TRANSCEND INFORMATION, INC.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR20000144

To the Board of Directors and Shareholders of Transcend Information, Inc.

Opinion

We have audited the accompanying parent company only balance sheets of Transcend Information, Inc. as at December 31, 2020 and 2019, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audit of the parent company only financial statements as at and for the year ended December 31, 2020 in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China; and in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Rule No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020 and generally accepted auditing standards in the Republic of China for our audit of the parent company only financial statements as at and for the year ended December 31, 2019. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the parent company only financial statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2020 parent company only financial statements are stated as follows:

Evaluation of inventories

Description

Refer to Notes 4(12), 5(2) and 6(5) to the financial statements for the information on the Company's inventory accounting policy, estimates and assumptions and allowance for inventory valuation losses.

The percentage of the Company's inventories to total assets is material and the Company applies judgements and estimates in determining the net realizable value of inventories at the balance sheet date. The Company mainly produces DRAM and flash memory. As these products have a short life cycle and belong to a highly competitive industry, the market prices change frequently. Since the Company's inventories and the allowance for inventory valuation losses are material to the financial statements, the evaluation of inventories has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Obtained an understanding of the Company's operations and industry. Assessed the reasonableness of the policy and procedures to recognize allowance for inventory valuation losses.

B. Obtained an understanding of the Company's inventory control procedures. Reviewed annual inventory count plan and observed the annual physical count of inventory in order to assess the effectiveness of internal controls over inventory.

C. Obtained relevant evaluation reports of inventory and tested the logic and accuracy of information to assess the reasonableness of allowance for inventory valuation losses.

Estimation of allowance for sales discount

Description

In consideration of business volume, the Company provides a variety of business incentives to specific customers or products, and based on that, the Company can estimate the allowance for sales discount monthly. Refer to Notes 4(23) and 6(4) to the parent company only financial statements for the information on the estimation of allowance for sales discount.

Since the contracts are numerous and the result could affect the net revenue in the parent company only financial statements, the estimation of allowance for sales discount has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

A. Obtained an understanding of the Company's operations, industry and the procedures to recognize allowance for sales discount.

B. Obtained an understanding of the Company's sales procedures and interviewed management to assess the appropriateness of sales allowance contracts and internal control over estimation of allowance.

C. Obtained the evaluation list of allowance for sales discount, and tested material sales allowance contracts and recalculated it to assess the reasonableness of allowance determined by the Company.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

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

B. 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 Company's internal control.

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

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

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

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

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

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

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

Lin Chun-Yao Chen, Chin-Chang

Lin, Chun-Yao Chen, Chin-Chang

For and on behalf of PricewaterhouseCoopers, Taiwan

March 4, 2021

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TRANSCEND INFORMATION, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	$ 399,574	2	$ 863,583	4
Financial assets at fair value through profit or loss - current	6(2)	3,510,998	17	2,505,073	12
Current financial assets at amortised cost, net	6(3)	5,450,000	26	7,727,826	36
Notes receivable, net	6(4)	759	-	3,054	-
Accounts receivable, net	6(4)	810,648	4	898,707	4
Accounts receivable due from related parties, net	7	404,360	2	454,776	2
Other receivables		70,135	-	106,252	1
Inventories, net	6(5)	3,075,423	14	1,967,896	9
Other current assets		916	-	5,220	-
Total Current Assets		13,722,813	65	14,532,387	68
Non-current assets					
Non-current financial assets at fair value through profit or loss	6(2)	744,922	4	-	-
Non-current financial assets at fair value through other comprehensive income	6(6)	111,000	1	114,164	1
Non-current financial assets at amortised cost	6(3)	-	-	148,527	1
Investments accounted for using equity method	6(7)	2,156,258	10	2,241,388	10
Property, plant and equipment, net	6(8) and 7	1,540,175	8	1,644,401	8
Right-of-use assets	6(9) and 7	51,893	-	88,521	-
Investment property, net	6(11)	2,566,019	12	2,560,460	12
Deferred tax assets	6(23)	29,125	-	59,274	-
Other non-current assets	6(12)	27,473	-	43,977	-
Total Non-current Assets		7,226,865	35	6,900,712	32
Total Assets		$ 20,949,678	100	$ 21,433,099	100

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TRANSCEND INFORMATION, INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
Current liabilities					
Accounts payable		$ 1,132,016	6	$ 1,002,314	5
Accounts payable - related parties	7	450,706	2	457,364	2
Other payables		206,964	1	211,467	1
Other payables - related parties	7	17,564	-	17,308	-
Current tax liabilities		245,884	1	59,293	-
Current lease liabilities	7	36,815	-	36,235	-
Other current liabilities		24,572	-	26,754	-
Total Current Liabilities		2,114,521	10	1,810,735	8
Non-current liabilities					
Deferred tax liabilities	6(23)	139,689	1	155,463	1
Non-current lease liabilities	7	-	-	36,815	-
Other non-current liabilities	6(13)	23,442	-	23,238	-
Total Non-current Liabilities		163,131	1	215,516	1
Total Liabilities		2,277,652	11	2,026,251	9
Equity					
Share capital	6(14)				
Common stock		4,290,617	21	4,307,617	20
Capital surplus	6(15)				
Capital surplus		3,945,369	19	4,346,854	20
Retained earnings	6(16)				
Legal reserve		4,683,878	22	4,510,981	21
Special reserve		130,902	1	61,572	-
Unappropriated retained earnings		5,738,504	27	6,427,300	30
Other equity interest	6(17)				
Other equity interest		(117,244)	(1)	(130,902)	-
Treasury shares	6(14)	-	-	(116,574)	-
Total Equity		18,672,026	89	19,406,848	91
Significant contingent liabilities and unrecognized contract commitments	9				
Significant events after the balance sheet date	11				
Total Liabilities and Equity		$ 20,949,678	100	$ 21,433,099	100

The accompanying notes are an integral part of these parent company only financial statements.

TRANSCEND INFORMATION, INC.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan Dollars, except for earnings per share amount)

Items	Notes	2020 AMOUNT	2020 %	2019 AMOUNT	2019 %
Operating Revenue	6(18) and 7	$ 10,937,519	100	$ 12,860,887	100
Operating Costs	6(5)(22) and 7	(8,963,964)	(82)	(10,334,582)	(80)
Gross Profit		1,973,555	18	2,526,305	20
Unrealized profit from sales		(16,106)	-	(25,422)	-
Realized profit from sales		25,422	-	20,596	-
Realized Gross Profit		1,982,871	18	2,521,479	20
Operating Expenses	6(22)				
Sales and marketing expenses		(296,598)	(3)	(318,545)	(3)
Administrative expenses		(236,753)	(2)	(189,031)	(1)
Research and development expenses		(133,356)	(1)	(142,601)	(1)
Impairment loss determined in accordance with IFRS 9	6(4)	(1,029)	-	(268)	-
Total operating expenses		(667,736)	(6)	(650,445)	(5)
Operating Profit		1,315,135	12	1,871,034	15
Non-operating Income and Expenses					
Interest income	6(19)	71,174	1	189,470	1
Other income	6(20)	38,721	-	35,352	-
Other gains and losses	6(21) and 7	134,937	1	(19,261)	-
Net gain from derecognizing financial assets measured at amortized cost	6(3)	17,210	-	20,552	-
Finance costs	6(9)	(823)	-	(676)	-
Share of loss of associates and joint ventures accounted for using equity method	6(7)	(115,062)	(1)	(52,432)	-
Total non-operating income and expenses		146,157	1	173,005	1
Profit before Income Tax		1,461,292	13	2,044,039	16
Income tax expense	6(23)	(263,557)	(2)	(315,072)	(3)
Profit for the Year		$ 1,197,735	11	$ 1,728,967	13
Other Comprehensive Income (Loss)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
(Losses) gains on remeasurements of defined benefit plans	6(13)	($ 1,072)	-	$ 724	-
Unrealized (loss) gain on financial assets at fair value through other comprehensive income	6(6)(17)	(3,164)	-	27,976	-
Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method		(411)	-	479	-
Components of other comprehensive income (loss) that will be reclassified to profit or loss					
Exchange differences on translation of foreign financial statements	6(7)(17)	21,027	-	(76,620)	-
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(17)(23)	(4,205)	-	15,324	-
Other comprehensive income (loss) for the year		$ 12,175	-	($ 32,117)	-
Total Comprehensive Income		$ 1,209,910	11	$ 1,696,850	13
Earnings Per Share (in dollars)	6(23)				
Basic earnings per share			$ 2.79		$ 4.01
Diluted earnings per share			$ 2.79		$ 4.01

The accompanying notes are an integral part of these parent company only financial statements.

