exchange rate on the transaction date when preparing the individual financial statements.

Foreign currency monetary items are translated at the closing rate on each balance sheet date. The exchange differences arising from the settlement of monetary items or translating monetary items are recognized in the current profit or loss.

The foreign non-currency items measured at fair value are translated in accordance with the exchange rate on the fair value determination date and the exchange difference is booked as current profit or loss. However, for the changes in fair value recognized in the other comprehensive profit or loss, the exchange difference is recognized in the other comprehensive profit or loss.

The foreign non-currency items measured at historical cost are translated in accordance with the exchange rate on the transaction date without the need for a translation again.

Upon preparation of the individual financial reports, the assets and liabilities of overseas operating institutions (including the subsidiaries, affiliates and joint ventures in the countries of business operation or those using currencies different from the Company's) were converted to NTD based on the exchange rate quoted on every balance sheet date. Income and expense items are translated in accordance with the current average exchange rates and the exchange differences are booked in the other comprehensive profit or loss.

If the Company disposes of all interests in a foreign operation, or disposes of a portion of an interest in a subsidiary of a foreign operation but loses control, or disposes of a retained interest in a joint venture or affiliate of a foreign operation that is a financial asset and is accounted for under the accounting policy for financial instruments, all cumulative translation differences related to the foreign operation are reclassified to profit or loss.

If the partial disposal of a foreign operating subsidiary does not result in a loss of control, the accumulated exchange differences are included in equity transactions on a pro rata basis, but are not recognized in profit or loss. In any other event of partial disposal of an overseas operating institution, the accumulated difference in foreign exchange was reclassified to profit and/or loss pro rata to the percentage of disposal.

(5) Inventory

Inventory includes raw materials, supplies, finished goods and work-in-process. Inventory is valued in accordance with the lower of cost or net cash value. When comparing cost and net cash value, except for the homogeneous inventories, it is based on the itemized lower of cost or net cash value. Net realizable value refers to the estimated sale price under normal circumstances net of the estimated cost needed to complete the project and the estimated expenses needed to complete the sale. The cost of inventory is calculated using the weighted average method.

(6) Investment in subsidiaries

The Company has the investment in subsidiaries handled in accordance with the equity method.

Subsidiaries are the entities controlled by the Company.

Under the equity method, investments were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the subsidiaries and other comprehensive profit or loss. In addition, for the changes in the affiliated company's equity, the Company is entitled to have it recognized proportionately to the shareholding.

When the Company's change in the ownership of the subsidiary does not result in loss of control, it is treated as an equity transaction. The difference between the book amount of the investment and the fair value of the consideration paid or received shall be directly recognized as equity.

When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the subsidiary under the equity method and other long-term interests that are in substance a component of the

Company's net investment in the subsidiary), the Company continues to recognize losses in proportion to its equity in the subsidiary.

Acquisition costs in excess of the Company's share of net identifiable assets and liabilities (i.e. fair value) in a subsidiaries on the date of acquisition are recognized as goodwill. This goodwill includes book value of the investment and is not amortized. Share of net identifiable assets and liabilities (i.e. fair value) in subsidiaries that exceeds acquisition cost on the date of acquisition is recognized as gains for the current year.

In assessing impairment, the Company based on the cash drivers of the financial statements and compared the recoverable amount and book value. If the amount of recoverable assets increased in the future, the reversal of impairment shall be recognized as income. The book value of the reversal of impaired assets shall not exceed the book value before recognition for impairment net of amortization. Subsequent reversal of impairment loss is not allowed.

In the event of loss of control over the subsidiary, the Company shall measure the fair value of the residual investment in the subsidiary on the date loss of control over the subsidiary. The difference between the fair value of the residual investment and the amount of disposal and the book amount of the investment on the date loss of control over the subsidiary is recognized in the profit and loss of the year. In addition, the accounting treatment for the amounts recognized in the other comprehensive income that are related to the subsidiary is same as the accounting principle to be complied with while the Company directly disposing the relevant assets or liabilities.

The unrealized concurrent trade between the company and the subsidiaries stated in the financial statement of individual entities shall be removed. The profit or loss resulting from the countercurrent, and side-stream transactions between the Company and the subsidiary are recognized in the individual financial statement within the range irrelevant with the Company's interest in the subsidiary.

(7) Investments in affiliates

The company has a significant influence on an affiliated company that is not a subsidiary or joint venture.

The Company adopts the equity method for investment in affiliates.

Under the equity method, investments in the affiliated companies were originally recognized at cost; the book value after the acquisition date fluctuates along with the distribution of profit or loss from the affiliated company and other comprehensive profit or loss. In addition, the changes in the equity of affiliates shall be recognized in proportion to the proportion of shareholding.

Acquisition costs in excess of the Company's share of net identifiable assets and liabilities (i.e. fair value) in an affiliated company on the date of acquisition are recognized as goodwill. This goodwill includes book value of the investment and is not amortized. Share of net identifiable assets and liabilities (i.e. fair value) in an affiliated company that exceeds acquisition cost on the date of acquisition is recognized as gains for the current year.

When affiliates issue new shares, if the Company fails to subscribe stock share proportionally to their shareholding, resulting in changes in shareholding ratio and thus causing changes in net equity investment, the increase or decrease amount should be adjusted to the additional paid-in capital – recognizing changes in net equity of affiliates, and joint under the equity method and investment under equity method. If the Consolidated Company' did not subscribe to the new shares pro rata to the shareholding percentages and led to a decrease of the shareholding percentages subscribed to or obtained from the affiliate, nevertheless, the amount of other comprehensive income so recognized was reclassified pro rata to the decrease ratio in the affiliate. The accounting management was on the grounds same as the grounds the affiliate must comply with if it directly disposed assets or liabilities. If the aforementioned adjustment must be debited into capital reserve where the balance of capital reserve yielded by the investment in equity method, the difference was debited as retained earnings.

In the event that the Company's shares of loss in the affiliates equal to or exceed its equity in the affiliates (including the book value of investment in the affiliates in equity method and other long-term interest of the Company' in the investment composition of the affiliates), the Company' discontinued recognition of the further losses. The Company' recognized extra losses and liabilities only in the event of occurrence of legal obligations, presumed obligations or within the scope that the Company' had made payment on behalf of the affiliate.

When assessing impairments, the Company treats the entire account (including goodwill) as a single asset and tests for impairment by comparing it with recoverable amount and book value. Any impairment losses recognized are presented as part of the book value of the investment. Any reversal of the impairment loss can be recognized within the range of the recoverable amount of the subsequently increased investment.

The Company ceases to adopt the equity method from the date its investment ceases to be an affiliate, and its retained interest in the former affiliate is measured at fair value. The difference between the fair value and the disposal price and the carrying amount of the investment on the date of cessation of the equity method is recognized in profit or loss for the current period. Furthermore, all relevant amounts relevant to the affiliates recognized in other comprehensive income were managed on the accounting grounds same as the grounds which it should comply with if the affiliates directly disposed the relevant assets or liabilities. If the investment in affiliates become an investment in the joint venture, or the investment in the joint venture becomes an investment in affiliates, the Company will continue using the equity method and will not have the reserved equity remeasured.

The profit or loss resulting from the countercurrent, downstream and side-stream transactions between the Company and the affiliated company is recognized in the individual financial statement within the range that is irrelevant to the Company's interest in the affiliated company.

(8) Property, Plant and Equipment

Property, plant and equipment are recognized as costs, and they will be measured by the amount after the costs less the amount of accumulated depreciation and accumulated impairment losses afterwards.

Those real estate, plant buildings, equipment & facilities under construction were recognized at the amount of the costs after deducting the loss in the accumulated impairment. Cost includes professional service fees and loan costs that qualify for capitalization. When such assets are completed and reach expected use status, such assets will be classified to proper items under real property, plant and equipment and the provision of depreciation shall begin.

The depreciation of each material part of real estate, plants, and equipment should be appropriated independently in accordance with the useful year and a straight-line method. The Company shall review the estimation of life span, residual value and depreciation method at least once a year and extend the effect of changes in applicable accounting policy.

In the case of delisting real estate, plants, and equipment, the difference between the net disposal price and the book value of the asset is recognized in profit or loss.

(9) Intangible assets

1. Acquired separately

The intangible asset with limited useful life acquired separately was originally measured at cost and subsequently measured at cost, net of accumulated amortization and accumulated impairment losses. Depreciation is recognized using the straight-line method for intangible asset. The estimated useful lives, residual values and depreciation method are reviewed at the end of each yearly reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible asset with indefinite useful lives is measured at cost net of accumulated impairment losses.

2. Derecognition

In removing intangible assets, the difference between the net proceeds of disposition and the book value shall be recognized as income.

(10) Impairment of tangible and intangible assets (except for goodwill).

The Company at each balance sheet date is to assess whether there is any indication of impairment occurring to the tangible and intangible assets (except for goodwill). If there is any indication of impairment occurring, the recoverable amount of the asset should be estimated. If the recoverable amount of an individual asset cannot be estimated, the Company is to estimate the recoverable amount of the respective cash-generating unit. The community assets are amortized to the minimum cash generating unit cluster reasonably and consistently.

The intangible asset with indefinite useful lives and not yet available for use should be tested for impairment at least annually or should be tested when there is an indication of impairment.

The recoverable amount is the fair value net of cost or the value in use whichever is higher. When the recoverable amount of an individual asset or cash-generating unit is less than its book amount, the book amount of the asset or cash-generating unit should be reduced to its recoverable amount. The impairment loss is recognized in the profit or loss.

When the impairment loss was reversed subsequently, the book amount of the asset or cash-generating unit is increased to the adjusted recoverable amount, but the increased book amount may not exceed the book value of the asset or cash-generating unit or Contract cost-related assets without recognizing the impairment loss in prior periods (net of amortization or depreciation). The reversed impairment loss is recognized in the profit or loss.

(11) Non-current assets held for sale

The carrying amount of non-current assets is classified as held for sale when it is expected to be recovered primarily through a sale transaction rather than through continued use. The non-current assets complying with the classification must be available for immediate sale in the current state and the probability of the sale must be highly likely. When the appropriate level of the management commits to sell the plan asset and the sale is expected to be completed within one year from the date of classification, the probability of the sale is highly likely.

(12) Financial instrument

When the Company has become a party to the instrument contract, the financial assets and financial liabilities are to be recognized in the individual balance sheet.

For the initial recognition of the financial assets and financial liabilities, if the financial assets or financial liabilities are not measured at fair value through profit or loss, it is measured at fair value plus transaction cost that is directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction cost directly attributable to the acquisition or issuance of financial assets or financial liabilities that are measured at fair value through profit or loss is immediately recognized in the profit or loss.

1. Financial asset

The regular way of purchase or sale of financial assets are recognized and derecognized based on the accounting on the transaction date.

(1) Classification of measurement

The types of financial assets held by the Company are financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit and loss

Financial assets at fair value through income statement included mandatory fair value through income statement. Financial instruments designated at fair value through income statements included the investment of equity instruments not designated at fair value through other comprehensive income and those not conforming to the standard of debt instruments on the basis of cost after amortization or at fair value through other comprehensive income.

The financial assets measured at fair value though profit or loss is measured at fair value; also, the profit or loss of revaluation (including any dividend or interest arising from the financial asset) is recognized in the profit and loss. Fair value is determined in the manner described in Note 25.

B. Financial assets based on cost after amortization

If the financial assets of the Company met both of the following conditions, classify as financial assets on the basis of cost after amortization:

a. Financial assets held under particular mode of operation and the purpose of holding is for the collection of cash flow from contracts; and

b. Cash flow generated on particular dates deriving from the contacts and the cash flow is wholly for the payment of principal and interest accrued from the outstanding amount of the principal.

Financial assets on the basis of cost after amortization (including cash and cash equivalents and accounts receivable on the basis of cost after amortization) shall be determined for the total book value under the effective interest rate method after the initial recognition net of the cost of any impairment after amortization for measurement. Any exchange gains or loss will be recognized as income.

Interest income will be the product of effective interest rate and total book value of financial assets except under the following two conditions:

a. The interest income of financial assets procured or initiated under credit impairment will be the product of the effective interest rate after credit adjustment and the cost of financial assets after amortization.

b. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amount of cash with minimal risk of changes in value within 3 months from the acquisition date and are used to meet short-term cash commitments.

C. Investment of equity instruments at fair value through other comprehensive income

The Company may make an irrevocable choice at the time of initial recognition for designating the investment of equity instruments not available-for-sale and not recognized by the acquirer under corporate merger and acquisition or with consideration at fair value through other comprehensive income for measurement.

The investment of equity instruments at fair value through other comprehensive income is measured at fair value. Subsequent changes in fair value will be recognized as other comprehensive income and accumulated into other equity. In the disposition of assets, accumulated gains or loss shall be directly transferred to retained earnings without classification as income.

The dividend of the investment of equity instruments at fair value through other comprehensive income shall be recognized as income when the right of the Company in the collection of dividends is ascertained, unless the dividend is obviously representing the recovery of the cost of investment in part.

(2) Impairment of financial assets

The Company assesses financial assets (including accounts receivable) measured at amortized cost at each balance sheet date based on expected credit losses.

Allowance for loss is recognized for accounts receivable based on the expected credit loss over their life. Other financial assets shall be evaluated for any significant increase of risk from the day of initial recognition. If none is found, recognize for provision for anticipated credit loss along a period of 12 months. If it is, recognize for provision of anticipated credit risk within the perpetuity of the assets.

Anticipated credit loss is the weighted average loss of credit on the basis of the weight of the risk of default. Anticipated credit loss in a period of 12 months means the expected loss of credit from the financial instruments within 12 months due to default. Anticipated credit loss with the perpetuity of the financial instruments means the expected loss of credit from the financial instruments within the perpetuity of these financial instruments.

All impairment of financial assets is recognized through the reduction of the book value of the provisioned account. However, the provision for loss of investment of debt instruments at fair value through comprehensive income shall be recognized as other comprehensive income without the reduction of its book value.

(3) The derecognition of financial assets

The Company's financial assets are derecognized only when the contractual rights from the cash flows of a financial asset becomes invalid, or when the financial assets are transferred and almost all the risks and rewards of the asset ownership have been transferred to other enterprises.

When a particular entry of financial assets measured at amortized cost is removed, the difference between its book value and consideration shall be recognized as income. When investments in debt instruments measured at fair value through other comprehensive income are derecognized as a whole, the difference between the carrying amount and the sum of the consideration received plus any cumulative gain or loss recognized in other comprehensive income is recognized in profit or loss. When particular equity instruments measured at fair value through comprehensive income are entirely derecognized, the accumulated gains of loss shall be directly transferred to retained earnings without being classified as profit or loss.