TRANSCEND INFORMATION, INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan Dollars)

			Capital Surplus			Retained Earnings			Other Equity Interest			
	Notes	Common stock	Additional paid-in capital	Donated assets received	Net assets from merger	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Treasury shares	Total equity
Year ended December 31, 2019												
Balance at January 1, 2019		$ 4,307,617	$ 4,565,999	$ 4,106	$ 35,128	$ 4,302,782	$ 47,247	$ 6,778,995	($ 77,165)	$ 15,593	$ -	$ 19,980,302
Net income for the year		-	-	-	-	-	-	1,728,967	-	-	-	1,728,967
Other comprehensive income (loss)	6(6)(17)	-	-	-	-	-	-	1,203	(61,296)	27,976	-	(32,117)
Total comprehensive income (loss)		-	-	-	-	-	-	1,730,170	(61,296)	27,976	-	1,696,850
Appropriation and distribution of 2018 earnings	6(16)											
Legal reserve		-	-	-	-	208,199	-	(208,199)	-	-	-	-
Cash dividends		-	-	-	-	-	-	(1,895,351)	-	-	-	(1,895,351)
Special reserve		-	-	-	-	-	14,325	(14,325)	-	-	-	-
Cash payment from capital surplus	6(16)	-	(258,458)	-	-	-	-	-	-	-	-	(258,458)
Net gain on disposal of financial assets at fair value through other comprehensive income	6(6)(17)	-	-	-	-	-	-	36,010	-	(36,010)	-	-
Expired unclaimed dividends recognized as capital surplus		-	-	79	-	-	-	-	-	-	-	79
Purchase of treasury stock		-	-	-	-	-	-	-	-	-	(116,574)	(116,574)
Balance at December 31, 2019		$ 4,307,617	$ 4,307,541	$ 4,185	$ 35,128	$ 4,510,981	$ 61,572	$ 6,427,300	($ 138,461)	$ 7,559	($ 116,574)	$ 19,406,848
Year ended December 31, 2020												
Balance at January 1, 2020		$ 4,307,617	$ 4,307,541	$ 4,185	$ 35,128	$ 4,510,981	$ 61,572	$ 6,427,300	($ 138,461)	$ 7,559	($ 116,574)	$ 19,406,848
Net income for the year		-	-	-	-	-	-	1,197,735	-	-	-	1,197,735
Other comprehensive income (loss)	6(6)(17)	-	-	-	-	-	-	(1,483)	16,822	(3,164)	-	12,175
Total comprehensive income (loss)		-	-	-	-	-	-	1,196,252	16,822	(3,164)	-	1,209,910
Appropriation and distribution of 2019 earnings	6(16)											
Legal reserve		-	-	-	-	172,897	-	(172,897)	-	-	-	-
Cash dividends		-	-	-	-	-	-	(1,544,622)	-	-	-	(1,544,622)
Special reserve		-	-	-	-	-	69,330	(69,330)	-	-	-	-
Cash payment from capital surplus	6(16)	-	(386,156)	-	-	-	-	-	-	-	-	(386,156)
Expired unclaimed dividends recognized as capital surplus		-	-	93	-	-	-	-	-	-	-	93
Purchase of treasury stock		-	-	-	-	-	-	-	-	-	(14,047)	(14,047)
Cancellation of treasury stock	6(14)	(17,000)	(15,422)	-	-	-	-	(98,199)	-	-	130,621	-
Balance at December 31, 2020		$ 4,290,617	$ 3,905,963	$ 4,278	$ 35,128	$ 4,683,878	$ 130,902	$ 5,738,504	($ 121,639)	$ 4,395	$ -	$ 18,672,026

The accompanying notes are an integral part of these parent company only financial statements.

TRANSCEND INFORMATION, INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan Dollars)

	Notes	Year ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,461,292	$ 2,044,039
Adjustments			
Adjustments to reconcile profit (loss)			
Unrealized profit from sales		16,106	25,422
Realized profit from sales		(25,422)	(20,596)
Net (gain) loss on financial assets at fair value through profit or loss	6(2)(21)	(146,883)	9,650
Share of loss of associates and joint ventures accounted for using equity method	6(7)	115,062	52,432
Expected credit loss	6(4)	1,029	268
Depreciation	6(22)	170,349	170,840
Interest income	6(19)	(71,174)	(189,470)
Interest expense	6(9)	823	676
Dividend income	6(6)(20)	(3,834)	(5,019)
Loss on disposal of property, plant and equipment	6(21)	2,098	113
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets mandatorily measured at fair value through profit or loss		(992,901)	(2,514,723)
Notes receivable		2,295	(2,182)
Accounts receivable		87,030	538,256
Accounts receivable - related parties		50,416	105,059
Other receivables		27,074	(43,764)
Inventories		(1,107,527)	1,077,844
Other current assets		4,304	(3,454)
Changes in operating liabilities			
Accounts payable		129,702	(178,642)
Accounts payable - related parties		(6,658)	(3,942)
Other payables		(4,503)	(23,399)
Other payables - related parties		256	433
Other current liabilities		21,142	(262)
Other non-current liabilities		(868)	(938)
Cash (outflow) inflow generated from operations		(270,792)	1,038,641
Dividends received		3,834	5,019
Interest received		80,217	205,261
Income tax paid		(66,796)	(380,069)
Net cash flows (used in) from operating activities		(253,537)	868,852
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of non-current financial assets at fair value through profit or loss		(611,063)	-
Proceeds from disposal of financial assets at amortised cost		6,226,353	6,457,566
Acquisition of financial assets at amortised cost		(3,800,000)	(5,249,188)
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(6)	-	76,967
Proceeds from disposal of property, plant and equipment		-	1,600
Acquisition of property, plant and equipment	6(8)	(23,654)	(66,990)
Acquisition of investment property		(1,082)	-
Decrease in other non-current financial assets		4,088	6,918
Net cash flows from investing activities		1,794,642	1,226,873
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash dividends paid (including cash payment from capital surplus)	6(16)	(1,930,778)	(2,153,809)
Repayment of lease liabilities		(37,058)	(37,512)
Expired unclaimed dividends recognized as capital surplus		93	79
Purchase of treasury stock		(37,371)	(93,250)
Net cash flows used in financing activities		(2,005,114)	(2,284,492)
Net decrease in cash and cash equivalents		(464,009)	(188,767)
Cash and cash equivalents at beginning of year		863,583	1,052,350
Cash and cash equivalents at end of year		$ 399,574	$ 863,583

The accompanying notes are an integral part of these parent company only financial statements.

TRANSCEND INFORMATION, INC.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan Dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Transcend Information, Inc. (the "Company") was incorporated under the provisions of the Company Law of the Republic of China (R.O.C.) in August 1989. The main activities of the Company are manufacturing, processing and sales of computer software and hardware, peripheral equipment and other computer components. The Securities and Futures Commission of the Republic of China had approved the Company's shares to be listed on the Taiwan Stock Exchange and the shares started trading on May 3, 2001.

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

These parent company only financial statements were authorized for issuance by the Board of Directors on March 4, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure initiative-definition of material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020
Amendment to IFRS 16, 'Covid-19-related rent concessions'	June 1, 2020 (Note)

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

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

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 4, 'Extension of the temporary exemption from applying IFRS 9'	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, 'Interest Rate Benchmark Reform— Phase 2'	January 1, 2021

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

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

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

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

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligations.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

The financial statements are presented in New Taiwan dollars, which is the Company's functional and the Company's presentation currency.

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognized in other comprehensive income.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

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

(b) Assets held mainly for trading purposes;

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

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

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

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

(b) Liabilities arising mainly from trading activities;

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

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

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

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

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

C. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognized in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognized in profit or loss.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting. (Irrevocable election is separately classified, and needs to be disclosed when there is various election).

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

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

(8) Financial assets at amortised cost

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

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

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

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

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

(9) Accounts and notes receivable

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

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

(10) Financial assets impairment

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

(11) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

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

(13) Investments accounted for using equity method-subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains on transactions between the Company and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognize losses proportionate to its ownership.

D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

E. The Company’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

F. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company’s ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.

G. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

H. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company’s ownership percentage of the associate but maintains significant influence on the associate, then ‘capital surplus’ and ‘investments accounted for under the equity method’ shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company’s ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

J. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the non-consolidated financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners’ equity in the non-consolidated financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(14) Property, plant and equipment

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

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

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

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

Buildings and structures	8 ~ 50 years
Machinery and equipment	2 ~ 10 years
Transportation equipment	3 ~ 5 years
Office equipment and others	2 ~ 5 years

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

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

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

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

(b) Variable lease payments that depend on an index or a rate.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability.

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

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 10 ~ 55 years.

(17) Impairment of non-financial assets

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

(18) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

For the defined contribution plan, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

iii. Past service costs are recognized immediately in profit or loss.

C. Employees' compensation and directors' and supervisors' remuneration

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

(20) Income tax

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

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

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

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

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

(21) Share capital

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

B. Where the Company repurchases the Company's shares that have been issued, the consideration paid, excluding any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders.