2. Equity instrument

The debt and equity instruments issued by the Company are classified as financial liabilities or equity pursuant to the contractual agreements and the definition of financial liabilities and equity instruments.

An equity instrument issued by the Company is recognized for an amount after deducting the direct issuing cost from the proceeds collected.

The Company's equity retrieved is debited or credited to the equity. The Company's equity purchased, sold, issued, or cancelled is not recognized in the profit or loss.

3. Financial liability

(1) Subsequent measurement

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

(2) Derecognition of financial liabilities

When derecognizing financial liabilities, the difference between the book amount and the consideration paid (including any transferred non-cash assets or assumed liabilities) is recognized as profit or loss.

(13) Provision for liabilities

The recognized liability reserve amount is with the risk and uncertainty of the obligation considered, and it is the optimum estimate of the expenditure required to settle the obligations on the balance sheet date. Provision for liabilities shall be measured based on the discount value of the estimated cash flow for the settlement of obligation.

Warranty

Product warranties and warranties that promise to customers that the delivered product is as specified in the contract and will work as specified in the contract, shall be measured based on management's best estimate on the cost to settle the Company's obligation, and such warranties shall be recognized upon recognition of revenue from the corresponding products.

(14) Recognition of revenue

The Company, after identifying the performance obligations, had the transaction price amortized to each performance obligation and recognized as income when the performance obligations were fulfilled.

1. Commodity sales revenue

Revenue from merchandise sales is derived from sales of electronics, electrochemicals, telecommunications, electrical materials, information products and audio products. The Company recognizes revenue and accounts receivable at the point of delivery of electronics, electrochemicals, telecommunication, electrical materials, information products and audio products to the customer's designated location, at the time of shipment or at the time of pickup by the customer, when the customer has the right to set the price and use the products and has the primary responsibility for reselling the products and bears the risk of obsolescence of the products. Revenue from the sale of products in self-operated stores is recognized when the products are purchased by customers. Revenue from Internet sales is recognized when the products arrive at the customer's designated location. Advanced receipts for Internet sales are recognized as contract liabilities until the products arrive.

When the material is supplied for processing, the ownership of the processed product is not transferred; therefore, the income is not recognized when the material is supplied.

2. Licensing revenue

The licensing revenue is determined based on the actual sales volume for trademark licensing transaction.

(15) Leases

The Company assesses whether or not the arrangement is (or includes) a lease arrangement on the agreement date

1. The Company is the lessor.

When the lease term is to have all risks and returns attached to the ownership of assets transferred to the lessee, it is classified as a financing lease. All other leases are classified as operating leases.

Lease payments for operating leases upon deduction of lease incentives are recognized as income on a straight-line basis in relevant lease periods. Initial direct costs generated in the acquisition of operating leases are added to the underlying asset carrying amount and recognized as expenses on a straight-line basis in lease periods.

2. The Company is the lessee.

Except for recognizing low-value asset leases applying to exemption and lease payments for short-term leases being recognized as an expense on a straight-line basis over the lease term, other leases will be recognized as right-of-use assets and lease liabilities at the lease commencement date.

The right-of-use asset is measured at cost (including the amount equal to the lease liability at its initial recognition, lease payments made before the commencement of the lease less any lease incentives received, any initial direct costs incurred by the lessee, and an estimate of costs to be incurred by restoring the underlying asset to the condition required) less any depreciation and any accumulated impairment losses. Additionally, the cost is subsequently adjusted for any remeasurement of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the period from the commencement date of the lease to expiration of its useful life or expiration of the lease term, whichever date is earlier.

Lease liabilities are measured at the present value of the lease payments (including fixed payments). If the implied interest rate of the lease is easily determined, the lease payments will be discounted to their present value using that interest rate. If such interest rate is not easily determined, the incremental borrowing rate will be used.

Subsequently, the lease liabilities are measured at amortized cost using the effective interest method, and the interest expenses are amortized over the lease term. If changes in indices or rates utilized to determine lease payments lead to changes in future lease payments, the Company should remeasure lease liabilities and adjust right-of-use assets correspondingly. However, if right-of-use asset carrying amounts have already dropped to zero, remaining remeasurement amounts are recognized as profit or loss. Lease liabilities are presented separately in the balance sheet.

(16) Borrowing costs

Borrowing costs directly belonging to acquiring, building or producing assets that meet the requirements are part of the costs of such assets until the completion of all necessary activities that the assets reaching the status of expected use or sale.

In addition to the transaction stated in the preceding paragraph, all other loan costs are recognized as profit and loss upon occurring.

(17) Employee welfare

1. Short-term employee benefits

Liabilities relating to short-term employee benefits are measured by the non-discounted amount of the expected payment in exchange for employee services.

2. Post-employment benefits

Under the defined contribution pension plan, the pension amount appropriated during the service years of the employees is recognized as an expense.

The defined cost of benefit for defined benefit retirement plan (including the cost of service, net interest, and reevaluation) is based on the actuary of projected unit method. The net interests of the service cost (including the service cost for the current period) and net defined benefit liability (asset) are recognized as employee benefit expenses when they occur. The value of second measurement (including the profits and loss under actuary and the return on assets of the plan net or interest) shall be recognized as other comprehensive incomes and as retained earnings, if realized. No reclassification as profits and loss in subsequent periods.

Net defined benefit liability (asset) is the appropriation deficit (surplus) of the defined benefit pension plan. Net defined benefit asset shall not exceed the refund of the appropriated fund or decrease the present value of appropriation of fund in the future.

3. Termination benefits

The Company has termination benefit liability recognized when the termination benefit contract cannot be revoked or when recognizing the related reorganization cost (whichever is sooner).

(18) Share-based payment arrangement

Equity Settled Share-based Payment Agreement to Employees

For equity-settled share-based payment agreement, expenses are recognized on a straight-line basis over the vesting period based on the fair value of the equity instruments at the date of grant and the best estimate of the number of shares expected to be vested, with a simultaneous adjustment to capital surplus – employee stock options. If gain is realized as of the day of transfer, recognize as expenses in full amount as of the transfer day.

The Company revises the estimated number of equity instruments expected to be vested at each balance sheet date. If the original estimate is revised, the effect is recognized in profit or loss so that the accrued expenses reflect the revised estimate, with a corresponding adjustment to capital surplus – employee stock options.

(19) Income tax

Income tax expense is the sum of the current income tax and deferred income tax.

1. Income tax expenses in the current period

Additional income tax on unappropriated earnings is calculated in accordance with the provisions of the Income Tax Act of the Republic of China, to be recognized in the year of the shareholder resolution meeting.

The adjustment to prior period income tax payable is booked as current income tax.

2. Deferred tax

Deferred tax is computed in accordance with the temporary differences between the book value of assets and liabilities and the tax bases of taxable income.

Deferred tax liabilities are generally recognized in accordance with all taxable temporary differences. Deferred tax assets are recognized when there are likely to have taxable income available for deductible temporary difference or loss credit.

All taxable provisional differences relevant to the investment in subsidiaries and affiliates were recognized as deferred income tax liabilities, except an event while the Company' could control the time point of recovery of the control over the provisional difference or while the said provisional difference would be very likely not recoverable in the foreseeable future. The deductible temporary differences related to such investments are recognized as deferred income tax assets when there is likely a sufficient taxable income available for realizing a temporary difference and within the expected reverse in the foreseeable future.

The book amount of deferred income tax asset must be reviewed at each balance sheet date. The book amount of those that no longer have any sufficient taxable income to recover all or part of the asset, should be adjusted down. Those that are not originally recognized as deferred income tax assets should also be reexamined at each balance sheet date. The book amount of those that are likely to generate taxable income in the future for the recovery of all or part of its assets should be adjusted up.

Deferred income tax assets and liabilities are measured in accordance with the expected liability liquidation or the tax rate in the period when the asset is realized. The tax rate is based on the tax rate and tax laws that are legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax effect resulting from the book amount of the assets and liabilities expected to be recovered or liquidated at the balance sheet date.

3. Current & deferred income taxes

Current and deferred income taxes are recognized in the profit or loss, except for the current and deferred income taxes related to the items recognized in other comprehensive profit or loss or directly included in the equity are recognized in the other comprehensive profit or loss or directly included in the equity.

If the current income tax or deferred income tax is resulting from a business merger, the income tax effect is included in the accounting process for business merger

5. Main source of significant accounting judgment, estimates and assumptions uncertainty

When adopting accounting policy, the management of the Company shall make related judgments, estimations, and assumptions for information that cannot be easily retrieved from other sources based on historical experiences and other relevant factors. Actual results may differ from the estimates.

The Company has taken the economic impact of the coronavirus pandemic into consideration for significant accounting estimates, and management will review the estimates and underlying assumptions on an ongoing basis. If the amendment affects only the current estimates, it is recognized in the current period. If the amendment of accounting estimates affects both current and future periods, it is recognized in the respective current and future periods.

6. Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and working capital	$ 2,885	$ 2,260
Bank checks and demand deposits	378,905	235,699
Cash equivalents (Investment with the original maturity date within three months)		
Bonds under repurchase agreement	50,000	59,960
Bank time deposit	-	419,720
	$ 431,790	$ 717,639

The interest rate ranges for bank deposits and bonds with repurchase agreements as of the balance sheet date were as follows:

	December 31, 2020	December 31, 2019
Bank time deposit	-	2.25%~2.47%
Bonds under repurchase agreement	0.25%	2.25%~2.50%

7. Financial assets at fair value through other comprehensive profit or loss

	December 31, 2020	December 31, 2019
Non-current		
Investment of equity instruments at fair value through other comprehensive income	$ 418,903	$ 515,225

Investment of equity instruments at fair value through other comprehensive income

	December 31, 2020	December 31, 2019
Non-current		
Domestic investment		
Unlisted stock		
Common stock of Nucom International Corporation	$ 31,576	$ 30,552
Common stock of Chinese Television System Inc.	103,392	122,219
Common stock of WK ASSOCIATES LTD.	4,671	7,123
Common stock of Pushi Venture Capital Co., Ltd.	7,084	10,258
Common stock of WK VIII ASSOCIATES LTD.	4,352	5,878
Common stock of MICROMAX INTERNATIONAL CORP.	12,471	12,234
Subtotal	163,546	188,264
Foreign investment		
Unlisted stock		
Common stock of GRACE THW HOLDING	255,357	326,961
	$ 418,903	$ 515,225

The Company invested in the aforementioned common shares of companies in line with its long-term investment strategic objective with the anticipation of return from long-term investment. The management of the Company holds that the short-term fluctuation in the fair value of these investments shall be recognized as income or loss and is not congruent with the aforementioned long-term investment plan, therefore they chose to designate these investments as financial assets at fair value through other comprehensive income.

8. Financial assets based on cost after amortization

	December 31, 2020	December 31, 2019
Current		
Domestic investment		
Time deposit with the original maturity date over three months	$ 217,907	$ 179,880

As of December 31, 2020 and 2019, the interest rate ranges for time deposits with original maturities over 3 months were 0.57% to 0.72% and 2.55% to 2.75% per annum.

9. Notes receivable, accounts receivable, and other accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable		
Measured at amortized cost		
Total carrying amount – non-related parties	$ 114,410	$ 108,714
Total carrying amount – related parties	-	9
Less: Allowance for losses	(4,004)	(3,805)
	$ 110,406	$ 104,918
Accounts receivable		
Measured at amortized cost		
Total carrying amount – non-related parties	$ 288,132	$ 280,848
Total carrying amount – related parties	453	258
Less: Allowance for losses	(26,615)	(22,906)
	$ 261,970	$ 258,200
Other receivables		
Other receivables – non-related parties	$ 11,831	$ 9,515
Other receivables – related parties	4,598	17,912
Less: Allowance for losses	(575)	(960)
	$ 15,854	$ 26,467
Overdue receivables (Note 15)		
Overdue receivables	$ 32,713	$ 32,812
Less: Allowance for losses	(30,137)	(30,236)
	$ 2,576	$ 2,576

The average credit period for product sales ranges from 30 to 120 days, and no interest is charged on accounts receivable.

The Company will recognize the lifetime expected credit losses as loss allowance for accounts receivable. The full lifetime expected credit losses are calculated using Provision Matrix, which considers the historical default records and current financial status, industry economic conditions, as well as GDP forecast and industry outlook. Due to the historical experience of credit losses of the Company, there is no significant difference in the loss patterns of different customer groups. Therefore, the provision matrix does not further distinguish the customer base, and only sets the expected credit loss rate based on the overdue days of receivables.

If there is evidence that the counterparty is facing serious financial difficulties and the Company cannot reasonably expect the recoverable amount back, the Company will directly write off the relevant accounts receivable, but will continue its recourses, and the amount recovered will be recognized in profit or loss.

The Company measures loss allowance of receivables based on provision matrix as follows:

December 31, 2020

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue 61 to 90 days	Overdue for more than 90 days	Total
Total book value	$ 397,102	$ 14,155	$ 6,425	$ 1,742	$ 32,713	$ 452,137
Allowance for loss (expected credit loss of the given duration)	(25,108)	(2,783)	(2,371)	(932)	(30,137)	(61,331)
Amortized cost	$ 371,994	$ 11,372	$ 4,054	$ 810	$ 2,576	$ 390,806

December 31, 2019

	Not overdue	Overdue 1 to 30 days	Overdue 31 to 60 days	Overdue 61 to 90 days	Overdue for more than 90 days	Total
Total book value	$ 404,774	$ 12,445	$ 37	$ -	$ 32,812	$ 450,068
Allowance for loss (expected credit loss of the given duration)	(27,093)	(569)	(9)	-	(30,236)	(57,907)
Amortized cost	$ 377,681	$ 11,876	$ 28	$ -	$ 2,576	$ 392,161

The expected credit loss rate for each of the above-mentioned ranges is less than 50% for those who are not overdue and those who are less than 60 days overdue, and 50% to 100% for those who are more than 60 days overdue.

Information on the changes in the allowance for losses on receivables is as follows:

	2020	2019
Balance, beginning of year	$ 57,907	$ 60,541
Add: Recovery of bad debts written off	1,583	390
Add: Impairment loss provided for the year	1,841	-
Less: Reversal of impairment loss for the year	-	(3,024)
Balance, end of year	$ 61,331	$ 57,907

10. Inventory

	December 31, 2020	December 31, 2019
Finished good	$ 148,933	$ 159,457
Work in progress	33,663	13,473
Material	263,947	476,168
Merchandise	632,947	566,733
	$ 1,079,490	$ 1,215,831

Cost of goods sold related to inventories amounted to $5,163,076 thousand and $4,846,415 thousand for 2020 and 2019, respectively. Cost of goods sold includes losses of $(9,209) thousand and $4,903 thousand for the decline in value of inventories (gain on reversal).

As of December 31, 2020 and 2019, the allowance for decline in value of inventories and allowance for slow moving amounted to $50,504 thousand and $59,713 thousand, respectively.

11. Investment under the equity method

	December 31, 2020	December 31, 2019
Investment in subsidiaries	$ 1,589,554	$ 1,555,449
Investments in affiliates	2,739,654	2,488,254
	$ 4,329,208	$ 4,043,703

(1) Investment in subsidiaries

	December 31, 2020	December 31, 2019
Non-public/non-OTC companies		
AMIGO LOGISTICS CORPORATION	$ 451,538	$ 414,784
New Swell International Investment Co., Ltd.	82,360	215,947
QUANBAO INVESTMENT CO., LTD.	1,010,618	965,514
DEBAO HOME APPLIANCE CO., LTD.	103,259	(147,315)
SAMPO HOME INC.	420,298	437,245
SAMPO JAPAN INC.	5,627	6,105
	2,073,700	1,892,280
Add: Long-term investment credited to other liabilities	-	147,315
Less: Transfer to treasury stock	(484,146)	(484,146)
	$ 1,589,554	$ 1,555,449

The Company's ownership and voting rights in the equity of the subsidiary at the balance sheet date is as follows:

	Percentage of ownership interest and voting rights	
Subsidiary name	December 31, 2020	December 31, 2019
AMIGO LOGISTICS CORPORATION	49%	49%
New Swell International Investment Co., Ltd.	100%	100%
QUANBAO INVESTMENT CO., LTD.	100%	100%
DEBAO HOME APPLIANCE CO., LTD.	100%	100%
SAMPO HOME INC.	100%	100%
SAMPO JAPAN INC.	100%	100%

In August 2019, the board of directors of AMIGO LOGISTICS CORPORATION resolved to reduce the capital by $48,209 thousand in proportion to shareholding, and the Company recovered $23,505 thousand in proportion to the Company's shareholding, resulting in a 49% shareholding after the capital reduction.

In May 2019, the board of directors of New Swell International Investment Co., Ltd. resolved to reduce the capital and return the share price of $555,390 thousand in cash, after which the Company's shareholding was 100%.

In August 2020, the Board of Directors of Sampo Home Appliance Co., Ltd. resolved to increase the capital by $200,000 thousand in cash, and the Company's shareholding was 100% after the increase.

Please refer to Exhibit 4 for the details of the Company's indirect investment in subsidiaries.

The shares of profit or loss and other comprehensive income of the subsidiaries using the equity method for the years ended December 31, 2020 and 2019 were recognized based on the audited financial statements of each subsidiary for the same period.

(2) Investments in affiliates

	December 31, 2020	December 31, 2019
A major affiliated company		
RECHI PRECISION CO.,LTD.	$ 2,739,654	$ 2,488,254

A major affiliated company

Company name	December 31, 2020	December 31, 2019
Listed companies		
RECHI PRECISION CO.,LTD.	27%	27%

Level 1 fair value information of affiliated companies with quoted prices in the open market is as follows.

Company name	December 31, 2020	December 31, 2019
RECHI PRECISION CO.,LTD.	$ 2,834,252	$ 3,103,762

The Company measures all of the above affiliates using the equity method.

The following summarized financial information is based on the consolidated financial report of all the affiliates in conformity with IFRSs and reflected the adjustments made due to the adoption of the equity method.

RECHI PRECISION CO.,LTD.

	December 31, 2020	December 31, 2019
Current asset	$ 20,343,375	$ 17,304,310
Non-current assets	9,083,696	9,383,670
Current liability	(13,601,152)	(10,982,594)
Non-current liabilities	(5,546,112)	(6,253,485)
Equity	10,279,807	9,451,901
Non-controlling interests	(1,441,564)	(1,526,062)
	$ 8,838,243	$ 7,925,839

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	December 31, 2020	December 31, 2019
The Company's shareholding percentage	27%	27%
The Company's interests	$ 2,373,952	$ 2,122,539
Unrealized profits and losses in upstream transactions	(31)	(18)
Goodwill	365,733	365,733
Book value of investment	$ 2,739,654	$ 2,488,254
Operating revenues	$ 19,338,213	$ 20,193,662
Net profits for the year	$ 722,644	$ 649,166
Other comprehensive income	471,130	(450,600)
Total comprehensive income	$ 1,193,774	$ 198,566
Dividends received from RECHI PRECISION CO., LTD.	$ 67,763	$ 162,288

For information on the business nature, principal place of business and country of registration of the aforementioned affiliated companies, please refer to Exhibit 4, "Information on Investees, Location, etc."

12. Property, Plant and Equipment

	Proprietary land	Building	Machinery equipment	Mold equipment	Transportation equipment	Other equipment	Construction in progress	Total
Cost								
Balance as of January 1, 2020	$ 3,219,383	$ 940,885	$ 144,576	$ 500,980	$ 22,339	$ 240,954	$ 451,258	$ 5,520,375
Addition	36,536	2,168	-	25,268	4,862	780	494,862	564,476
Disposal	(287,519)	(266,804)	(199)	(10,948)	(750)	(17,554)	-	(583,774)
Reclassification	27,443	-	-	-	-	256	(27,699)	-
Balance as of December 31, 2020	$ 2,995,843	$ 676,249	$ 144,377	$ 515,300	$ 26,451	$ 224,436	$ 918,421	$ 5,501,077
Accumulated depreciation and impairment								
Balance as of January 1, 2020	$ 32,518	$ 763,828	$ 142,017	$ 455,248	$ 20,053	$ 222,954	$ -	$ 1,636,618
Disposal	-	(192,175)	(199)	(170)	(750)	(17,554)	-	(210,848)
depreciation expense	-	22,624	382	25,511	1,048	5,246	-	54,811
Balance as of December 31, 2020	$ 32,518	$ 594,277	$ 142,200	$ 480,589	$ 20,351	$ 210,646	$ -	$ 1,480,581
Net as of December 31, 2020	$ 2,963,325	$ 81,972	$ 2,177	$ 34,711	$ 6,100	$ 13,790	$ 918,421	$ 4,020,496
Cost								
Balance as of January 1, 2019	$ 3,219,383	$ 929,605	$ 144,499	$ 478,594	$ 22,339	$ 239,701	$ 103,127	$ 5,137,248
Addition	-	11,280	177	24,503	-	5,795	348,131	389,886
Disposal	-	-	(100)	(2,117)	-	(4,542)	-	(6,759)
Reclassification	-	-	-	-	-	-	-	-
Balance as of December 31, 2019	$ 3,219,383	$ 940,885	$ 144,576	$ 500,980	$ 22,339	$ 240,954	$ 451,258	$ 5,520,375
Accumulated depreciation and impairment								
Balance as of January 1, 2019	$ 32,518	$ 739,743	$ 141,691	$ 424,750	$ 18,144	$ 221,743	$ -	$ 1,578,589
Disposal	-	-	(100)	-	-	(4,543)	-	(4,643)
depreciation expense	-	24,085	426	30,498	1,909	5,754	-	62,672
Balance as of December 31, 2019	$ 32,518	$ 763,828	$ 142,017	$ 455,248	$ 20,053	$ 222,954	$ -	$ 1,636,618
Net as of December 31, 2019	$ 3,186,865	$ 177,057	$ 2,559	$ 45,732	$ 2,286	$ 18,000	$ 451,258	$ 3,883,757

The Company depreciates its property, plant and equipment on a straight-line basis over the following useful lives.

Building	2–60 years
Main structure	60 years
Mechanical and electrical power equipment	15 years
Engineering System	4 years
Others	2–10 years
Machinery equipment	5–15 years
Transportation equipment	5–7 years
Mold equipment	2–3 years
Other equipment	2–20 years

There was no indication of impairment of the above listed property, plant and equipment as assessed by the management in 2020 and 2019.

Please refer to Note 13 for a description of the sale and leaseback of land and buildings in 2020.

For the amount of property, plant and equipment pledged as collateral for loans, please refer to Note 27.

13. Lease agreement

(1) Right-of-use assets

	December 31, 2020	December 31, 2019
Carrying amount of right-of-use assets		
Building	$ 46,314	$ 50,284
Transportation equipment	5,030	9,637
	$ 51,344	$ 59,921

	2020	2019
Addition of right-of-use assets	$ 19,297	$ 4,974
Depreciation expense of right-of-use assets		
Building	$ 14,653	$ 12,918
Transportation equipment	2,889	3,068
	$ 17,542	$ 15,986

(2) Lease liabilities

	December 31, 2020	December 31, 2019
Carrying amount of lease liabilities		
Current	$ 62,322	$ 15,440
Non-current	$ 27,615	$ 44,919

The range of discount rates for lease liabilities is as follows:

	December 31, 2020	December 31, 2019
Building	1.50%	1.50%
Transportation equipment	1.50%	1.50%

(3) Important lease activities and terms

The Company leases certain buildings for plant and office use for a period of 1 to 5 years. Upon termination of the lease term, the Company has no preferential right to acquire the leased building and the Company shall not sublease or transfer all or part of the subject of the lease without the consent of the lessor.

In order to activate assets, the Company sold the land and above-ground buildings in the Dinghu Section of Guishan District, Taoyuan City to a non-related party, Genyi Construction Co., Ltd. in July 2020, for a total of $1,781,470 thousand after deducting business tax and intermediary commissions and other related expenses. Subsequently, due to the time required to vacate the original plant, it was leased back for a period of one year and three months. The leaseback transaction resulted in a right-to-use asset of $11,994 thousand and a lease liability of $59,403 thousand. Therefore, the transferred gain on disposal of land and above-ground buildings was $1,371,913 thousand, which was recorded under "Gain on disposal of property, plant and equipment."

(4) Other lease information

	2020	2019
Short-term lease expense	$ 53,004	$ 51,299
Total cash (outflow) of leases	($ 79,708)	($ 66,822)

The Company has elected to apply the recognition exemption to building leases that qualify as short-term leases and does not recognize the related right-of-use assets and lease liabilities for such leases.

14. Other assets

	December 31, 2020	December 31, 2019
Current		
Prepayment of foreign letters of credit loan	$ 170,310	$ 82,112
Prepayment for goods	139,583	53,200
Prepaid rental	2,157	3,930
Prepaid lease payments	15,086	17,923
Temporary payments	3,363	37,681
Prepaid expenses and others	76,371	60,960
	$ 406,870	$ 255,806
Non-current		
Overdue receivables (Note 9)	$ 2,576	$ 2,576
Prepaid expenses and others	380	2,092
Refundable deposits	9,909	44,007
	$ 12,865	$ 48,675

15. Loans

(1) Short-term borrowings

	December 31, 2020	December 31, 2019
Unsecured loans		
- Credit facility borrowings	$ -	$ 60,000

The interest rate on bank loans for operating turnover was 1.043% in 2019.

(2) Short-term bills payable

	December 31, 2020	December 31, 2019
Commercial papers payable	$ -	$ 490,000
Less: Discount of short-term notes and bills payable	-	(215)
	$ -	$ 489,785

The short-term bills payable but not yet due were enumerated below:

December 31, 2020: None

December 31, 2019

Guarantee/underwriting institutions	Face amount	Discounted amount	Carrying amount
Commercial papers payable (1)			
International Bills Finance Corporation	$ 200,000	($ 115)	$ 199,885
Mega Bills Finance Co., Ltd.	180,000	(49)	179,951
Mega Bills Finance Co., Ltd.	110,000	(51)	109,949
	$ 490,000	($ 215)	$ 489,785

The interest rate range of short-term bills payable for 2019 was 1.038% to 1.058%.

(3) Long-term borrowings

	Borrowing Contents		December 31, 2020	December 31, 2019
Bank of Taiwan	Total amount of loans:	NTD600,000 thousand	$ -	$ 600,000
	Nature of Borrowing:	Medium and long-term mortgage loans		
	Loan period:	2017.8.22–2022.7.20		
	Borrowing interest rate:	1.46%		
	Repayment method:	Each loan will be repaid in one lump sum on the agreed settlement date.		
Bank of Taiwan	Total amount of loans:	NTD400,000 thousand	-	400,000
	Nature of Borrowing.:	Medium and long-term mortgage loans		
	Loan period:	2019.11.25–2020.01.14		
	Borrowing interest rate:	1.06%		
	Repayment method:	Each loan will be repaid in one lump sum on the agreed settlement date.		

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	Borrowing Contents		December 31, 2020	December 31, 2019
Bank of Taiwan	Total amount of loans:	NTD100,000 thousand	$ -	$ 100,000
	Nature of Borrowing:	Medium and long-term mortgage loans		
	Loan period:	2019.12.24–2020.02.04		
	Borrowing interest rate:	1.06%		
	Repayment method:	Each loan will be repaid in one lump sum on the agreed settlement date.		
Bank of Taiwan	Total amount of loans:	NTD600,000 thousand	600,000	-
	Nature of Borrowing:	Medium and long-term mortgage loans		
	Loan period:	2020.06.01–2023.05.20		
	Borrowing interest rate:	1.15%		
	Repayment method:	Each loan will be repaid in one lump sum on the agreed settlement date.		
KGI Bank	Total amount of loans:	NTD300,000 thousand	-	300,000
	Nature of Borrowing.	Medium-term borrowings		
	Loan period:	2019.01.25–2022.01.25		
	Borrowing interest rate:	1.22%		
	Repayment method:	From 2021.01.25, Repayment of 60 million every 3 months for a total of 5 installments.		
KGI Bank	Total amount of loans:	NTD300,000 thousand	300,000	-
	Nature of Borrowing:	Medium-term borrowings		
	Loan period:	2020.10.30–2023.10.30		
	Borrowing interest rate:	1.08656%		
	Repayment method:	From 2022.10.30, Repayment of 60 million every 3 months for a total of 5 installments.		
Hua Nan Commercial Bank	Total amount of loans:	NTD150,000 thousand	-	150,000
	Nature of Borrowing:	Medium-term borrowings		
	Loan period:	2019.06.21–2021.06.21		
	Borrowing interest rate:	1.25%		
	Repayment method:	Each loan will be repaid in one lump sum on the agreed settlement date.		
Chang Hwa Bank	Total amount of loans:	NTD100,000 thousand	-	75,000
	Nature of Borrowing:	Medium-term borrowings		
	Loan period:	2017.07.04–2020.07.03		
	Borrowing interest rate:	1.40%		
	Repayment method:	From 2019.10.04, repayment of 25 million every 3 months for a total of 4 installments.		
			900,000	1,625,000
Less: Long-term loans due within one year			-	(575,000)
			$ 900,000	$ 1,050,000

The Company provides property, plant and equipment to financial institutions as collaterals for long-term loans, please refer to Note 27 for details of the collaterals.