(22) Dividends

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

(23) Revenue recognition

A. Sales of goods

(a) The Company manufactures and sells computer software and hardware, computer peripheral equipment, and computer component products. When the right of control is transferred to the customer, sales revenue is recognized. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(b) Sales revenue is recognized based on the contract price, net of sales returns, volume discounts and estimated sales discount and allowances. The goods are often sold with volume discounts based on aggregate sales over a one-month period. Sales discounts and allowances are estimated and provided for based on customer contracts, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date and recognized as allowance for sales discounts. No element of financing is deemed present as the sales are made with a credit term of 30-60 days after monthly billing, which is consistent with market practice.

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

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Company recognizes the incremental costs of obtaining a contract as an expense when incurred although the Company expects to recover those costs.

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

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

(1) Critical judgements in applying the Company's accounting policies

Investment property

The Company uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation. When these portions cannot be sold separately and cannot be leased out separately under a finance lease, the property is classified as investment property only if the own use portion accounts for an insignificant portion of the property.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. The valuation of inventories is based on recent market price and demand of products in the future specific period, thus there might be significant changes in the valuation. As of December 31, 2020, the carrying amount of inventories is $3,075,423.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and petty cash	$ 677	$ 520
Checking accounts and demand deposits	398,897	863,063
	$ 399,574	$ 863,583

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

B. The Company has no cash and cash equivalents pledged to others.

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

Items	December 31, 2020	December 31, 2019
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 3,501,229	$ 2,499,764
Valuation adjustments	9,769	5,309
	$ 3,510,998	$ 2,505,073
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$ 611,063	$ -
Valuation adjustments	133,859	-
	$ 744,922	$ -

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

	Years ended December 31,	
	2020	2019
Beneficiary certificates	$ 145,108	$ 6,426
Non-hedging derivatives	1,775	(16,076)
	$ 146,883	($ 9,650)

B. The Company has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost

Items	December 31, 2020	December 31, 2019
Current items:		
Time deposits with original maturity of more than three months	$ 5,450,000	$ 6,660,680
Bonds with repurchase agreement	-	1,067,146
	$ 5,450,000	$ 7,727,826
Non-current items:		
Foreign currency bonds	$ -	$ 148,527

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

	Years ended December 31,	
	2020	2019
Interest income	$ 63,217	$ 182,539
Gain on disposal	17,210	20,552
	$ 80,427	$ 203,091

B. The Company has no financial assets at amortised cost pledged to others as collateral.

C. The Company used the forecastability of Taiwan Institute of Economic Research boom observation report to adjust historical and timely information to assess the default possibility of debt instruments on December 31, 2020 and 2019, and considered guarantee for repurchase agreement held by the Company to estimate expected credit loss. The Company does not expect material credit loss after assessment.

D. The Company transacts time deposits with reputable domestic and foreign banks, and the counterparties of the debt instrument investments are Yuanta Asset Management Limited, Yuanta Securities Co., Ltd., International Bills Finance Corporation, Standard Chartered Bank, and BNP Paribas. The Company's counterparties have good credit quality, and the impairment loss is assessed using a 12-month expected credit loss approach.

(4) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable	$ 759	$ 3,054

	December 31, 2020	December 31, 2019
Accounts receivable	$ 812,398	$ 900,740
Less: Loss allowance	(1,750)	(2,033)
	$ 810,648	$ 898,707

A. As of December 31, 2020 and 2019, the estimated sales discounts and allowances were $41,562 and $50,440, respectively. Since the sales discounts and allowances met the requirements for offset of financial liabilities and financial assets, the net amounts were shown under accounts receivable.

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

	December 31, 2020	
	Accounts receivable	Notes receivable
Not past due	$ 678,549	$ 759
Up to 30 days	126,678	-
31 to 90 days	4,114	-
91 to 180 days	-	-
Over 180 days	3,057	-
	$ 812,398	$ 759

	December 31, 2019	
	Accounts receivable	Notes receivable
Not past due	$ 719,946	$ 3,054
Up to 30 days	167,707	-
31 to 90 days	5,038	-
91 to 180 days	-	-
Over 180 days	8,049	-
	$ 900,740	$ 3,054

The above ageing analysis was based on past due date.

C. The Company has credit insurance that covers accounts receivable from major customers. Should bad debts occur, the Company will receive 90% of the losses resulting from non-payment.

D. As of December 31, 2020 and 2019, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2019, the balance of notes receivable and accounts receivable from contracts with customers amounted to $1,457,261.

E. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes receivable were $759 and $3,054, respectively; the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts receivable were $810,648 and $898,707, respectively.

F. The Company classifies customers' accounts receivable in accordance with the credit rating of the customer. The Company applies the simplified approach to estimate expected credit loss under the provision matrix basis.

G. The Company wrote-off the financial assets, which cannot reasonably be expected to be recovered, after initiating recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights. On December 31, 2020 and 2019, the Company has no written-off financial assets that are still under recourse procedures.

H. The Company used forecastability, historical and timely information to assess the loss rate of accounts receivable. On December 31, 2020 and 2019, the provision matrix is as follows:

	Not past due	1-180 days past due	Over 180 days past due	Total
December 31, 2020				
Expected loss rate	0.008%	0.04%~14.60%	25%~100%	
Total book value	$ 678,549	$ 130,792	$ 3,057	$ 812,398

	Not past due	1-180 days past due	Over 180 days past due	Total
December 31, 2019				
Expected loss rate	0.011%	0.06%~17.43%	25%~100%	
Total book value	$ 719,946	$ 172,745	$ 8,049	$ 900,740

I. The balance of allowance for loss and movements are as follows:

	2020	
	Accounts receivable	Notes receivable
At January 1	$ 2,033	$ -
Provision for impairment	1,134	-
Reclassified to overdue receivables	(178)	-
Reclassified to other income	(1,134)	-
Effect of exchange rate changes	(105)	-
At December 31	$ 1,750	$ -

	2019	
	Accounts receivable	Notes receivable
At January 1	$ 19,158	$ -
Reclassified to overdue receivables	(17,393)	-
Effect of exchange rate changes	268	-
At December 31	$ 2,033	$ -

J. The Company does not hold any collateral as security.

(5) Inventories

	December 31, 2020		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 2,161,744	($ 28,593)	$ 2,133,151
Work in progress	487,023	(1,023)	486,000
Finished goods	461,818	(5,546)	456,272
	$ 3,110,585	($ 35,162)	$ 3,075,423

	December 31, 2019		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 1,301,090	($ 25,263)	$ 1,275,827
Work in progress	335,478	(471)	335,007
Finished goods	359,901	(2,839)	357,062
	$ 1,996,469	($ 28,573)	$ 1,967,896

A. The cost of inventories recognized as expense for the year:

	Years ended December 31,	
	2020	2019
Cost of goods sold	$ 8,957,375	$ 10,403,949
Revenue from disposal of scraps	-	(19,041)
Loss on (gain on reversal of) decline in market value of inventory	6,589	(50,326)
	$ 8,963,964	$ 10,334,582

The gain on reversal of decline in market value of inventory for the year ended December 31, 2019 was due to the Company's disposal of slow-moving inventory.

B. No inventories were pledged to others.

(6) Non-current financial assets at fair value through other comprehensive income

Items	December 31, 2020	December 31, 2019
Non-current items:		
Equity instruments		
Listed stocks	$ 105,480	$ 105,480
Others	1,125	1,125
	106,605	106,605
Valuation adjustments	4,395	7,559
	$ 111,000	$ 114,164

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $111,000 and $114,164 as at December 31, 2020 and 2019, respectively.

B. For the years ended December 31, 2020 and 2019, the Company disposed equity investments whose fair value was $0 and $76,711, respectively, and accumulated gain on disposal was transferred into retained earnings in the amount of $0 and $36,010, respectively.

C. For the years ended December 31, 2020 and 2019, the Company's cost recovery of equity instruments were $0 and $256, respectively.

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

	Years ended December 31,	
	2020	2019
Equity instruments at fair value through other comprehensive income		
Fair value change recognized in other comprehensive (loss) income	($ 3,164)	$ 27,976
Cumulative gains reclassified to retained earnings due to derecognition	$ -	$ 36,010
Dividend income recognized in profit or loss		
Held at end of year	$ 3,834	$ 3,028
Derecognized during the year	-	1,991
	$ 3,834	$ 5,019

E. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(7) Investments accounted for using equity method

	2020	2019
At January 1	$ 2,241,388	$ 2,374,787
Share of profit or loss of investments accounted for using equity method	(115,062)	(52,432)
Decrease (increase) in unrealised profit from sales	9,316	(4,826)
Other comprehensive income	(411)	479
Changes in other equity items (Note 6(17))	21,027	(76,620)
At December 31	$ 2,156,258	$ 2,241,388

Investees	December 31, 2020	December 31, 2019
Subsidiaries:		
Saffire Investment Ltd.	$ 1,563,437	$ 1,650,675
Transcend Japan Inc.	257,211	244,165
Transcend Information Inc.	180,982	188,523
Transcend Korea Inc.	58,904	60,591
Associates:		
Taiwan IC Packaging Corp.	95,724	97,434
	$ 2,156,258	$ 2,241,388

A. Subsidiaries

Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2020 for the information regarding the Company's subsidiaries.