16. Other Liabilities

	December 31, 2020	December 31, 2019
Current		
Other payables		
Salaries and bonuses payable (including employee profit sharing remuneration)	$ 212,508	$ 155,183
Pensions payable	2,332	2,143
Advertising expenses payable	21,782	19,049
Electronics disposal expenses payable	20,303	14,675
Other accrued expenses	106,419	106,803
	$ 363,344	$ 297,853
Other Liabilities		
Contract liability	$ 22,067	$ 37,033
Refund liability	303,658	303,424
	$ 325,725	$ 340,457
Non-current		
Other Liabilities		
Credit balance of investment accounted for using the equity method	$ -	$ 147,315
Temporary receipts	35,826	55,065
Deposits received	300	300
Others	730	934
	$ 36,856	$ 203,614

For a description of the nature of the Company's refund liability, see Note 20.

17. Provision for liabilities

	December 31, 2020	December 31, 2019
Current		
Warranty (1)	$ 72,845	$ 69,589
Non-current		
Warranty (1)	$ 7,265	$ 7,174
Reserve for compensation (2)	99,216	99,216
	$ 106,481	$ 106,390

	Warranty	Reserve for compensation	Total
Balance as of January 1, 2020	$ 76,763	$ 99,216	$ 175,979
Provision for the year	3,347	-	3,347
Balance as of December 31, 2020	$ 80,110	$ 99,216	$ 179,326
Balance as of January 1, 2019	$ 79,958	$ 99,216	$ 179,174
Reversal for the year	(3,195)	-	(3,195)
Balance as of December 31, 2019	$ 76,763	$ 99,216	$ 175,979

(1) Warranty liabilities reserve is based on the sale of goods contract and it is the best estimated present value of the future economic outflow due to warranty liabilities estimated by the management of the Company. The estimates are based on historical warranty experience and are subject to adjustment due to new raw materials, process changes or other events that affect product quality.

(2) Please refer to Note 28(2) for the description of reserve for compensation.

18. Post-employment benefit plans

(1) Defined contribution plans

The pension system of the "Labor Pension Act" that is applicable to the Company is a defined contribution pension plan subject to government management with an amount equivalent to 6% of the monthly salary appropriated and contributed to the personal account with the Bureau of Labor Insurance.

(2) Defined benefit plans

The company within the Company has a pension plan arranged in accordance with the "Labor Standard Law" of the Republic of China that was a defined benefit pension plan. Pension payment is calculated in accordance with the years of service and the average salary six months prior to the authorized retirement date. The Company has pension appropriated for an amount equivalent to 15% of the total monthly salary and the fund is deposited in the account with the Bank of Taiwan in the name of the Labor Pension Reserve Committee. If the estimated balance of the special account before the end of the year is not enough to pay for the workers who are expected to meet the retirement requirements in the following year, the difference will be appropriated in one lump sum by the end of March of the following year. The special account has been commissioned to the Bureau of Labor Fund of the Ministry of Labor Affairs for management. The Company contained in the financial statements exercises no influence on the right of the bureau in its investment management strategy.

The amount of defined benefit plan recognized in the individual balance sheet is shown below:

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$ 572,624	$ 580,240
The fair value of plan assets	(204,235)	(184,439)
Net defined benefit liabilities	$ 368,389	$ 395,801

Change in net defined benefit liability is shown below

	Present value of the defined benefit obligations	The fair value of plan assets	Net defined benefit liabilities
Balance as of January 1, 2019	$ 578,091	($ 163,959)	$ 414,132
service costs			
Service cost for the period	4,361	-	4,361
Interest expenses (income)	6,503	(1,929)	4,574
Recognized in profit or loss	10,864	(1,929)	8,935
Reevaluation			
Planned ROE (except the amount of net interest)	-	(5,288)	(5,288)
Actuarial (gains) losses – Changes in Demographic Assumptions	4,808	-	4,808
Actuarial (gains) losses – Change in financial assumptions	21,287	-	21,287
Actuarial (gains) losses – adjustment through experience	7,272	-	7,272
Recognized in other comprehensive income	33,367	(5,288)	28,079
Employer appropriation	-	(13,263)	(13,263)
Benefits paid	(42,082)	-	(42,082)
Balance as of December 31, 2019	580,240	(184,439)	395,801
service costs			
Service cost for the period	3,763	-	3,763
Interest expenses (income)	4,352	(1,433)	2,919
Recognized in profit or loss	8,115	(1,433)	6,682
Reevaluation			
Planned ROE (except the amount of net interest)	-	(5,817)	(5,817)
Actuarial (gains) losses – Changes in Demographic Assumptions	214	-	214
Actuarial (gains) losses – Change in financial assumptions	13,735	-	13,735
Actuarial (gains) losses – adjustment through experience	2,076	-	2,076
Recognized in other comprehensive income	16,025	(5,817)	10,208
Employer appropriation	-	(12,546)	(12,546)
Benefits paid	(31,756)	-	(31,756)
Balance as of December 31, 2020	$ 572,624	($ 204,235)	$ 368,389

The pension fund system of the company contained in the financial statements is exposed to the following risks due to the "Labor Standards Act":

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor Affairs uses the labor pension fund for investment in domestic and foreign equity securities and debt securities, and as bank deposits through proprietary trade or commissioned third parties. However, the amount attributable to the planned asset of the Company contained in the financial statements shall not fall below the interest rate offered by the banks in the regions or countries of investment for 2-year time deposit as return.
2. Interest rate risk: The decrease of the interest rate of government bonds and corporate bonds will cause the present value of the defined benefit obligations to go up; however, the return on the debt of the plan assets will go up too; therefore, they will mutually offset the impact on the net defined benefit liabilities.
3. Salary risk: the calculation of the present value of defined benefit obligation is based on the salaries of the members in the plan of the future. As such, an increase of the salaries of the members of the plan is bound to increase the present value of defined benefit obligation.

The defined benefit obligation of the company contained in the financial statements is based on the actuarial calculation of the actuary and the major assumption as of the evaluation day is shown below:

	December 31, 2020	December 31, 2019
Discount rate	0.50%	0.75%
The expected rate of increase in salaries	2.50%	2.50%

In case of reasonable and possible change in the major actuarial assumptions, and other assumptions remained unchanged, the amount of increase (decrease) in the present value of defined benefit obligation will be:

	December 31, 2020	December 31, 2019
Discount rate		
Increase by 0.25%	($ 13,735)	($ 14,362)
Decrease by 0.25%	$ 14,230	$ 14,898
The expected rate of increase in salaries		
Increase by 0.25%	$ 13,714	$ 14,389
Decrease by 0.25%	($ 13,310)	($ 13,947)

Actuarial assumptions may be inter-related. The possibility of change in specific assumption is not high. The aforementioned sensitivity analysis may not be able to reflect the actual change in the present value of defined benefit obligation.

	December 31, 2020	December 31, 2019
Amount projected for appropriation in 1 year	$ 12,580	$ 13,200
Average maturity of defined benefit obligation	10.2 years	10.6 years

19. Equity

(1) Capital stock

Common share

	December 31, 2020	December 31, 2019
Authorized number of shares (thousand shares)	1,500,000	1,500,000
Authorized capital	$ 15,000,000	$ 15,000,000
Number of shares issued and fully paid (in thousands)	387,200	387,200
Capital stock issued	$ 3,872,000	$ 3,872,000

(2) Capital surplus

	December 31, 2020	December 31, 2019
For loss make-up, payment in cash or capitalization as equity (1)		
Treasury stock transaction	$ 34,376	$ 14,824
Gain on disposal of assets	50	50
The differences between carrying amount and market price of actual acquisition or disposal of shares in subsidiaries.	2,090	2,069
Only for loss make-up		
Changes in net equity in affiliated companies and joint ventures recognized under the equity method (2)	135,183	134,431
	$ 171,699	$ 151,374

1. Such additional paid-in capital can be used to make up for losses; also, when the company is without any loss, it can be applied for cash distribution or capitalization. However, it is limited to a certain percentage of the annual paid-in capital for the purpose of capitalization.

2. Such additional paid-in capital is the equity trade effect recognized due to the changes in the subsidiary's equity when the Company has not actually acquired or disposed the equity of the subsidiary, or the amount of adjustment to the additional paid-in capital of the subsidiary recognized under the equity method.

A reconciliation of the balances of various types of capital surplus for 2020 and 2019 is as follows

	Treasury stock transaction	Gain on disposal of assets	Changes in affiliates and joint ventures recognized under the equity method	The differences between carrying amount and market price of actual acquisition or disposal of shares in subsidiaries.	Total
Balance as of January 1, 2020	$ 14,824	$ 50	$ 134,431	$ 2,069	$ 151,374
Transfer of treasury shares to employees	3,670	-	-	-	3,670
Changes in affiliates and joint ventures recognized under the equity method	-	-	752	-	752

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	Treasury stock transaction	Gain on disposal of assets	Changes in affiliates and joint ventures recognized under the equity method	The differences between carrying amount and market price of actual acquisition or disposal of shares in subsidiaries.	Total
Adjustment of capital surplus by dividends paid to subsidiaries	$ 15,882	$ -	$ -	$ -	$ 15,882
The differences between carrying amount and market price of actual acquisition or disposal of shares in subsidiaries.	-	-	-	21	21
Balance as of December 31, 2020	$ 34,376	$ 50	$ 135,183	$ 2,090	$ 171,699
Balance as of January 1, 2019	$ -	$ 50	$ 130,748	$ 2,135	$ 132,933
Changes in affiliates and joint ventures recognized under the equity method	-	-	3,683	-	3,683
Adjustment of capital surplus by dividends paid to subsidiaries	14,824	-	-	-	14,824
The differences between carrying amount and market price of actual acquisition or disposal of shares in subsidiaries.	-	-	-	(66)	(66)
Balance as of December 31, 2019	$ 14,824	$ 50	$ 134,431	$ 2,069	$ 151,374

(3) Retained earnings and Dividend Policy

According to the Articles of Incorporation, the policy for the distribution of earnings stated that if there is a surplus after account settlement of the fiscal year, the company shall pay applicable taxes and cover loss carried forward, followed by the allocation of 10% of the remainder as legal reserve, and appropriate for special reserve or reverse special reserve. If there is still a balance, it will be pooled up with the undistributed earnings carried forward from previous years for distribution as shareholder dividend under a proposal prepared by the Board subject to the final approval of the General Meeting of Shareholders. See Note 21, “7. Remuneration to Employees and Directors” for the Company’s policy on the distribution of employee and director remuneration under the Articles of Incorporation.

The Company’s dividend policy is to distribute dividends to shareholders in cash or in stock, with cash dividends being no less than 10% of the total dividends, in accordance with the Company’s current and future development plans and taking into account the investment environment, capital requirements and domestic and international competition, and the interests of shareholders.

Legal reserve shall be allocated up to the amount equivalent to the paid-in capital of the company. Legal reserve could be allocated for covering loss carried forward. If there is no loss, the amount of legal reserve in excess of the paid-in capital by 25% could be allocated as capital stock and paid out as cash dividend.

The Company has special reserve appropriated and reversed in accordance with the Jin-Guan-Zhen-Fa-Zi No. 1010012865 Letter, Jin-Guan-Zhen-Fa-Zi No. 1010047490 Letter, Jin-Guan-Zhen-Fa-Zi No. 1030006415 Letter and "Appropriation of Special Reserve Q&A after the Adoption of International Financial Reporting Standards (IFRSs).

At the shareholders' meetings held on June 12, 2020 and June 19, 2019, the Company resolved to distribute the earnings for the years 2019 and 2018, respectively, as follows.

	Earnings Distribution Proposal		Dividend Per Share (NTD)	
	2019	2018	2019	2018
Legal reserve	$ 73,896	$ 66,181	$ -	$ -
Cash dividend	570,600	531,160	1.5	1.4

The Board of Directors proposed the following earnings distribution proposal for 2020 on March 24, 2021.

	Earnings Distribution Proposal	Dividend Per Share (NTD)
Legal reserve	$178,645	$ -
Cash dividend	955,750	2.5

The earnings distribution proposal for 2020 is pending the resolution of the shareholders' meeting scheduled to be held in June 2021.

(4) Special reserve

	2020	2019
Beginning retained earnings	$ 1,688,706	$ 1,917,160
Reversal of special reserve		
Disposal of land	(95,918)	-
Disposal of non-current assets held for sale	-	(44,135)
Disposition of subsidiaries	-	(184,319)
Balance, ending	$ 1,592,788	$ 1,688,706

(5) Other equity

1. Exchange differences on translation of financial statements of foreign operations

	2020	2019
Balance, beginning of year	($ 305,398)	($ 258,372)
Generated in the year		
Translation differences of foreign operations	(2,572)	51,378
Share of affiliated companies accounted for using the equity method	31,708	(98,404)
Other comprehensive income of the current year	29,136	(47,026)
Balance, end of year	($ 276,262)	($ 305,398)

2. Unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income

	2020	2019
Beginning retained earnings	$ 134,923	($ 66,138)
Accrued in current year		
Unrealized gain or loss		
Equity instrument	(96,322)	157,170
Share of affiliated companies accounted for using the equity method	94,995	7,620
Other comprehensive income of the current year	(1,327)	164,790
The accumulated gain/loss from the disposition of equity instruments will be transferred to retained earnings.	-	36,271
Balance, end of year	$ 133,596	$ 134,923

(6) Treasury shares

Unit: 1,000 shares/thousand

Reason for recovery	Stock transfer to employees	Shares of parent company held by subsidiaries	Total
Number of shares as of January 1, 2020	7,800	10,432	18,232
Decrease in the period	(1,000)	-	(1,000)
Number of shares as of December 31, 2020	6,800	10,432	17,232
Number of shares as of January 1, 2019	8,800	10,432	19,232
Decrease in the period	(1,000)	-	(1,000)
Number of shares as of December 31, 2019	7,800	10,432	18,232
Amount as of January 1, 2020	$ 124,661	$ 484,146	$ 608,807
Decrease in the period:			
Stock transfer to employees	(15,980)	-	(15,980)
Amount as of December 31, 2020	$ 108,681	$ 484,146	$ 592,827
Amount as of January 1, 2019	$ 140,641	$ 484,146	$ 624,787
Decrease in the period:			
Stock transfer to employees	(15,980)	-	(15,980)
Amount as of December 31, 2019	$ 124,661	$ 484,146	$ 608,807

In order to protect the Company's credit and shareholders' interests, the subsidiary held the Company's shares as of the balance sheet date, and the related information is as follows.