B. Associates

(a) The basic information of the associate that is material to the Company is as follows:

Associate name	Principal place of business	Shareholding ratio December 31, 2020	Shareholding ratio December 31, 2019	Nature of relationship	Method of measurement
Taiwan IC Packaging Corp.	Taiwan	12.74%	12.74%	Note	Equity method

Note: Taiwan IC Packaging Corp. is engaged in IC packaging and testing and is the upstream supplier in the IT and semiconductor industries. In order to reach synergy of vertical integration, Taiwan IC Packaging Corp. processes the raw materials provided by the Company into relevant semi-finished goods.

(b) The Company held a 12.74% equity interest in Taiwan IC Packaging Corp., and is the company's largest single shareholder. However, the Company does not hold the majority of the voting power during the shareholders' meeting of Taiwan IC Packaging Corp. and the Company has no seat in the Board of Directors of Taiwan IC Packaging Corp., which indicate that the Company has no control ability to direct the relevant activities of Taiwan IC Packaging Corp. In addition, the Company's chairman is the same with Taiwan IC Packaging Corp.;

hence, the Company has significant influence over Taiwan IC Packaging Corp.

(c) The summarized financial information of the associate that is material to the Company is as follows:

Balance sheet

	Taiwan IC Packaging Corp.	
	December 31, 2020	December 31, 2019
Current assets	$ 942,507	$ 902,115
Non-current assets	1,224,429	1,187,726
Current liabilities	(327,211)	(237,849)
Non-current liabilities	(85,765)	(88,566)
Total net assets	$ 1,753,960	$ 1,763,426
Share in associate's net assets	$ 223,480	$ 224,686
Net equity differences	(127,756)	(127,252)
	$ 95,724	$ 97,434

Statement of comprehensive income

	Taiwan IC Packaging Corp.	
	Years ended December 31,	
	2020	2019
Revenue	$ 1,210,125	$ 1,181,337
Loss for the year from continuing operations	($ 11,040)	($ 47,432)
Total comprehensive loss	($ 9,466)	($ 50,660)
Dividends received from associates	$ -	$ -

(d) Share of loss of associates accounted for using the equity method is as follows:

	Years ended December 31,	
Investee Company	2020	2019
Taiwan IC Packaging Corp.	($ 1,299)	($ 8,367)

(e) The Company's investment in Taiwan IC Packaging Corporation has quoted market price. The fair value of Taiwan IC Packaging Corporation was $239,053 and $187,366 as of December 31, 2020 and 2019, respectively.

(8) Property, plant and equipment

	2020						
	Land	Buildings and structures	Machinery	Vehicles	Office equipment	Others	Total
At January 1							
Cost	$ 601,268	$ 1,209,742	$ 449,670	$ 20,761	$ 4,802	$ 34,373	$ 2,320,616
Accumulated depreciation	-	(424,360)	(221,364)	(5,734)	(3,346)	(21,411)	(676,215)
	$ 601,268	$ 785,382	$ 228,306	$ 15,027	$ 1,456	$ 12,962	$ 1,644,401
Opening net book amount as at January 1	$ 601,268	$ 785,382	$ 228,306	$ 15,027	$ 1,456	$ 12,962	$ 1,644,401
Additions (including transfers)	-	890	13,616	1,348	1,290	6,510	23,654
Disposals	-	-	(2,098)	-	-	-	(2,098)
Depreciation charge	-	(45,706)	(68,740)	(3,581)	(867)	(6,888)	(125,782)
Closing net book amount as at December 31	$ 601,268	$ 740,566	$ 171,084	$ 12,794	$ 1,879	$ 12,584	$ 1,540,175
At December 31							
Cost	$ 601,268	$ 1,207,688	$ 389,642	$ 22,109	$ 4,691	$ 28,476	$ 2,253,874
Accumulated depreciation	-	(467,122)	(218,558)	(9,315)	(2,812)	(15,892)	(713,699)
	$ 601,268	$ 740,566	$ 171,084	$ 12,794	$ 1,879	$ 12,584	$ 1,540,175

	2019						
	Land	Buildings and structures	Machinery	Vehicles	Office equipment	Others	Total
At January 1							
Cost	$ 601,268	$ 1,203,530	$ 435,384	$ 17,980	$ 5,752	$ 35,081	$ 2,298,995
Accumulated depreciation	-	(381,942)	(179,657)	(2,699)	(3,321)	(18,677)	(586,296)
	$ 601,268	$ 821,588	$ 255,727	$ 15,281	$ 2,431	$ 16,404	$ 1,712,699
Opening net book amount as at January 1	$ 601,268	$ 821,588	$ 255,727	$ 15,281	$ 2,431	$ 16,404	$ 1,712,699
Additions (including transfers)	-	9,197	50,051	2,781	-	4,961	66,990
Disposals	-	-	(1,713)	-	-	-	(1,713)
Depreciation charge	-	(45,403)	(75,759)	(3,035)	(975)	(8,403)	(133,575)
Closing net book amount as at December 31	$ 601,268	$ 785,382	$ 228,306	$ 15,027	$ 1,456	$ 12,962	$ 1,644,401
At December 31							
Cost	$ 601,268	$ 1,209,742	$ 449,670	$ 20,761	$ 4,802	$ 34,373	$ 2,320,616
Accumulated depreciation	-	(424,360)	(221,364)	(5,734)	(3,346)	(21,411)	(676,215)
	$ 601,268	$ 785,382	$ 228,306	$ 15,027	$ 1,456	$ 12,962	$ 1,644,401

The relevant assets of the Company recognized as property, plant and equipment are all for self-use.

(9) Leasing arrangements-lessee

A. The Company's lease asset is land. Rental contracts are typically made for 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amounts of right-of-use assets and the depreciation charge are as follows:

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Land	$ 51,893	$ 88,521

	Years ended December 31,	
	2020	2019
	Depreciation charge	Depreciation charge
Land	$ 36,628	$ 30,274

C. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were $0 and $109,887, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	Years ended December 31,	
	2020	2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 823	$ 676
Expense on short-term lease contracts	5,207	3,836
Expense on leases of low-value assets	847	916

E. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases were $43,112 and $44,457, respectively.

(10) Leasing arrangements-lessor

A. The Company leases various assets including land and buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions**.** To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. For the years ended December 31, 2020 and 2019, the Company recognized rent income in the amount of $38,721 and $35,352, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2020
2021	$ 23,725
2022	3,900
2023	400
	$ 28,025

	December 31, 2019
2020	$ 36,348
2021	21,828
2022	-
	$ 58,176

(11) Investment property

	2020		
	Land	Buildings and structures	Total
At January 1			
Cost	$ 2,268,726	$ 353,247	$ 2,621,973
Accumulated depreciation	-	(61,513)	(61,513)
	$ 2,268,726	$ 291,734	$ 2,560,460
Opening net book amount as at January 1	$ 2,268,726	$ 291,734	$ 2,560,460
Additions	-	13,498	13,498
Depreciation charge	-	(7,939)	(7,939)
Closing net book amount as at December 31	$ 2,268,726	$ 297,293	$ 2,566,019
At December 31			
Cost	$ 2,268,726	$ 365,009	$ 2,633,735
Accumulated depreciation	-	(67,716)	(67,716)
	$ 2,268,726	$ 297,293	$ 2,566,019

	2019		
	Land	Buildings and structures	Total
At January 1			
Cost	$ 2,268,726	$ 355,608	$ 2,624,334
Accumulated depreciation	-	(56,883)	(56,883)
	$ 2,268,726	$ 298,725	$ 2,567,451
Opening net book amount as at January 1	$ 2,268,726	$ 298,725	$ 2,567,451
Depreciation charge	-	(6,991)	(6,991)
Closing net book amount as at December 31	$ 2,268,726	$ 291,734	$ 2,560,460
At December 31			
Cost	$ 2,268,726	$ 353,247	$ 2,621,973
Accumulated depreciation	-	(61,513)	(61,513)
	$ 2,268,726	$ 291,734	$ 2,560,460

A. Rental income from the investment property and direct operating expenses arising from investment property are shown below:

	Years ended December 31,	
	2020	2019
Rental income from investment property	$ 38,721	$ 35,352
Direct operating expenses arising from investment property that generated rental income	$ 7,231	$ 6,170
Direct operating expenses arising from investment property that did not generate rental income	$ 708	$ 821

B. The fair value of the investment property held by the Company was $5,146,932 and $4,942,639 as of December 31, 2020 and 2019, respectively, which was based on the transaction prices of similar properties in the same area.

C. No investment property was pledged to others.

(12) Other non-current assets

	December 31, 2020	December 31, 2019
Guarantee deposits paid	$ 14,549	$ 14,163
Prepayments for business facilities	-	16,926
Others	12,924	12,888
	$ 27,473	$ 43,977

(13) Pensions

A. Defined benefit plan

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

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

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	$ 43,239	$ 40,765
Fair value of plan assets	(26,678)	(24,411)
Net defined benefit liability	$ 16,561	$ 16,354

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2020			
Balance at January 1	$ 40,765	($ 24,411)	$ 16,354
Current service cost	431	-	431
Interest expense (income)	326	(200)	126
	41,522	(24,611)	16,911
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(802)	(802)
Change in demographic assumptions	105	-	105
Change in financial assumptions	527	-	527
Experience adjustments	1,242	-	1,242
	1,874	(802)	1,072
Pension fund contribution	-	(1,422)	(1,422)
Paid pension	(157)	157	-
Balance at December 31	$ 43,239	($ 26,678)	$ 16,561

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2019			
Balance at January 1	$ 41,250	($ 23,449)	$ 17,801
Current service cost	500	-	500
Interest expense (income)	464	(272)	192
	42,214	(23,721)	18,493
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(767)	(767)
Change in demographic assumptions	329	-	329
Change in financial assumptions	1,645	-	1,645
Experience adjustments	(1,931)	-	(1,931)
	43	(767)	(724)
Pension fund contribution	-	(1,415)	(1,415)
Paid pension	(1,492)	1,492	-
Balance at December 31	$ 40,765	($ 24,411)	$ 16,354

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

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

	Years ended December 31, 2020	2019
Discount rate	0.350%	0.800%
Future salary increases	1.625%	2.000%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	($ 1,306)	$ 1,364	$ 1,315	($ 1,267)
December 31, 2019				
Effect on present value of defined benefit obligation	($ 1,276)	$ 1,333	$ 1,286	($ 1,238)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amount to $1,422.

(g) As of December 31, 2020, the weighted average duration of the retirement plan is 13.7 years.

B. Defined contribution plan

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

The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2020 and 2019 were $34,696 and $35,154, respectively.

(14) Share capital

A. As of December 31, 2020, the Company's authorized capital was $5,000,000, consisting of 500 million shares of ordinary stock (including 25 million shares reserved for employee stock options), and the paid-in capital was $4,290,617 with par value of $10 per share. All proceeds from shares issued have been collected.

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

	2020	2019
At January 1	429,248	430,762
Purchase of treasury shares (retired)	(186)	(1,514)
At December 31	429,062	429,248

B. Treasury shares

(a) To enhance the Company's credit rating and stockholders' equity, on November 7, 2019, the Board of Directors resolved to repurchase and retire 3 million ordinary shares. The repurchase period is from November 8, 2019 to January 7, 2020, and the price ranged between $49 and $97 in dollars per share. The details are as follows:

Name of company holding the shares	Reason for reacquisition	Numbers of shares (in thousands)	Carrying amount
The Company	Enhance the Company's credit rating and stockholders' equity	1,700	$ 130,621

On March 5, 2020, the Board of Directors during its meeting resolved to retire treasury shares for capital reduction with the effective date set on March 31, 2020. The registration was completed on April 15, 2020.

(b) Pursuant to the R.O.C. Securities and Exchange Act, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Act, treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the

Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus shall not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

A. In accordance with the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and to offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The Company shall also set aside special reserve in accordance with the regulations. On the premise that there is no effect on the Company's normal operations and no violation of regulations, the Company shall reserve certain amount for maintaining stability of dividends. The remainder, if any, is the distributable earnings to be appropriated as resolved by stockholders at the stockholders' meeting. The Board of Directors is authorized by the shareholders to resolve the appropriation of cash dividends and cash payment from capital surplus by a resolution adopted by a majority vote at its meeting attended by two-thirds of the total number of directors, which will then be reported to the shareholders.

B. The Company distributes dividends taking into consideration the Company's economic environment, growth phases, future demands for funds, long-term financial planning and the cash flow needs of stockholders. Cash dividends shall account for at least 5% of the total dividends distributed.

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

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

E. (a) The cash appropriation of earnings and cash payment from capital surplus for the years ended December 31, 2019 and 2018 have been resolved at the shareholders' meeting on June 19, 2020 and June 12, 2019, respectively. Details are summarized below:

	Year ended December 31, 2019			Year ended December 31, 2018		
	Amount		Dividends per share (in dollars)	Amount		Dividends per share (in dollars)
Legal reserve	$ 172,897			$ 208,199		
Special reserve	69,330			14,325		
Cash dividends	1,544,622	$	3.60	1,895,351	$	4.40
	$ 1,786,849			$ 2,117,875		

	Amount		Cash payment per share (in dollars)	Amount		Cash payment per share (in dollars)
Cash payment from capital surplus	$ 386,156	$	0.90	$ 258,458	$	0.60

Actual distribution of retained earnings of 2019 and 2018 is in agreement with the amounts resolved at the stockholders' meeting.

(b) The appropriation of earnings and capital surplus for the year ended December 31, 2020 as proposed by the Board of Directors on March 4, 2021 is as follows:

	Year ended December 31, 2020		
	Amount		Dividends per share (in dollars)
Legal surplus	$ 119,625		
Cash dividends	1,094,107	$	2.55
Total	$ 1,213,732		

	Amount		Cash dividends per share (in dollars)
Capital surplus used to issue cash to shareholders	$ 214,531	$	0.50

Aforementioned proposal to appropriate 2020 earnings and capital surplus has not yet been resolved by the stockholders.

(17) Other equity items

	2020		
	Unrealized gain or loss on valuation	Exchange differences on translation of foreign financial statements	Total
At January 1	$ 7,559	($ 138,461)	($ 130,902)
Revaluation - gross	(3,164)	-	(3,164)
Currency translation differences	-	21,027	21,027
Effect from income tax	-	(4,205)	(4,205)
At December 31	$ 4,395	($ 121,639)	($ 117,244)

	2019		
	Unrealized gain or loss on valuation	Exchange differences on translation of foreign financial statements	Total
At January 1	$ 15,593	($ 77,165)	($ 61,572)
Revaluation - gross	27,976	-	27,976
Revaluation transferred to retained earnings - gross	(36,010)	-	(36,010)
Currency translation differences	-	(76,620)	(76,620)
Effect from income tax	-	15,324	15,324
At December 31	$ 7,559	($ 138,461)	($ 130,902)

(18) Operating revenue

	Years ended December 31,	
	2020	2019
Sales revenue	$ 10,937,519	$ 12,860,887

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following geographical regions:

Year ended December 31, 2020	Electronic products					
	Taiwan	Asia	America	Europe	Others	Total
Revenue from external customer contracts	$ 2,521,695	$ 3,853,319	$ 1,032,850	$ 2,666,174	$ 863,481	$ 10,937,519

Year ended December 31, 2019	Electronic products					
	Taiwan	Asia	America	Europe	Others	Total
Revenue from external customer contracts	$ 2,794,634	$ 4,439,071	$ 1,021,685	$ 3,627,834	$ 977,663	$ 12,860,887

B. The delay of the Company's sales orders has a knock-on effect on the overall revenue due to Covid-19 in the first half of 2020. However, there is no significant impact to the scope and price of the service contracts as the Company negotiated with customers and continuously invests in the manufacture of products for the subsequent shipments.

C. Contract assets and liabilities

The Company has no revenue-related contract assets and liabilities.

(19) Interest income

	Years ended December 31,	
	2020	2019
Interest income from bank deposits	$ 2,741	$ 6,798
Interest income from financial assets measured at amortised cost	63,217	182,539
Other interest income	5,216	133
	$ 71,174	$ 189,470

(20) Other income

	Years ended December 31,	
	2020	2019
Rental income	$ 38,721	$ 35,352

(21) Other gains and losses

	Years ended December 31,	
	2020	2019
Loss on disposal of property, plant and equipment	($ 2,098)	($ 113)
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	146,883	(9,650)
Net currency exchange loss	(34,871)	(26,134)
Dividend income	3,834	5,019
Others	21,189	11,617
	$ 134,937	($ 19,261)

(22) Expenses by nature

	Years ended December 31,	
	2020	2019
Wages and salaries	$ 767,838	$ 764,734
Labor and health insurance fees	69,488	69,967
Pension costs	35,253	35,846
Other personnel expenses	41,598	42,441
Directors' remuneration	7,626	8,282
Depreciation on property, plant and equipment (including investment property)	170,349	170,840

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 0.2% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at $15,225 and $21,398, respectively; while directors' remuneration was accrued at $2,131 and $2,996, respectively. The aforementioned amounts were recognized in salary expenses.

   The employees' compensation and directors' remuneration were estimated and accrued based on 1% and 0.2% of distributable profit of current period for the year ended December 31, 2020.

   The employees' compensation and directors' remuneration resolved by the Board of Directors were $14,786 and $2,160, respectively, and the employees' compensation will be distributed in the form of cash.

   The difference between employees' compensation and directors' remuneration as resolved by the Board of Directors and the amounts recognized in the 2019 financial statements by $714 and $206, respectively, were adjusted in profit or loss for 2020.