Subsidiary name	Number of shares held (thousand shares)	Carrying amount	Market price
December 31, 2020			
QUANBAO INVESTMENT	10,050	$ 482,468	$ 261,798
AMIGO LOGISTICS CORPORATION	382	1,678	9,945
		$ 484,146	$ 271,743
December 31, 2019			
QUANBAO INVESTMENT	10,050	$ 482,468	$ 202,504
AMIGO LOGISTICS CORPORATION	382	1,678	7,693
		$ 484,146	$ 210,197

On January 8, 2020 and January 17, 2019, the Board of Directors resolved to transfer 1,000 thousand shares of treasury stock to employees in accordance with the measures for transferring treasury stock to employees. The above transfers were completed in February 2020 and February 2019, respectively, and the treasury stock of $15,980 thousand was written off.

The company's Treasury stock may not be pledged in accordance with the Security and Exchange Law; moreover, it is without the privilege of dividend and voting right. Sampo Corporation's shares held by subsidiaries are treated as treasury stock and have the same rights as those of ordinary shareholders, except that they are not allowed to participate in the capital increase of Sampo Corporation and have no voting rights.

20. Income

	2020	2019
Revenue from contracts with customer		
Merchandise sales revenue	$ 6,249,376	$ 5,795,612
Licensing revenue	21,977	17,365
Service revenues	234,822	224,674
Other income	984	65
	$ 6,507,159	$ 6,037,716

(1) Description of customer contracts

1. Merchandise sales revenue

Home appliances and electronic products are sold to distributors or through the Company's self-operated stores and online. The Company gives price discounts to distributors when they meet the contractual requirements. The amount of revenue is based on the most probable amount of the discount considering the distributor's past orders, and the refund liability (recorded as other current liabilities) is recognized accordingly. Please refer to Note 16. The rest of the products are sold at a fixed price as agreed in the contract.

In accordance with commercial practice, the Company accepts returns of home appliances and electronic products for full refund. Considering the experience accumulated in the past, the Company estimated the return rate based on the most probable amount and recognized the refund liability (recorded as other current liabilities), please refer to Note 16. Please refer to Note 17 for the description of defective warranty obligations for home appliances and electronic products.

2. Licensing revenue

The Company's trademark licensing is determined based on the actual sales volume for trademark licensing transaction.

(2) Contract balances

	2020	2019
Accounts receivable (Note 9)	$ 261,970	$ 258,200
Contract liabilities – current (Note 16)		
Merchandise sales	$ 22,067	$ 37,033

Revenue from customer contracts is mainly derived from merchandise sales. Under the contracts with customers, the Company receives advance payments from customers in advance and records contract liabilities.

21. Net profits for the year

(1) Interest income

	2020	2019
Bank deposits	$ 545	$ 1,835
Financial assets measured at amortized cost	6,187	14,101
Others	919	7,628
	$ 7,651	$ 23,564

(2) Other income

	2020	2019
Rental income	$ 21,609	$ 22,239
Dividend income	7,738	2,662
Others	34,251	30,420
	$ 63,598	$ 55,321

(3) Other gains and losses

	2020	2019
Gain on disposal of property, plant and equipment	$ 1,371,915	$ 561
Gain on disposal of non-current assets held for sale	-	361,486
Net foreign currency exchange loss	(14,117)	(19,637)
Lease modification gain	92	25
Miscellaneous expenses	(26,104)	(16,115)
	$ 1,331,786	$ 326,320

(4) Financial costs

	2020	2019
Interest on bank borrowings	$ 20,019	$ 26,954
Interest on lease liabilities	988	1,064
	$ 21,007	$ 28,018

(5) Depreciation and amortization

	2020	2019
Property, Plant and Equipment	$ 54,811	$ 62,672
Right-of-use assets	17,542	15,986
Intangible assets	39,545	42,979
Total	$ 111,898	$ 121,637
Summary of depreciation expenses by function		
Operating costs	$ 28,001	$ 33,299
Operating expenses	44,352	45,359
	$ 72,353	$ 78,658
Summary of amortization expenses by function		
Operating expenses	$ 39,545	$ 42,979

(6) Employee benefits expenses

	2020	2019
Post-employment benefits (Note 18)		
Defined contribution plans	$ 18,973	$ 18,861
Defined benefit plans	6,682	8,935
	25,655	27,796
Termination benefits	1,871	2,579
Other employee benefits	665,444	606,808
Total employee benefits expenses	$ 692,970	$ 637,183

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	2020	2019
Summary by function		
Operating costs	$ 225,329	$ 222,166
Operating expenses	467,641	415,017
	$ 692,970	$ 637,183

(7) Remuneration to employees and directors

In accordance with the Company's Articles of Incorporation, the Company appropriates no less than 1% and no more than 3% of the profits before tax and before the distribution of employees' and directors' remuneration for the year as Remuneration to employees and directors The estimated remuneration to employees and directors for 2020 and 2019 was resolved on March 24, 2021 and March 17, 2020 by the board of directors as follows.

Estimate Percentage

	2020	2019
Remuneration to employees	2.20%	2%
Remuneration to directors	0.80%	1%

Amount

	2020	2019
	Cash	Cash
Remuneration to employees	$ 45,577	$ 15,649
Remuneration to directors	16,574	7,825

If there are still changes in the amount specified in the individual financial statement after announcement, proceed to the accounting of change and adjusted for booking in the next fiscal year.

There was no difference between the actual amount of employees' and directors' remuneration paid for 2019 and 2018 and the amount recognized in the individual financial statements in 2019 and 2018.

For information on remuneration to employees and directors as resolved by the Board of Directors in 2021 and 2020, please visit the Market Observation Post System of the Taiwan Stock Exchange.

22. Income tax

(1) The main composition items recognized as income tax expenses in income:

	2020	2019
Income tax expenses in the current period		
Accrued in current year	$ 318,892	$ -
Additional levy on undistributed earnings	-	1,306
Prior year adjustment	2,038	(4,654)
Deferred tax		
Accrued in current year	(107,373)	23,376
Income tax expense recognized in the profit or loss	$ 213,557	$ 20,028

Adjustment of accounting income and income tax expense are as follows:

	2020	2019
Net profits before tax	$ 2,009,550	$ 758,991
Income tax expense of net income before tax at the statutory tax rate	$ 401,910	$ 151,798
Non-deductible expenses and losses for tax purposes	30	10,293
Non-taxable income	(338,380)	(118,165)
Additional levy on undistributed earnings	-	1,306
Land revaluation increment tax	141,958	-
Unrecognized loss carryforwards/deductible temporary differences	6,001	(20,550)
Income tax expense of prior years adjusted in the current year	2,038	(4,654)
Income tax expense recognized in the profit or loss	$ 213,557	$ 20,028

(2) Current income tax asset and liability

	December 31, 2020	December 31, 2019
Current income tax asset		
Tax refunds receivable from prior years	$ 490	$ 490
Current Tax Liability		
Income tax payables	$ 74,251	$ -

(3) Deferred income tax assets and liabilities

Changes in the deferred income tax assets and liabilities are as follows:

2020

Deferred tax assets	Balance, beginning of year	Recognized in profit or loss	Balance, end of year
Temporary difference			
Loss allowance	$ 9,901	$ 506	$ 10,407
Inventory	11,943	(1,842)	10,101
Investment accounted for under the equity method	(47,948)	15,200	(32,748)
Right-of-use assets	88	(88)	-
Other payables	137,313	14,620	151,933
Vacation benefit payable	5,794	(681)	5,113
Provision for liabilities	35,196	669	35,865
Defined benefit pension plans	(15,066)	(7,523)	(22,589)
Employee benefits payable	101	7	108
Other non-current liabilities	13	(11)	2
Exchange gain	2,236	(4,605)	(2,369)
Total	$ 139,571	$ 16,252	$ 155,823

Deferred tax liabilities	Balance, beginning of year	Recognized in profit or loss	Balance, end of year
Temporary difference			
Reserve for land revaluation increment tax (“LRIT”)	($ 820,434)	$ 91,121	($ 729,313)

2019

Deferred tax assets	Balance, beginning of year	Recognized in profit or loss	Balance, end of year
Temporary difference			
Loss allowance	$ 10,364	($ 463)	$ 9,901
Inventory	10,962	981	11,943
Investment accounted for under the equity method	(73,983)	26,035	(47,948)
Right-of-use assets	-	88	88
Other payables	143,694	(6,381)	137,313
Vacation benefit payable	4,932	862	5,794
Provision for liabilities	35,835	(639)	35,196
Defined benefit pension plans	(5,784)	(9,282)	(15,066)
Employee benefits payable	43	58	101
Other non-current liabilities	14	(1)	13
Exchange gain	(2,406)	4,642	2,236
Loss carryforward	39,276	(39,276)	-
Total	$ 162,947	($ 23,376)	$ 139,571

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Deferred tax liabilities	Balance, beginning of year	Recognized in profit or loss	Balance, end of year
Temporary difference			
Reserve for land revaluation increment tax ("LRIT")	($ 845,986)	$ 25,552	($ 820,434)

(4) The status of income tax assessment

The Company's profit-seeking enterprise income tax returns have been assessed by the tax authorities through 2018.

23. Earnings per share

The earnings and weighted average common stock shares used in calculating the earnings per share are as follows:

Net profits for the year

	2020	2019
Net profit attributable to shareholders of parent company	$ 1,795,993	$ 738,963
Net profits for the calculation of diluted earnings per share	$ 1,795,993	$ 738,963

Number of shares

Unit: shares in thousands

	2020	2019
Weighted average common stock shares used to calculate basic earnings per share	369,885	368,802
Effect of dilutive potential common stock:		
Remuneration to employees	2,546	973
Weighted average common stock shares used to calculate diluted earnings per share	372,431	369,775

If the Company may choose to have the employee compensation distributed via a stock or cash dividend, calculate the diluted earnings per share, assuming that the bonus to employees is with a stock dividend distributed, with the weighted average number of shares outstanding included when the potential common stock has a diluted effect. When diluted EPS is calculated in the next year resolves the number of share distribution for employee compensation, the dilution effect is also considered for such potential common shares.

24. Capital risk management

Under the premise of capital management for assuring sustainable operation, the Company seeks to maximize return to shareholders through the optimization of debts and equity balance.

The Company's capital structure consists of net debt (i.e. borrowings less cash and cash equivalents) and equity (i.e. capital stock, capital surplus, retained earnings and other equity items).

25. Financial instrument

(1) Information on fair value – financial instruments at fair value on repetition.

1. Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive profit or loss				
Investment in equity instruments				
- Domestic unlisted stocks	$ -	$ -	$ 163,546	$ 163,546
- Foreign unlisted stocks	-	-	255,357	255,357
Total	$ -	$ -	$ 418,903	$ 418,903

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive profit or loss				
Investment in equity instruments				
- Domestic unlisted stocks	$ -	$ -	$ 188,264	$ 188,264
- Foreign unlisted stocks	-	-	326,961	326,961
Total	$ -	$ -	$ 515,225	$ 515,225

There were no transfers between Level 1 and Level 2 fair value measurements in 2020 and 2019.

2. Financial instruments are adjusted according to Level 3 fair value.

2020

Financial asset	Financial assets at fair value through other comprehensive profit or loss Equity instrument
Beginning retained earnings	$ 515,225
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	(96,322)
Balance, ending	$ 418,903

2019

Financial asset	Financial assets at fair value through other comprehensive profit or loss Equity instrument
Beginning retained earnings	$ 358,967
Recognized in other comprehensive income (unrealized valuation gains or losses on financial assets measured at fair value through other comprehensive income)	156,921
Disposal	(663)
Balance, ending	$ 515,225

3. Evaluation techniques and an input value of Level 3 fair value measurement

The fair value of unlisted (over-the-counter) equity instruments is estimated based on an analysis of the financial condition and results of operations of the investees, the quoted prices of the shares of companies with similar operations in active markets, the value multipliers implied by these prices and relevant transaction information, and the valuation of the subject by an appropriate multiplier, taking into account the financial performance of the subject.

(2) Categories of financial instruments

	December 31, 2020	December 31, 2019
Financial asset		
Financial assets based on cost after amortization (Note 1)	$ 1,037,927	$ 1,287,104
Financial assets at fair value through other comprehensive profit or loss		
Investment in equity instruments	418,903	515,225
Financial liability		
Measured at amortized cost (Note 2)	2,011,297	3,050,707

Note 1: The balance consists of financial assets measured at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable, notes and accounts receivable from related parties, other receivables, other receivables from related parties, time deposits with original maturities of more than three months and pledged time deposits.

Note 2: The balance consists of financial liabilities measured at amortized cost, including short-term borrowings, short-term notes payable, notes payable, accounts payable, notes and accounts payable to related parties, other payables, other payables to related parties, long-term loans due within one year, and long-term loans.

(3) Purpose and policy of financial risk management

The Company's major financial instruments include investments in equity and debt instruments, accounts receivable, accounts payable and borrowings. The Company's financial management department provides services to each business unit, coordinates the operation of access to domestic and international financial markets, and monitors and manages financial risks associated with the Company's operations through internal risk reports that analyze risk exposures based on risk degree and breadth. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

1. Market risk

Due to the operating activities, the major financial risk faced by the Company is the foreign currency exchange rate risk (see (1) below) and interest rate risk (see (2) below).

(1) Exchange rate risk

The Company engages in foreign currency-denominated sales and purchase transactions, which expose the Company to exchange rate risk.

The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date are shown in Note 29.

Sensitivity analysis

The Company is prone to the impact of changes in USD exchange rates.