   Information about employees' compensation and directors' remuneration of the Company as approved at the meeting of Board of Directors and resolved by the stockholders at their meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2020	Years ended December 31, 2019
Current tax:		
Current tax on profits for the year	$ 252,898	$ 315,313
Prior year income tax underestimation (overestimation)	489	(5,824)
Total current tax	253,387	309,489
Deferred tax:		
Origination and reversal of temporary differences	10,170	5,583
Total deferred tax	10,170	5,583
Income tax expense	$ 263,557	$ 315,072

(b) The income tax relating to components of other comprehensive income is as follows:

	Years ended December 31, 2020	Years ended December 31, 2019
Exchange differences on translation of foreign financial statements	$ 4,205	($ 15,324)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2020	Years ended December 31, 2019
Income tax calculated by applying statutory rate to the profit before tax	$ 292,258	$ 408,808
Effects from items disallowed by tax regulation (including effects from tax exemption)	(28,597)	(86,458)
Prior year income tax underestimation (overestimation)	489	(5,824)
Effect from investment tax credits	(593)	(1,454)
Income tax expenses	$ 263,557	$ 315,072

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

	2020			
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31
Deferred income tax assets				
Amount of allowance for bad debts that exceed the limit for tax purpose	$ 1,857	($ 248)	$ -	$ 1,609
Unrealized exchange loss	30,166	(30,166)	-	-
Pension provision amount in excess of appropriation amount	5,310	(173)	-	5,137
Royalty fees	-	4,342	-	4,342
Unrealized sales discounts and allowances	10,088	(1,775)	-	8,313
Unrealized gross profit from sales	6,138	(3,446)	-	2,692
Unrealized loss on market value decline and obsolete and slow-moving inventories	5,715	1,317	-	7,032
Total	$ 59,274	($ 30,149)	$ -	$ 29,125
Deferred income tax liabilities				
Unrealized exchange gain	$ -	($ 2,774)	$ -	($ 2,774)
Currency translation differences	(3,802)	-	(4,205)	(8,007)
Net gain on investment accounted for using equity method	(151,575)	22,753	-	(128,822)
Others	(86)	-	-	(86)
Total	($ 155,463)	$ 19,979	($ 4,205)	($ 139,689)

	2019			
	At January 1	Recognized in profit or loss	Recognized in other comprehensive income	At December 31
Deferred income tax assets				
Amount of allowance for bad debts that exceed the limit for tax purpose	$ 521	$ 1,336	$ -	$ 1,857
Unrealized exchange loss	36,890	(6,724)	-	30,166
Pension provision amount in excess of appropriation amount	5,455	(145)	-	5,310
Unrealized sales discounts and allowances	9,842	246	-	10,088
Unrealized gross profit from sales	5,182	956	-	6,138
Unrealized loss on market value decline and obsolete and slow-moving inventories	15,780	(10,065)	-	5,715
Total	$ 73,670	($ 14,396)	$ -	$ 59,274
Deferred income tax liabilities				
Currency translation differences	($ 19,126)	$ -	$ 15,324	($ 3,802)
Net gain on investment accounted for using equity method	(160,388)	8,813	-	(151,575)
Others	(86)	-	-	(86)
Total	($ 179,600)	$ 8,813	$ 15,324	($ 155,463)

D. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2020	December 31, 2019
Deductible temporary differences	$ 73,173	$ 73,173

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

(24) Earnings per share

	Year ended December 31, 2020		
	Profit after tax	Weighted-average common shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,197,735	429,064	$ 2.79
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,197,735	429,064	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	366	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,197,735	429,430	$ 2.79

	Year ended December 31, 2019		
	Profit after tax	Weighted-average common shares outstanding (in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,728,967	430,718	$ 4.01
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,728,967	430,718	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	441	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,728,967	431,159	$ 4.01

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
Transcend Japan Inc.	Subsidiary
Transcend Information Inc.	Subsidiary
Transcend Korea Inc.	Subsidiary
Transcend Information Europe B.V.	Subsidiary
Transcend Information Trading GmbH, Hamburg	Subsidiary
Transcend Information (H.K.) Ltd.	Subsidiary
Transcend Information (Shanghai), Ltd. (Transcend Shanghai)	Subsidiary
Transtech Trading (Shanghai) Co., Ltd.	Subsidiary
Transcend Information (Hong Kong), Ltd.	Subsidiary
Taiwan IC Packaging Corporation	Associate accounted for using equity method
Won Chin Investment Inc. (Won Chin)	Major stockholder
Cheng Chuan Technology Development Inc. (Cheng Chuan)	Major stockholder

(2) Significant transactions and balances with related parties

A. Operating revenue

	Years ended December 31, 2020	Years ended December 31, 2019
Sales of goods		
－Subsidiary	$ 3,392,429	$ 3,880,128
－Associates accounted for using the equity method	2,016	1,828
	$ 3,394,445	$ 3,881,956

The sales prices charged to related parties are approximate to those charged to third parties. The credit term to related parties was 120 days after monthly billings, excluding the credit term of 30 days after delivery to Taiwan IC Packaging Corporation, and the credit term to general customers was 30 to 60 days after monthly billings.

B. Purchases

	Years ended December 31, 2020	Years ended December 31, 2019
Purchases of goods		
－Subsidiary	$ -	$ 1,194
－Associates accounted for using the equity method	231,335	273,949
	$ 231,335	$ 275,143

The purchase prices charged by related parties are approximate to those charged by third parties. The payment term to the Company's associate accounted for using equity method, Taiwan IC Packaging Corporation, is 30 days after monthly billings.

C. Accounts receivable

	December 31, 2020	December 31, 2019
Receivables from related parties		
－Subsidiary-Transcend Japan Inc.	$ 139,509	$ 200,862
－Subsidiary-Others	264,851	253,906
－Associates accounted for using the equity method	-	8
	$ 404,360	$ 454,776

The receivables from related parties arise mainly from sale transactions. The credit term to the Company's associate accounted for using equity method, Taiwan IC Packaging Corporation, is 30 days after delivery. The credit term to subsidiaries are 120 days after monthly billings. The receivables are unsecured in nature and bear no interest. There are no allowances for uncollectible accounts held against receivables from related parties.

D. Accounts payable

	December 31, 2020	December 31, 2019
Payables to related parties		
－Subsidiary-Transcend Shanghai	$ 411,299	$ 404,533
－Subsidiary-Others	1,991	3
－Associates accounted for using the equity method	37,416	52,828
	$ 450,706	$ 457,364

The payables to related parties arise mainly from purchase transactions, and information on the payment term is provided in Note 7(2) B. The payables bear no interest.

E. Other payables

	December 31, 2020	December 31, 2019
Other payables		
－Subsidiary	$ 17,564	$ 17,308

Other payables to related parties arise mainly from purchase of fixed assets and miscellaneous transactions. The other payables bear no interest.

F. Property transactions

For the years ended December 31, 2020 and 2019, the Company acquired fixed assets from Transcend Shanghai amounting to $0 and $213, respectively.

G. Miscellaneous income

For the years ended December 31, 2020 and 2019, the expendables sold to related parties, which were recognized in non-operating income, amounted to $1,572 and $1,935, respectively.

H. Leasing arrangements - lessee

The Company signed a land lease contract with its major stockholders, Won Chin and Cheng Chuan, to build a new plant on the leased land with a lease term of 3 years from June 12, 2019 to June 11, 2022. The annual rental payment is $37,058 (excluding tax), which was determined based on the average rent of land near the leased land shown in the appraisal report issued by Sinyi Real Estate Appraisers Firm. Rent was paid on the contract date and becomes payable on the same date each following year until the end of the lease. As of December 31, 2020 and 2019, the balance of related right-of-use assets amounted to $51,893 and $88,521 while lease liabilities amounted to $36,815 and $73,050, respectively.

I. Endorsements and guarantees:

As of December 31, 2020 and 2019, information on the Company providing endorsements and guarantees to associates is provided in Note 13(1) B.

(3) Key management compensation

	Years ended December 31,	
	2020	2019
Salaries and other employee benefits	$ 35,811	$ 27,859

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

As of December 31, 2020, except for the provision of endorsements and guarantees mentioned in Note 7 and 13(1) B, there are no other significant commitments.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

Information on distribution of 2020 earnings and cash dividends from capital surplus is provided in Note 6(16) E(b).

12. OTHERS

(1) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the

Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company's own funds are currently sufficient, daily operations can create stable cash inflows, and there are no significant capital expenditure plans in the short term. Except for obtaining loans to reduce the exchange rate exposure, the Company has sufficient funds to cover its own needs. Debt financing is not necessary.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2020	December 31, 2019
Financial assets		
Financial assets mandatorily measured at fair value through profit or loss	$ 4,255,920	$ 2,505,073
Financial assets at fair value through other comprehensive income	111,000	114,164
Financial assets at amortised cost		
Cash and cash equivalents	399,574	863,583
Financial assets at amortised cost	5,450,000	7,876,353
Notes receivable	759	3,054
Accounts receivable (including related parties)	1,215,008	1,353,483
Other receivables	70,135	106,252
Refundable deposits	14,549	14,163
	$ 11,516,945	$ 12,836,125

	December 31, 2020	December 31, 2019
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable (including related parties)	$ 1,582,722	$ 1,459,678
Other payables (including related parties)	224,528	228,775
	$ 1,807,250	$ 1,688,453
Lease liabilities	$ 36,815	$ 73,050

B. Financial risk management policies

(a) The objective of the Company's risk management is to identify and analyse all the risks (including market risk, credit risk, liquidity risk and cash flow risk) by examining the impact of the macroeconomics, industrial developments, market competition and the Company's business development so as to achieve the optimized risk position, to maintain adequate liquidity position and to centralize the management of all market risks.