The Branch's sensitivity analysis for the exchange rate of NT dollar (the functional currency) to each relevant foreign currency increased or decreased by 1% is detailed as follows. The 1% sensitivity is used internally for reporting the exchange rate risk to management and is the assessment by management regarding the reasonable and possible changes in foreign exchange rates. The sensitivity analysis includes only the outstanding monetary items in foreign currency; also, the translation at year-end is adjusted in accordance with the changes in exchange rates by 1%. The positive numbers in the following table represent the increase in net profits before tax if the NTD weakens by 1% against the respective currencies, and the negative numbers for the same amount represent the decrease in net profits before tax if the NTD strengthens by 1% against the respective currencies.

	Impact of USD (i)	
	2020	2019
Profit or loss	$ 2,238	$ 8,651

(i) These receivables and payables are mainly due to the Company's outstanding USD-denominated receivables and payables that are not cash flow hedged as of the balance sheet date.

(2) Interest rate risk

Interest rate risk exposure is due to the entities within the company borrowing funds at floating interest rates.

The carrying amount of financial assets and liabilities of the Company under interest rate exposure on balance sheet date is as follows:

	December 31, 2020	December 31, 2019
With fair value interest rate risk		
Financial asset	$ 267,907	$ 659,560
Financial liability	-	549,785
Contain cash flow interest rate risk		
Financial asset	378,743	235,699
Financial liability	900,000	1,625,000

The Company is exposed to cash flow interest rate risk as a result of holding floating rate bank loans. These circumstances are consistent with the Company's policy of maintaining floating rate borrowings to reduce interest rate fair value risk. The Company's cash flow interest rate risk is mainly due to fluctuations in benchmark interest rates related to NTD-denominated borrowings.

Sensitivity analysis

The following sensitivity analyses are based on the interest rate risk exposure of the derivative and non-derivative instruments on the balance sheet date. For liabilities with floating rate, it is analyzed by assuming the liabilities on the balance sheet date are outstanding throughout the reporting period. The rate of change used by the Company to report interest rates to management is increased or decreased by 0.25%, which also represents management's assessment of the reasonably possible range of interest rates.

If interest rates had increased by 0.25%, with all other variables held constant, the Company's net profits before income tax would have decreased by $1,303 thousand and $3,473 for 2020 and 2019, respectively, mainly due to the Company's exposure to fair value interest rate risk on its floating rate borrowings.

(3) Other price risk

The Company has equity price risk exposure due to its investment in listed equity securities. The Company's management command risk by holding a diverse portfolio of risky investments. The Company's equity price risk is concentrated in the equity instruments of the TWSE and TPEx.

Sensitivity analysis

The following sensitivity analysis is based on the equity price risk at the balance sheet date.

If the equity price had increased by 1%, other comprehensive income after tax would have increased by $4,189 thousand and $5,152 thousand in 2020 and 2019, respectively, due to the increase in fair value of financial assets measured at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk that the counter party delays the contractual obligation resulting in the financial loss of the Company. As of the balance sheet date, the Company's maximum exposure to credit risk (without regard to collateral or other credit enhancement instruments and the maximum amount of irrevocable exposure) that could result in financial loss due to the counterparty's failure to perform its obligations and the Company's provision of financial guarantees was primarily attributable to.

(1) The carrying amount of financial assets recognized in the individual balance sheets.

(2) The maximum amount that the Company may be required to pay for the provision of financial guarantee without considering the probability.

The Company's credit risk is mainly concentrated in the Company's top four customers. As of December 31, 2020 and 2019, the percentage of total accounts receivable from the aforementioned customers was 43% and 46%, respectively.

3. Liquidity risk

The company has supported the Group's business operation and mitigated the impact of changes in cash flow by managing and maintaining sufficient cash and cash equivalent position. The Company's management monitors the use of banking facilities and ensures the compliance of loan agreement.

(1) Liquidity and interest rate risk table of non-derivative financial liabilities

Non-derivative financial liabilities remaining contract maturity analysis is prepared in accordance with the Company's undiscounted cash flow of financial liabilities on the possible earliest repayment date upon request. The following table shows the earliest times that the Company may be demanded to make immediate repayment of bank loans, without considering the likelihood of such demands. Maturity analysis of other non-derivative financial liabilities is prepared based on the agreed repayment date.

December 31, 2020

	Weighted average effective interest rate (%)	Less than 1 year	2–3 years	4 to 5 years	Total
Non-derivative financial liabilities					
Note and account payables	-	$ 736,260	$ -	$ -	$ 736,260
Other payables	-	375,037	-	-	375,037
lease liabilities	1.5	62,322	26,111	1,504	89,937
Floating rate instruments	1.08656~1.15	-	900,000	-	900,000
Fixed interest rate	-	-	-	-	-

December 31, 2019

	Weighted average effective interest rate (%)	Less than 1 year	2–3 years	4 to 5 years	Total
Non-derivative financial liabilities					
Note and account payables	-	$ 566,315	$ -	$ -	$ 566,315
Other payables	-	309,607	-	-	309,607
lease liabilities	1.5	15,440	28,267	16,652	60,359
Floating rate instruments	1.06~1.46	575,000	1,050,000	-	1,625,000
Fixed interest rate	1.038~1.058	549,785	-	-	549,785

Floating interest rate for the above-mentioned non-derivative financial liabilities will vary due to the differences of the floating interest rate and the interest rate estimated on the balance sheet.

(2) Financing limit

	December 31, 2020	December 31, 2019
Unsecured bank credit facility, pay upon request, is revisited annually		
Amount utilized	$ 611,000	$ 1,313,000
Amount unutilized	3,089,000	1,957,000
	$ 3,700,000	$ 3,270,000

(Continued on next page)

(Continued from previous page)

	December 31, 2020	December 31, 2019
Secured bank loan limit		
Amount utilized	$ 600,000	$ 1,100,000
Amount unutilized	600,000	100,000
	$ 1,200,000	$ 1,200,000

26. Related party transaction

Except for those disclosed in other notes, the transactions between the Company and its related parties are as follows

(1) Name of related parties and the relations

Related Party Name	Relation with the Company
AMIGO LOGISTICS CORPORATION (AMIGO LOGISTICS)	Subsidiary
New Swell International Investment Co., Ltd.	Subsidiary
DEBAO HOME APPLIANCE CO., LTD. (DEBAO HOME APPLIANCE)	Subsidiary
SAMPO HOME INC.	Subsidiary
SAMPO JAPAN INC.	Subsidiary
NISSIN GLOBAL LOGISTICS (TAIWAN) CO., LTD.	Sub-subsidiary
DONGGUAN SAMPO ELECTRONICS CO., LTD.	Sub-subsidiary
NELONG ENTERPRISE CORPORATION LTD. (NELONG Company)	Sub-subsidiary
SAMPO INTERNATIONAL FOOD SERVICE CO., LTD.	Sub-subsidiary
RECHI PRECISION CO.,LTD.	Affiliate
Dyna Rechi Co., Ltd.	Other affiliate
Nucom International Corporation	Other affiliate
SYNVISION TECHNOLOGY SERVICE CORPORATION	Other affiliate
CINCHY CORPORATION	Other affiliate
Chen Zhang Xiu Ju Culture and Education Foundation	Other affiliate
Chen Mao-Bang Industry and Commerce Development Foundation	Chairman of The Company

(2) Operating revenues

Account in book	Related party classification	2020	2019
Operating revenues	Subsidiary	$ 2,258	$ 4,696
	Sub-subsidiary	245	570
	Affiliate	929	805
	Other affiliate	6,087	414
	Chairman of The Company	928	-
		$ 10,447	$ 6,485

The sales policy for related parties is based on the general distribution price, and the collection policy is the same as that for general customers, except for the 120-day collection period for some related parties.

(3) Purchase

Account in book	Type and Name of related party	2020	2019
Purchase	Sampo Home Appliance Co., Ltd	$ 2,362,552	$ 1,802,558
	Sub-subsidiary	219,644	174,724
	Affiliate	2,966	2,630
	Other affiliate	3,294	1,925
		$ 2,588,456	$ 1,918,837

The purchase terms for the related parties are cost or cost plus 1% to 6.5% (including handling fee), while the rest of the raw materials and merchandises are better than the general manufacturers because the Company still needs to outsource the maintenance.

The Company's collection and payment policy for DEBAO HOME APPLIANCE CO., LTD. is to settle at the end of each month other receivables arising from the purchase of materials or the advance of expenses on its behalf, accounts payable for finished goods purchased from it, and prepayments made in support of its operations, which are expressed as net accounts receivable.

(4) Receivables from related party

Account in book	Related party classification	December 31, 2020	December 31, 2019
Notes receivable	Subsidiary	$ -	$ 5
	Other affiliate	-	4
		$ -	$ 9
Accounts receivable	Subsidiary	$ 8	$ 22
	Sub-subsidiary	429	225
	Other affiliate	-	2
		$ 437	$ 249
Other receivables	Sampo Home Appliance Co., Ltd	$ 1,494	$ 15,732
	Subsidiary	343	344
	Sub-subsidiary	2,600	1,209
		$ 4,437	$ 17,285

The outstanding receivables from the related party are without any guarantees collected.

(5) Payables to concerned parties (excluding loans borrowed from concerned parties)

Account in book	Type and Name of related party	December 31, 2020	December 31, 2019
Notes payable	AMIGO LOGISTICS CORPORATION	$ -	$ 67,485
	Affiliate	-	8
	Other affiliate	-	774
		$ -	$ 68,267
Accounts payable	AMIGO LOGISTICS CORPORATION	$ 81,919	$ 11,659
	Sub-subsidiary	36,017	16,928
	Affiliate	1,277	65
	Other affiliate	1,260	-
		$ 120,473	$ 28,652
Other payables	AMIGO LOGISTICS CORPORATION	$ 11,693	$ 11,754

For balance of payables to concerned parties outstanding, no guarantee has been provided.

(6) Prepayments

Type and Name of related party	December 31, 2020	December 31, 2019
NELONG Company	$ 73,288	$ 13,167
Sub-subsidiary	416	-
	$ 73,704	$ 13,167

(7) Loans to related parties

Related Party Name	December 31, 2020	December 31, 2019
SAMPO HOME INC.	$ -	$ -

Related party classification	2020	2019
Interest income		
SAMPO HOME INC.	$ -	$ 2,893

(8) Operating expenses (including freight, rental and other expenses, etc.)

Related party classification	2020	2019
Subsidiary	$ 235,266	$ 185,008
Sub-subsidiary	8,321	8,777
Affiliate	175	18
	$ 243,762	$ 193,803

(9) Other income

Related party classification	2020	2019
Subsidiary	$ 17,582	$ 16,546
Affiliate	3	-
	$ 17,585	$ 16,546

(10) Remuneration to key management

Total remuneration to directors and other key management for 2020 and 2019 was as follows.

	2020	2019
Short-term employee benefits	$ 47,215	$ 41,427
Pension benefits	989	1,053
	$ 48,204	$ 42,480

The salaries and remunerations to directors and other key management were defined by the Salary Committee in accordance with the personal performances and trends in the markets:

27. Pledged assets

The following assets had been provided as collateral for financing loans:

Guarantee items and assets	Content	Book value December 31, 2020	Book value December 31, 2019
Long-term borrowings			
Fixed asset	Land	$ 518,816	$ 518,816

28. Significant contingent liabilities and unrecognized contractual commitments

In addition to those described in other notes, the Company had the following material commitments and contingencies as of the balance sheet date.

(1) As of December 31, 2020 and 2019, the Company had unused letters of credit of US$9,177 thousand and US$6,132 thousand, respectively, for the purchase of goods and materials.

(2) During 2004, SAMPO CORPORATION sold a number of home appliances to dealer, one of which was sold by its parent company, to an end customer in the United States. The end customer later claimed that a fire caused by SAMPO’s appliances caused the damage caused by a fire in 2012 and sued dealer for compensations. Dealer and the customer had reached a settlement of their lawsuit, with paying compensation. Subsequently, Dealer filed an arbitration case with the American Arbitration Association, requesting SAMPO and Tianjin New Swell to compensate jointly and severally. The arbitration decision was rendered by the American Arbitration Association on February 3, 2016, which ruled that SAMPO and Tianjin New Swell should pay US$3,052 thousand in compensation for the relevant losses. The arbitration decision was approved by the U.S. Federal Court on January 17, 2018, which recognized the arbitration decision, but dealer has not yet done anything

concrete as of September 30, 2020, and SAMPO has not yet received any documents such as notice of the arbitration ruling that dealer has filed with the court in Taiwan.

In accordance with Article 47 Paragraph 2 of the Arbitration Law of ROC, the foreign arbitral decision shall have the same effect among the parties involved as the final judgment of the R.O.C. court if it is recognized by the R.O.C. court upon dealer’s application. On October 27, 2016, SAMPO received the Taiwan Taoyuan District Court’s 2016 Letter Zhu-Zi No. 15 for dealer’s application for recognition of the U.S. Arbitration Judgment, and based on the principle of conservatism, the Consolidated Company has made a provision of $99,216 thousand for compensation in that year.

As a result of the aforementioned claim by dealer, SAMPO turned to its insurer, Chung Kuo Insurance Co., Ltd. (hereinafter referred to as Chung Kuo Insurance), to seek compensation. In accordance with the contents of the product liability insurance policy signed with Chung Kuo Insurance, SAMPO filed a lawsuit in the court, demanding Chung Kuo Insurance to fulfill the insurance contract and compensate for the delayed interest in this case. The result of the lawsuit was unfavorable as ruled by the Taipei District Court in 2019. In 2020, SAMPO filed an appeal for the second instance trial and the case is still pending at the Taiwan High Court.

29. Information of foreign currency assets and liabilities with significant effects

The following information is expressed in foreign currencies other than the functional currencies of each entity within the Company; also, the exchange rate disclosed refers to the exchange rate used for having such foreign currency converted into the functional currency. Foreign currency assets and liabilities with significant influence as follows:

December 31, 2020 Unit: (Foreign currency/NT$1,000)

	Foreign currency	Ending exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
USD	$ 9,929	28.480	$ 282,765
JPY	5,288	0.2763	1,461
Foreign currency liabilities			
Monetary items			
USD	2,072	28.480	59,011
JPY	13,646	0.2763	3,770

December 31, 2019

Foreign currency assets	Foreign currency	Ending exchange rate	Carrying amount
Monetary items			
USD	$ 30,644	29.980	$ 918,720
JPY	20,223	0.2760	5,581
Foreign currency liabilities			
Monetary items			
USD	1,789	29.980	53,630
JPY	4,135	0.2760	1,141

The foreign exchange gains and losses (realized and unrealized) with significant impact are as follows:

	2020		2019	
Foreign currency	Average exchange rate	Net exchange gain or loss	Average exchange rate	Net exchange gain or loss
USD	31.26 (USD:NTD)	($ 14,117)	31.09 (USD:NTD)	($ 19,637)

30. Notes of disclosure

(1) Material transactions (2) and transfer investment information:

1. Loans to others: none.
2. Endorsements/guarantees for others: none.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliates and joint ventures): Exhibit 1.
4. The cumulative purchase or sale of the same security for an amount exceeding NT$300 million or 20% of paid-in capital: None.
5. The acquisition of real estate for an amount exceeding NT$300 million or 20% of paid-in capital: None.
6. The disposal of real estate for an amount exceeding NT$300 million or 20% of paid-in capital: Exhibit 2
7. The purchase or sale with the related party for an amount exceeding NT$100 million or 20% of paid-in capital: Exhibit 3.
8. Receivables from related parties reaching $100 million or 20% of paid-in capital or more. None.
9. Engagement in derivative transactions: None.
10. Information on investees: Exhibit 4

(3) Information regarding investment in the territory of Mainland China:

1. The name of the investees in Mainland China, principal business, paid-in capital, investment methods, capital outward and inward remittances, shareholding, investment gains and losses, investment carrying amount at the end of the period, repatriated investment gains and losses, and investment quota for Mainland China: Exhibit 5.

2. The following significant transactions with investees in Mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses: Exhibit 6.

   (1) Amounts and percentages of purchases and related payables at the end of the period.

   (2) Amounts and percentages of sales and related receivables at the end of the period.

   (3) Amount of property transaction and amount of the profit and/or loss so incurred.

   (4) Balance and purposes of endorsements/guarantees or collateral provided at end of the term.

   (5) The highest balance of fund financing balance at end of the term, range of interest rates and total amount of interest in the current term.

   (6) Other transactions having significant effect upon profit and/or loss or financial standing of the current term, e.g. provision or acceptance of services.

(4) Name, number and percentage of shares held by shareholders with 5% or more of the shares: Exhibit 7.

SAMPO CORPORATION

Marketable securities held – end of period

December 31, 2020

Exhibit 1

Unit: Unless otherwise stated, NT$ thousand

Holding company	Types and names of securities	Relationship with the securities issuer	Account in book	End of the period				Remarks
				Number of shares/units (in thousands)	Carrying amount	Shareholding %	Fair value	
SAMPO CORPORATION	Nucom International Corporation	Other affiliate	Financial assets at fair value through other comprehensive income or loss – non-current	882	$ 31,576	4	$ 31,576	@35.79
	Chinese Television System Inc.	–	〃	7,581	103,392	4	103,392	@13.64
	WK ASSOCIATES LTD.	–	〃	299	4,671	1	4,671	@15.62
	Pushi Venture Capital Co., Ltd.	–	〃	899	7,084	2	7,084	@7.88
	WK VIII ASSOCIATES LTD.	–	〃	867	4,352	2	4,352	@5.02
	GRACE THW HOLDING	–	〃	2,178	255,357	1	255,357	@117.26
	MICROMAX INTERNATIONAL CORP.	–	〃	3,380	12,471	19	12,471	@3.69
					$ 418,903		$ 418,903	
QUANBAO INVESTMENT CO., LTD.	SAMPO CORPORATION	Parent and Subsidiary	Financial assets at fair value through other comprehensive income or loss – non-current	10,050	$ 261,798	3	$ 261,798 (Note 1)	@26.05
	Nucom International Corporation	Other affiliate	〃	144	$ 5,154	1	$ 5,154	@35.79
AMIGO LOGISTICS CORPORATION	SAMPO CORPORATION	Parent and Subsidiary	Financial assets at fair value through other comprehensive income or loss – non-current	538	$ 14,030	-	$ 14,030 (Note 1)	@26.05
	A-KIN ALLIANCE LOGISTICS CO., LTD.	–	〃	250	$ 1,151	7	$ 1,151	@4.61

Note 1: QUANBAO INVESTMENT CO., LTD. and AMIGO LOGISTICS CORPORATION held the shares of SAMPO, which were treated as treasury stock and transferred from investments accounted for using the equity method to treasury stock with carrying amounts of $482,468 thousand and $1,678 thousand, respectively.

SAMPO CORPORATION

The disposal of real estate for an amount exceeding NT$300 million or 20% of paid-in capital

2020

Exhibit 2

Unit: Unless otherwise stated, amounts in NT$ Thousand

Company disposing property	Asset title	Date of event	Original acquisition date	Carrying amount	Trade value	The collection of proceeds	Capital gain/loss from disposition	Counterparties	Relation	Purpose of disposition	Reference for price determination	Other stipulations of the transaction
SAMPO CORPORATION	606, 619, 628, 620, 621, 630, 625, 627, 636, 567, 631, 631-1, 636-1, 636-2 and 636-3 of Dinghu Section, Guishan District, Taoyuan City and their above-ground buildings	2020.7.14	1988.8.8	$ 362,289	$ 1,800,000	Full recovery	$ 1,371,913 (Note 1)	Gen Yi Construction Co., Ltd.	None	Revitalization of company assets and efficient use of capital	In accordance with the valuation reports of Eurasian Real Estate Appraisal Associates and DTZ Real Estate Appraisal Associates, the sale will be conducted by public tender and bargaining, and the board of directors will authorize the chairman to decide.	Note 2

Note 1: The contract price of $1,800,000 thousand (including business tax), net of business tax and brokerage commission, was $1,781,470 thousand. The carrying amount of the real estate was $362,148 thousand and the non-transferred gain of $47,409 thousand from the sale and leaseback, resulting in a gain of $1,371,913 thousand from the transferred portion.

Note 2: The Company entered into a plant lease with Gen Yi Construction Co., Ltd., which was recognized as a lease agreement in accordance with IFRS 16 Sale and Leaseback Transactions.

SAMPO CORPORATION

Purchase from or sale to related parties for an amount exceeding NT$100 million or 20% of paid-in capital

2020

Exhibit 3

Unit: Unless otherwise stated, NT$ thousand

Purchase (sale) company	Counterparties	Relation	Transactions				Trading terms different from general trade and reasons		Notes and accounts receivable (payable)		Remarks
			Purchase (sale)	Amount	Percentage of total purchase (sale)	The credit period	Unit price	The credit period	Balance	Percentage of total notes and accounts receivable (payable)	
SAMPO CORPORATION	DEBAO HOME APPLIANCE CO., LTD.	Parent and Subsidiary	Purchase	$ 2,362,552	51%	Same as general suppliers	Cost plus 1% to 6.5%	—	—	—	
	NELONG ENTERPRISE CORPORATION LTD.	Parent and Sub-subsidiary	Purchase	138,919	3%	Same as general suppliers	Cost plus 1% to 6.5%	—	Accounts payable ($ 20,891)	(2%)	Note 1

Note 1: As of December 31, 2020, SAMPO's prepayment to NELONG ENTERPRISE CORPORATION LTD. was $73,288 thousand.

Note 2: Related party transactions between consolidated entities have been adjusted and eliminated

SAMPO CORPORATION

Information regarding investee's name and location, etc.

December 31, 2020

Exhibit 4

Unit: Unless otherwise stated, NT$ thousand

Investor	Name of investee	Location	Principal business	Sum of initial investment		Ending shareholding			Current period profit/loss of the investee	Recognized investments for current period (loss) profit (Note 1)	Remarks
				Current period-end	Previous period-end	Number of Shares (in thousands)	Percentage	Carrying amount			
SAMPO CORPORATION	AMIGO LOGISTICS CORPORATION	Taiwan	Warehousing, transportation	$ 209,546	$ 209,546	21,155	49	$ 449,861	$ 116,389	$ 55,943	Note 2
	RECHI PRECISION CO.,LTD.	Taiwan	Compressor manufacturing, sales	1,550,990	1,544,735	135,610	27	2,739,654	709,491	189,203	Note 3
	New Swell International Investment Co., Ltd.	British Virgin Islands	Investment holding	31,060 (USD 1,000)	31,060 (USD 1,000)	1,000	100	82,360	1,699	1,699	Note 2
	QUANBAO INVESTMENT CO., LTD.	Taiwan	Investment business	1,076,000	1,076,000	114,325	100	528,149	41,496	25,533	Note 2
	DEBAO HOME APPLIANCE CO., LTD.	Taiwan	Home appliance manufacturing and sales	200,000	200,000	20,000	100	103,259	68,200	51,794	Note 2
	SAMPO HOME INC.	Taiwan	Real estate trading, leasing	500,000	500,000	50,000	100	420,298	(10,113)	(16,947)	Note 2
	SAMPO JAPAN INC.	Japan	Marketing and Promotion	JPY 30,000	JPY 30,000	3,000	100	5,627	(484)	(484)	Note 2
	Total							$ 4,329,208		$ 306,741	
QUANBAO INVESTMENT CO., LTD.	AMIGO LOGISTICS CORPORATION	Taiwan	Warehousing, transportation	126,097	125,797	10,365	24	$ 220,905	116,389	$ 27,796	Note 2
	RECHI PRECISION CO.,LTD.	Taiwan	Compressor manufacturing, sales	92,740	92,740	4,136	1	103,515	709,491	5,804	Note 3
	NELONG ENTERPRISE CORPORATION LTD.	Taiwan	Electronics manufacturing and sales	36,600	36,600	3,660	61	52,843	19,193	11,707	Note 2
	SAMPO INTERNATIONAL FOOD SERVICE CO., LTD.	Taiwan	Food & Beverage	100,000	50,000	10,000	100	62,278	(20,848)	(20,848)	Note 2
AMIGO LOGISTICS CORPORATION	NISSIN GLOBAL LOGISTICS (TAIWAN) CO., LTD.	Taiwan	Warehousing, transportation	32,090	32,090	2,550	51	21,026	(6,096)	(3,109)	Note 2
	AMIGO HOME LIFE CO., LTD.	Taiwan	Product installation and wholesale of electrics and electronic materials	21,000	21,000	2,100	100	22,039	1,243	1,243	Note 2
New Swell International Investment Co., Ltd.	DONGGUAN SAMPO ELECTRONICS CO., LTD.	China	Manufacturing and sale of electrics and electrons equipment	USD 1,400	USD 1,400	1,400	70	USD 1,993	USD 390	USD 273	Note 2
SAMPO HOME INC.	SAMPO ASSET MANAGEMENT CO., LTD.	Taiwan	Real estate trading, leasing	10,000	10,000	1,000	100	7,753	(1,550)	(1,550)	Note 2

Note 1: The investment income or loss recognized by the Company includes investment income or loss recognized for upstream transactions recorded in the book, net of dividends paid by the parent company to its subsidiaries.

Note 2: Subsidiary included in the consolidated entities.

Note 3: Equity-method investee included in the consolidated financial statements.

Note 4: For the equity-method subsidiaries included in the consolidated financial statements, investment income or loss recognized under the equity method, and the net equity of the investee are fully eliminated.

SAMPO CORPORATION

Information regarding investment in the territory of mainland china

2020

Exhibit 5

Unit: Unless otherwise stated, NT$ thousand

Names of investees in China	Principal business	Paid-up capital	Mode of investments (Note 1)	Accumulated investment amount remitted at the beginning of the period	Amount of investment remitted or recovered in current period		Accumulated investment amount remitted at the end of the period	Current period profit/loss of the investee	Ratio of shareholding of investment directly or indirectly made by the Company	Investment gain and loss recognized in current period (Note 2)	Book value of investment at ending	The investment income received at the end of the current period	Remarks
					Outward remittance	Recover							
DONGGUAN SAMPO ELECTRONICS CO., LTD.	Manufacturing and sale of electrics and electrons equipment	USD 2 million	3	$ 42,180	$ -	$ -	$ 42,180	$ 12,204	70	$ 8,543 (Recognition basis B)	$ 56,769	$ -	

Company name	Accumulated investment from Taiwan to Mainland China at ending	Amount of investment approved by Investment Commission of MOEA	Investment amount approved by the Investment Commission MOEAIC
SAMPO CORPORATION	$ 2,105,454	$ 2,437,870	$ 4,659,178

Note 1: The investment methods can be divided into the following 5 types:

1. To invest in Mainland China companies through remittance from a third area.
2. To invest in Mainland China companies through a company invested and established in a third area.
3. To invest in Mainland China companies through reinvesting in an existing company in a third area.
4. To invest in Mainland China companies directly.
5. Other methods.

Note 2: For the field of recognized investment Income:

(1) Please mark out if there has no investment gain or loss yet because the investment is still under planning.

(2) The basis of recognition of investment income is classified into following three types, which should be marked out.

A. The financial statements have been audited by an international CPA firm with which CPA firms in the ROC. has a cooperative relationship.

B. Financial statements audited by the CPAs who audit the parent company in Taiwan.

C. Others

Note 3: In accordance with the new regulations issued by the Investment Commission of the Ministry of Economic Affairs in August 2008, the Company’s investment limit in Mainland China is calculated as 60% of the net worth or consolidated net worth, whichever is higher.

SAMPO CORPORATION

The following significant transactions with investees in Mainland China, directly or indirectly through third regions, and their prices, payment terms, and unrealized gains or losses and other related information.

2020

Exhibit 6

Unit: Unless otherwise stated, NT$ thousand

Purchase (sale) company	Counterparties	Relation	Transaction type	Purchase (sale)		Terms and conditions			Notes and accounts receivable (payable)		Unrealized gain or loss
				Balance	Percentage (%)	Price	Payment term	Comparison with general transaction	Balance	Percentage (%)	
SAMPO CORPORATION	DONGGUAN SAMPO ELECTRONICS CO., LTD.	Parent and Sub-subsidiary	Purchase	$ 80,725	2%	Cost or cost plus 1% to 6.5%	Same as general suppliers	Purchase price is better than general manufacturers	Accounts payable ($ 15,126)	(2%)	$ -

Note 1: Related party transactions between consolidated entities have been adjusted and eliminated

SAMPO CORPORATION and its Subsidiary

Information on Dominant Shareholders

December 31, 2020

Exhibit 7

Names of Dominant Shareholders	Share	
	Number of shares held	Shareholding ratio
MACLADY INVESTMENT LTD.	33,108,800	8.55%

Note 1: The information on major shareholders in this Exhibit is compiled by Taiwan Depository & Clearing Corporation based on the last business day of the quarter in which the shareholders held 5% or more of the Company’s common shares and preferred shares whose registration and delivery have been completed in non-physical form (including treasury shares). The number of shares recorded in the Company’s consolidated financial statements and the actual number of shares registered and delivered in non-physical form may differ depending on the basis of preparation of the calculations.