(b) To manage the Company's assets, liabilities and expenditures efficiently and reach the risk management target in relation to decreasing the risk of exchange rate changes, the Company's hedging strategy is using forward foreign currency transaction or foreign currency options. The Company operates hedging transaction based on the Company's net position of assets, liabilities and future cash flows estimations in order to efficiently decrease the market price risk arising from foreign currency fluctuation.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to exchange rate risk arising from the transactions of the Company used in various functional currency, primarily with respect to the USD. Exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

ii. The Company's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2020		
	Foreign Currency Amount	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD：NTD	$ 25,784	28.4800	734,328
JPY：NTD	626,946	0.2763	173,225
EUR：NTD	4,649	35.0200	162,808
RMB：NTD	48,343	4.3770	211,597
KRW：NTD	763,739	0.0264	20,163
Long-term equity investment accounted for using equity method			
USD：NTD	$ 61,251	28.4800	1,744,419
JPY：NTD	930,912	0.2763	257,211
KRW：NTD	2,231,212	0.0264	58,904
Financial liabilities			
Monetary items			
USD：NTD	$ 35,425	28.4800	1,008,904
RMB：NTD	97,981	4.3770	428,863

	December 31, 2019		
	Foreign Currency Amount	Exchange rate	Book value (NTD)
Financial assets			
Monetary items			
USD：NTD	$ 131,495	29.9800	3,942,220
JPY：NTD	1,804,898	0.2760	498,152
EUR：NTD	6,569	33.5900	220,653
RMB：NTD	27,721	4.3050	119,339
GBP：NTD	1,045	39.3600	41,131
HKD：NTD	6,000	3.8490	23,094
KRW：NTD	866,442	0.0262	22,701
Long-term equity investment accounted for using equity method			
USD：NTD	$ 61,347	29.9800	1,839,183
JPY：NTD	884,656	0.2760	244,165
KRW：NTD	2,312,710	0.0262	60,593
Financial liabilities			
Monetary items			
USD：NTD	$ 27,030	29.9800	810,359
RMB：NTD	97,981	4.3050	421,808

iii. The information on total exchange (loss) gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2020 and 2019 is provided in Note 6(21).

iv. Sensitivity analysis relating to foreign exchange rate risks is primarily for financial reporting period-end date of foreign currency monetary item. If the New Taiwan dollar exchange rate to the U.S. dollar increases or decreases by 1%, the Company's net income will decrease or increase by $2,746 and $31,319 for the years ended December 31, 2020 and 2019, respectively.

Price risk

i. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the balance sheet as financial assets at fair value through profit or loss and other comprehensive income. The Company is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio.

ii. The Company's investments in listed and unlisted equity securities by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $42,559 and $25,051, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $1,110 and $1,142, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company's principal interest-bearing assets are cash and cash equivalents and financial assets at amortised cost. Cash and cash equivalents are due within twelve months. Financial assets at amortised cost are maintained at fixed rates. Therefore, it is assessed that there is no significant cash flow interest rate risk.

ii. The Company has not used any financial instruments to hedge its interest rate risk.

(b) Credit risk

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

ii. The Company manages its credit risk taking into consideration the entire group's concern. According to the Company's credit policy, each local entity in the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. To control internal risk, the Company assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company determines that the default occurs when the contract payments are past due over 180 days.

iv. The Company adopts the following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

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

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

v. If the credit rating grade of an investment target degrades two scales, there has been a significant increase in credit risk on that instrument since initial recognition.

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

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

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

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

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

vii. For details of credit risk in relation to accounts receivable and notes receivable, please refer to Note 6(4).

viii. For details of credit risk in relation to debt instrument investments measured at amortised cost, please refer to Note 6(3).

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits, monetary funds and bonds sold under repurchase agreements, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2020 and 2019, the Company held money market position of $9,360,572 and $11,096,482, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Company's non-derivative financial liabilities are analysed based on the remaining period at the balance sheet date to the contractual maturity date and all the Company's financial liabilities expire within one year.

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in non-hedging derivatives is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market, financial products and investment property is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(11).

C. Financial instruments not measured at fair value

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

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

December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 4,255,920	$ -	$ -	$ 4,255,920
Financial assets at fair value through other comprehensive income				
Equity securities	109,875	-	1,125	111,000
	$ 4,365,795	$ -	$ 1,125	$ 4,366,920

December 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 2,505,073	$ -	$ -	$ 2,505,073
Financial assets at fair value through other comprehensive income				
Equity securities	113,039	-	1,125	114,164
	$ 2,618,112	$ -	$ 1,125	$ 2,619,237

E. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily listed stocks classified as financial assets at fair value through other comprehensive income

F. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

G. There was no change in Level 3 financial instruments for the years ended December 31, 2020 and 2019.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital: Please refer to table 3.

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

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

G. Purchases or sales of goods from or to relate parties reaching NT$100 million or 20% of the Company's paid-in capital or more: Please refer to table 4.

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

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2).

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

(2) Information on investees

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

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

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

(4) Major shareholders information

Major shareholders information: Please refer to table 9.

14. SEGMENT INFORMATION

None.

Transcend Information, Inc.

Provision of endorsements and guarantees to others

Year ended December 31, 2020

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

		Party being endorsed/guaranteed												
Number (Note 1)	Endorser/ guarantor	Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2020 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2020 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements /guarantees provided (Note 7)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 8)	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Transcend Taiwan	Transcend Japan Inc.	2	$ 3,734,405	$ 564,600 (JPY $2,000,000) (In thousands)	$ 552,600 (JPY $2,000,000) (In thousands)	$ -	-	3	$ 7,468,810	Y	-	-	-

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

(a) The Company is ‘0’.

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

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

(a) Having business relationship

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

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

(d) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

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

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

(g) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Not exceeding 20% of the Company's net asset value. ($18,672,026 *20%=$3,734,405)

Note 4: The maximum outstanding endorsement/guarantee amount during and as of December 31, 2020 is JPY$2,000,000 (In thousands).

Note 5: The amount was approved by the Board of Directors.

Note 6: The actual amount of endorsement drawn down is $0.

Note 7: Not exceeding 40% of the Company's net asset value. ($18,672,026*40%=$7,468,810)

Note 8: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary.

Transcend Information, Inc.

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

December 31, 2020

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2020 Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Transcend Taiwan	Stocks							
	Dramexchange Tech Inc.	-	Non-current financial assets at fair value through other comprehensive income	60,816	$ 1,125	1	$ 1,125	-
	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	"	1,758,000	109,875	-	109,875	-
					$ 111,000			
	Beneficiary certificates							
	Taishin 1699 Money Market Fund	-	Current financial assets at fair value through profit or loss	257,293,248	$ 3,510,998	-	$ 3,510,998	-
	Yuanta Taiwan High-yield Leading Company Fund B	-	Non-current financial assets at fair value through profit or loss	50,000,000	$ 624,500	-	$ 624,500	-
	Yuanta Taiwan Top 50 ETF	-	〃	914,000	111,736		111,736	-
	Yuanta Taiwan Dividend Plus ETF	-	〃	290,000	8,686		8,686	-
					$ 744,922			

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.
Note 2: Leave the column blank if the issuer of marketable securities is non-related party.
Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.
Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Transcend Information, Inc.

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2020

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2020		Addition (Note 3)		Disposal (Note 3)				Balance as at December 31, 2020	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain on disposal	Number of shares	Amount
Transcend Taiwan	Taishin 1699 Money Market Fund	Current financial assets at fair value through profit or loss	-	-	184,410,796	$ 2,499,764	220,144,215	$ 3,000,000	147,261,763	$ 2,004,875	$ 1,998,535	$ 6,340	257,293,248	$ 3,501,229
	Capital Money Market Fund	"	-	-	-	-	30,841,673	500,000	30,841,673	500,448	500,000	448	-	-
	Yuanta Taiwan High-yield Leading Company Fund B	Non-current financial assets at fair value through profit or loss	-	-	-	-	50,000,000	500,000	-	-	-	-	50,000,000	500,000

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Transcend Information, Inc.