Note 2: If a shareholder delivers his or her shares to a trust, the above information shall be disclosed by the individual trustor account opened by the trustee. As for the shareholder’s declaration of insider’s equity in accordance with the Securities and Exchange Act, the shareholding of the shareholder includes his or her own shares plus the shares that he or she has delivered to a trust and has the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider’s equity declaration.

Index of Important accounting title Statement

SAMPO CORPORATION

Statement of Cash and cash equivalent

December 31, 2020

Statement 1 Unit: NT$ thousand

Item	Summary	Amount
Cash on hand and working capital		$ 2,885
Bank deposits		
Demand (current) deposit		333,501
Foreign currency demand deposit	USD 1,543 thousand, JPY 5,288 thousand	45,404
Bonds under repurchase agreement		50,000
		$ 431,790

Note: Ending exchange rate on December 31, 2020

USD: NTD=1: 28.48

JPY: NTD=1: 0.2763

SAMPO CORPORATION

Statement of Notes Receivable

December 31, 2020

Statement 2 Unit: NT$ thousand

Name	Summary	Amount
Old Shuangyi Industrial Co., Ltd.	Payment for goods	$ 9,382
Jinchangyi Electric Co., Ltd.	〃	9,000
CREATA CORPORATION	〃	7,935
DESING ELECTRIC APPLIANCE CO., LTD.	〃	8,000
OCEAN CCTV CO., LTD.	〃	8,176
Leading Electric Co., Ltd.	〃	6,028
Others (Note)	〃	65,889
		114,410
Less: Allowance for losses		(4,004)
		$ 110,406

Note: The amount less than 5% of the balance of this account is shown in aggregate.

SAMPO CORPORATION

Accounts receivable statement

December 31, 2020

Statement 3 | Unit: NT$ thousand

Name	Summary	Amount
General accounts receivable		
PRESICARRE CORPORATION	Payment for goods	$ 24,290
E-life Mall Corporation	〃	30,965
RT MART INTERNATIONAL LIMITED	〃	16,382
TSANN KUEN ENTERPRISE CO., LTD.	〃	22,097
TATUNG COMPANY	〃	27,011
CREATA CORPORATION	〃	15,624
Far Eastern Geant Co., Ltd	〃	15,479
JABIL CIRCUIT, INC	〃	45,651
JABIL CIRCUIT HUNGARY LTD	〃	35,477
MultiQ Pro	〃	13,572
Toshiba	〃	20,980
Others (Note)	〃	21,057
		288,585
Less: Allowance for losses		(26,615)
		$ 261,970

Note 1: The amount less than 5% of the balance of this account is shown in aggregate.

Note 2: The balance of this account includes accounts receivable from related parties.

SAMPO CORPORATION

Statement of Inventories

December 31, 2020

Statement 4 | Unit: NT$ thousand

Name	Summary	Cost	Market price
Material		$ 279,288	$ 263,947
Work in progress		33,663	33,663
Finished goods and merchandises (Note)	Air Conditioner	151,396	144,879
	Refrigerator	167,355	160,151
	LED Display	87,681	83,907
	LCD Display	103,778	99,311
	Washing Machine	82,378	78,832
	Small Electric Products	154,814	148,150
	Others	69,641	66,650
		1,129,994	$ 1,079,490
Less: Allowance for loss on decline in value of inventories		(50,504)	
		$ 1,079,490	

Note 1: The amount less than 5% of the balance of this account is shown in aggregate.

Note 2: The lower of cost or net realizable value is determined by the category comparison method. Net realizable value is defined as the estimated selling price under normal circumstances less costs and selling expenses to completion.

SAMPO CORPORATION

Statement of financial assets at fair value through other comprehensive income – non-current.

January 1 to December 31, 2020

Statement 5

Unit: NT$ thousand

Name	At beginning		Increase in the period		Decrease in the period		End of the period		Collateral or pledge
	Stock units	Fair value	Stock units	Amount	Stock units	Amount	Stock units	Fair value	
Domestic unlisted									
Nucom International Corporation	882	$ 30,552	-	$ 1,024	-	$ -	882	$ 31,576	None
Chinese Television System Inc.	7,581	122,219	-	-	-	18,827	7,581	103,392	〃
WK ASSOCIATES LTD.	299	7,123	-	-	-	2,452	299	4,671	〃
Pushi Venture Capital Co., Ltd.	899	10,258	-	-	-	3,174	899	7,084	〃
WK VIII ASSOCIATES LTD.	867	5,878	-	-	-	1,526	867	4,352	〃
GRACE THW HOLDING	2,178	326,961	-	-	-	71,604	2,178	255,357	〃
MICROMAX INTERNATIONAL CORP.	3,380	12,234	-	237	-	-	3,380	12,471	〃
		$ 515,225		$ 1,261		$ 97,583		$ 418,903	

SAMPO CORPORATION

Statement of Long-term Investment Under Equity Method

January 1 to December 31, 2020

Statement 6

Unit: Unless otherwise stated, amounts in NT$ thousand

	Beginning retained earnings		Increase in the period		Decrease in the period		Increase (decrease) in amount using the equity method (Note 3)	Balance, ending			Net market price or equity		
Name	Shares (in thousand shares)	Amount	Shares (in thousand shares)	Amount	Shares (in thousand shares)	Amount (Note 2)		Shares (in thousand shares)	Shareholding	Amount	Unit price (NTD)	Total Amount (Note 1)	Collateral or pledge
Long-term investments accounted for using the equity method.													
AMIGO LOGISTICS CORPORATION	21,155	$ 414,784	-	$ -	-	$ 21,155	$ 57,909	21,155	49	$ 451,538		$ -	None
RECHI PRECISION CO.,LTD.	135,240	2,488,254	370	6,255	-	67,763	312,908	135,610	27	2,739,654	20.90	2,834,252	〃
New Swell International Investment Co., Ltd.	1,000	215,947	-	-	-	132,707	(880)	1,000	100	82,360		-	〃
QUANBAO INVESTMENT CO., LTD.	114,325	965,514	-	-	-	-	45,104	114,325	100	1,010,618		-	〃
DEBAO HOME APPLIANCE CO., LTD.	20,000	(147,315)	20,000	200,000	20,000	-	50,574	20,000	100	103,259		-	〃
SAMPO HOME INC.	50,000	437,245	-	-	-	-	(16,947)	50,000	100	420,298		-	〃
SAMPO JAPAN INC.	3,000	6,105	-	-	-	-	(478)	3,000	100	5,627		-	〃
Add: Credit balance of Long-term investment transferred to other liabilities		147,315		-		-	(147,315)			-		-	
Less: Transfer to treasury stock		(484,146)	-	-	-	-	-			(484,146)		-	
		$ 4,043,703		$ 206,255		$ 221,625	$ 300,875			$ 4,329,208			

Note 1: Based on the closing price of TWSE and TPEx on December 31, 2020.

Note 2: The decrease in the current period was due to the cash dividends paid by AMIGO LOGISTICS CORPORATION, New Swell International Investment Co., Ltd., and RECHI PRECISION CO., LTD.

Note 3: Including the share of profit or loss of subsidiaries and affiliates recognized by the equity method, the share of other comprehensive income and the change in capital surplus.

SAMPO CORPORATION

Statement of Changes in Right-of-Use Assets

December 31, 2020

Statement 7

Unit: NT$ thousand

Item	Beginning retained earnings	Increase in the period	Decrease in the period	Balance, ending
Cost:				
Building	$ 62,810	$ 19,297	$ 11,179	$ 70,928
Transportation equipment	12,357	-	2,455	9,902
Total cost	$ 75,167	$ 19,297	$ 13,634	$ 80,830
Accumulated depreciation:				
Building	$ 12,526	$ 14,653	$ 2,565	$ 24,614
Transportation equipment	2,720	2,889	737	4,872
Total accumulated depreciation	$ 15,246	$ 17,542	$ 3,302	$ 29,486

SAMPO CORPORATION

Statement of Notes Payable

December 31, 2020

Statement 8 | Unit: NT$ thousand

Name	Summary	Amount
GUO-LI CO., LTD.	Payment for goods	$ 134,725
Others (Note)	〃	826
		$ 135,551

Note: The amount less than 5% of the balance of this account is shown in aggregate.

SAMPO CORPORATION

Accounts payable statement

December 31, 2020

Statement 9

Unit: NT$ thousand

Name	Summary	Amount
Others (Note)	Payment for goods	$ 480,236

Note: The amount less than 5% of the balance of this account is shown in aggregate.

SAMPO CORPORATION

Statement of lease liabilities

December 31, 2020

Statement 10 | Unit: NT$ thousand

Item	Lease term	Discount rate	Amount
Building	2019.01–2027.01	1.50%	$ 84,837
Transportation equipment	2019.01–2023.12	1.50%	5,100
			89,937
Less: Amount due in one year			(62,322)
			$ 27,615

SAMPO CORPORATION

Statement of Operating Income

2020

Statement 11 Unit: NT$1,000/thousand Units

Item	Quantity	Amount
Electronic revenues	293,290	$ 1,294,613
Home appliance revenues	1,571,473	4,716,264
Revenues from sale of materials		114,472
Licensing revenue		21,977
Service revenues		234,822
Others		125,011
Total operating revenues		$ 6,507,159

SAMPO CORPORATION

Statement of Operating Cost

2020

Statement 12

Unit: NT$ thousand

Item	Amount
Inventory – beginning	$ 416,006
Add: Purchase in the period	463,642
Transfer of finished products to raw materials	154,825
Less: Inventory – ending	208,958
Consumption of direct materials in the period	825,515
Add: Direct labor	8,448
Production overheads	33,297
1. Inputs in the period	867,260
Add: Work in process – beginning	13,473
Less: Work in process – ending	33,663
2. Cost of finished goods	847,070
Add: Finished goods – beginning	159,457
Less: Transfer of finished products to raw materials	154,825
Requisition of finished goods	6,962
Finished goods – ending	148,933
3. Finished goods operating costs	695,807
Service materials – beginning	60,162
Add: Purchase in the period	87,052
Less: Service materials – ending	54,989
Consumption of service materials in the period	92,225
Merchandises – beginning	566,733
Add: Purchase in the period	4,093,144
Less: Requisition of merchandises	31,040
Merchandises – ending	632,947
Merchandise Operating costs	3,995,890
Other operating costs	42,984
Conversion costs	19,335
service costs	316,835
	$ 5,163,076

SAMPO CORPORATION

Statement of Service Cost

2020

Statement 13 Unit: NT$ thousand

Item	Amount
Salaries and Bonuses	$ 162,746
Labor expense	16,821
Rental expense	18,471
Other expenses (Note)	118,797
	$ 316,835

Note: The amount less than 5% of the balance of this account is shown in aggregate.

SAMPO CORPORATION

Statement of Manufacturing Overhead

2020

Statement 14

Unit: NT$ thousand

Item	Amount
Salaries and Bonuses	$ 10,147
Labor insurance and national health insurance expenses	2,471
Support expenses	6,298
Utilities expenses	2,388
Secondary conversion costs	7,221
Pension expenses	1,954
Other expenses (Note)	2,818
	$ 33,297

Note: The amount less than 5% of the balance of this account is shown in aggregate.

SAMPO CORPORATION

Statement of Operating Expenses

2020

Statement 15 Unit: Unless otherwise stated, amounts in NT$ thousand

Name	Amount
Salary and bonus	$ 408,303
Transportation expenses	150,945
Advertising expenses	153,929
Other expenses (Note)	310,125
	$ 1,023,302

Note: The amount less than 5% of the balance of this account is shown in aggregate.

SAMPO CORPORATION

Statement of employee benefits, depreciation, depletion and amortization expenses

2020

Statement 16

Unit: NT$ thousand

	2020			2019		
Characteristics	Allocated as operating cost	Allocated as operating expenses	Total	Allocated as operating cost	Allocated as operating expenses	Total
Employee benefits expenses						
Salaries and wages	$ 181,341	$ 387,500	$ 568,841	$ 179,406	$ 338,668	$ 518,074
Labor insurance and national health insurance	19,292	26,699	45,991	18,775	27,683	46,458
Pension expenses	13,389	12,266	25,655	13,180	14,616	27,796
Remuneration to directors	-	20,803	20,803	-	12,003	12,003
Other employee benefits expenses	11,307	20,373	31,680	10,805	22,047	32,852
	$ 225,329	$ 467,641	$ 692,970	$ 222,166	$ 415,017	$ 637,183
depreciation expense	$ 28,001	$ 44,352	$ 72,353	$ 33,299	$ 45,359	$ 78,658
Amortization expenses	$ -	$ 39,545	$ 39,545	$ -	$ 42,979	$ 42,979

Note 1: The number of employees for the current year and the previous year were 679 and 681, respectively, of which the number of directors who were not also employees was 3 and 3, respectively.

Note 2: (1) The average employee benefit expenses were $994 thousand and $922 thousand for 2020 and 2019, respectively.

(2) The average employee salary expense was $841 thousand and $764 thousand in 2020 and 2019, respectively. Average employee salary expense increased by 10.08% for the 2 years.

Note 3: The Company did not have supervisors in 2020 and 2019, therefore, there was no supervisor-related remuneration.

Note 4: The Company's remuneration policy for directors, managerial officers and employees is described below.

Director

In accordance with the Company's Articles of Incorporation, if the Company makes a profit in a year, the Company shall provide not less than 1% of the annual profit for employees and not more than 3% of the annual profit for directors, and shall provide reasonable remuneration in accordance with the resolution of the Company's Remuneration Committee, taken into account the Company's operating results and their contributions to the Company's performance.

Managers

The remuneration policy of the General Manager and the Vice President is based on the relevant industry standards and the past performance of the Company. The payment standards, structure and system will be reviewed and adjusted from time to time in accordance with the actual operating conditions and changes in relevant laws and regulations and will not induce managerial officers to engage in actions that exceed the risk tolerance of the Company in pursuit of remuneration. The reasonableness of the relevant evaluations and salaries are reviewed by the Remuneration Committee and the recommendations made are submitted to the Board of Directors for discussion.

Employee

The remuneration plan is determined to maintain the competitiveness of the overall remuneration and to consider the operational performance and future development of the company. Implement a performance-based policy and offer differentiated rewards based on individual performance to reward the contributions of colleagues.