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

Year ended December 31, 2020

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note 1)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Sales (purchases)	Amount	Percentage of total sales (purchases)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Transcend Taiwan	Transcend Japan Inc.	The Company's subsidiary	Sales	$ 733,397	7	120 days after monthly billings	No significant difference	30 to 60 days after monthly billings to third parties	$ 139,509	11	-
"	Transcend Information Europe B.V.	Subsidiary of Memhiro	"	507,995	5	"	"	"	22,762	2	-
"	Transcend Information, Inc.	The Company's subsidiary	"	508,954	5	"	"	"	25,393	2	-
"	Transcend Korea Inc.	The Company’s subsidiary	"	270,427	2	"	"	"	20,163	2	-
"	Transtech Trading (Shanghai) Co., Ltd.	Subsidiary of Memhiro	"	707,893	6	"	"	"	171,902	14	-
"	Transcend Information (H.K) Ltd.	Subsidiary of Memhiro	"	235,845	2	"	"	"	8,919	1	-
"	Transcend Information Trading GmbH, Hamburg	Subsidiary of Memhiro	"	427,917	4	"	"	"	15,712	1	-
Transcend Information Europe B.V.	Transcend Information Trading GmbH, Hamburg	Controlled by the same ultimate parent company	"	158,418	25	30 days after delivery	"	7 to 60 days after delivery to third parties	12,477	18	-
Transcend Taiwan	Taiwan IC Packaging Corporation	Associate accounted for using equity method	(Purchase)	(231,335)	(2)	30 days after monthly billings	No significant difference	30 to 45 days after monthly billings to third parties	(37,416)	(2)	-

Note 1:The Company’s sales to subsidiaries were equivalent to subsidiaries' purchases from the Company; accordingly, the Company did not disclose the information on subsidiaries’ purchases from the Company.

Transcend Information, Inc.

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

Year ended December 31, 2020

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2020	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Transcend Taiwan	Transcend Japan Inc.	Subsidiary of the Company	$ 139,509	4.31	$ -	-	$ 139,509	-
"	Transtech Trading (Shanghai) Co., Ltd.	Subsidiary of Memhiro	171,902	4.88	-	-	137,788	-
Transcend Information (Shanghai), Ltd.	Transcend Taiwan	Ultimate parent company	411,299	-	411,299	-	-	-

Transcend Information, Inc.

Significant inter-company transactions during the reporting period

Year ended December 31, 2020

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets (Note 3)
0	Transcend Taiwan	Transcend Japan Inc.	1	Sales	$ 733,397	There is no significant difference in unit price from those to third parties.	6
"	"	Transcend Information Europe B. V.	〃	"	507,995	"	4
"	"	Transcend Information, Inc.	〃	"	508,954	"	4
"	"	Transcend Korea Inc.	〃	"	270,427	"	2
"	"	Transtech Trading (Shanghai) Co., Ltd.	〃	"	707,893	"	6
"	"	Transcend Information (H.K) Ltd.	〃	"	235,845	"	2
"	"	Transcend Information Trading GmbH, Hamburg	〃	"	427,917	"	4
"	"	Transcend Japan Inc.	〃	Accounts Receivable	139,509	120 days after monthly billings	1
"	"	Transtech Trading (Shanghai) Co., Ltd.	〃	"	171,902	"	1
"	"	Transcend Information (Shanghai), Ltd.	〃	Accounts Payable	(411,299)	"	(2)
1	Transcend Information Europe B. V.	Transcend Information Trading GmbH, Hamburg	3	Sales	158,418	There is no significant difference in unit price from those to third parties.	1

(Individual transactions not exceeding 1% of the consolidated total revenue and total assets are not disclosed.)

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(a) Parent company is "0".

(b) Subsidiaries were numbered from 1.

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

(a) Parent company to subsidiary.

(b) Subsidiary to parent company.

(c) Subsidiary to subsidiaries.

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

Transcend Information, Inc.

Information on investees

Year ended December 31, 2020

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2020	Initial investment amount: Balance as at December 31, 2019	Shares held as at December 31, 2020: Number of shares	Shares held as at December 31, 2020: Ownership (%)	Shares held as at December 31, 2020: Book value	Net profit (loss) of the investee for the year ended December 31, 2020	Investment income (loss) recognized by the Company for the year ended December 31, 2020 （Note 1）	Footnote
Transcend Taiwan	Saffire Investment Ltd.	B.V.I.	Investment holdings	$ 1,202,418	$ 1,202,418	36,600,000	100	$ 1,563,437	($ 115,707)	($ 115,707)	Note 2
	Transcend Japan Inc.	Japan	Wholesale of computer memory modules and peripheral products	89,103	89,103	6,400	100	257,211	3,818	3,818	Note 2
	Transcend Information, Inc.	United States of America	Wholesale of computer memory modules and peripheral products	38,592	38,592	625,000	100	180,982	639	639	Note 2
	Transcend Korea Inc.	Korea	Wholesale of computer memory modules and peripheral products	6,132	6,132	40,000	100	58,904	(2,513)	(2,513)	Note 2
	Taiwan IC Packaging Corp.	Taiwan	Packaging of Semi-conductors	354,666	354,666	21,928,036	12.74	95,724	(11,040)	(1,299)	Note 5
Saffire Investment Ltd.	Memhiro Pte Ltd.	Singapore	Investment holdings	1,156,920	1,156,920	55,132,000	100	1,535,447	(116,331)	(116,331)	Note 3
Memhiro Pte Ltd.	Transcend Information Europe B.V.	Netherlands	Wholesale of computer memory modules and peripheral products	1,693	1,693	100	100	237,494	3,399	3,401	Note 4
	Transcend Information Trading GmbH, Hamburg	Germany	Wholesale of computer memory modules and peripheral products	2,288	2,288	-	100	112,767	(6,983)	(6,983)	Note 4
	Transcend Information (H.K.) Ltd.	Hong Kong	Wholesale of computer memory modules and peripheral products	7,636	7,636	2,000,000	100	25,901	4,903	4,903	Note 4

Note 1: The Company does not directly recognize the investment income (loss) except for the subsidiaries directly held.
Note 2: Subsidiary of the Company.
Note 3: Subsidiary of Saffire.
Note 4: Subsidiary of Memhiro.
Note 5: Please refer to Note 6 (7).

Transcend Information, Inc.

Information on investments in Mainland China

Year ended December 31, 2020

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2020	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2020		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Net income (loss) of investee for the year ended December 31, 2020	Ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company for the year ended December 31, 2020 (Note 2)	Book value of investments in Mainland China as of December 31, 2020	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2020	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Transcend Information (Shanghai), Ltd.	Manufacture and sales of computer memory modules, storage products and disks	$ 1,134,178	2	$ 1,134,178	-	-	$ 1,134,178	($ 89,936)	100	($ 89,936)	$ 1,132,669	$ 1,464,028	-
Transtech Trading (Shanghai) Co., Ltd.	Wholesale, agent, import and export and retail of computer memory modules, storage products and computer components	16,310	2	16,310	-	-	16,310	4,783	100	4,783	37,098	-	-

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2020	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Transcend Information (Shanghai), Ltd.	$ 1,134,178	$ 1,134,178	$ -
Transtech Trading (Shanghai) Co., Ltd.	16,310	16,310	-
	$ 1,150,488	$ 1,150,488	$ 11,203,216

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

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

(2) Through investing in an existing company in the third area (Memhiro Pte Ltd.), which then invested in Mainland China.

(3) Others.

Note 2: The financial statements were audited by R.O.C parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Transcend Information, Inc.

Major shareholders information

December 31, 2020

Table 9

Name of major shareholders	Shares	
	Number of shares held	Shareholding ratio
Won Chin Investment Inc.	74,783,600	17.42
Wan An Technology Inc.	33,480,854	7.80
Cheng Chuan Technology Development Inc.	32,971,701	7.68
Wan Min Investment Inc.	29,711,397	6.92
Wan Chuan Investment Inc.	29,505,896	6.87

TRANSCEND INFORMATION, INC.
DETAILS OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 1

Items	Summary	Amount
Petty cash and cash on hand		$ 677
Cash in banks		
-Checking accounts deposits		1,331
-Demand deposits		202,042
-Foreign currency deposits	USD 2,982 thousand, an exchange rate of $28.48	84,937
	RMB 9,059 thousand, an exchange rate of $4.377	39,651
	EUR 893 thousand, an exchange rate of $35.02	31,275
	JPY 97,756 thousand, an exchange rate of $0.2763	27,010
	Others	12,651
		$ 399,574

TRANSCEND INFORMATION INC.
DETAILS OF CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 2

				Fair value	
Name	Summary	Number of shares	Acquisition cost	Price per share	Total amount
Taishin 1699 Money Market Fund	Beneficiary certificates	257,293,248	$ 3,501,229	$ 13.6459	$ 3,510,998

TRANSCEND INFORMATION INC.
DETAILS OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 3

Customer name	Summary	Amount	Note
A customer		$ 68,246	
B customer		63,544	
Others		722,170	The balance of each customer has not exceeded 5% of the accounts receivable
		853,960	
Less: Allowance for sales discounts		(41,562)	
Less: Loss allowance		(1,750)	
		$ 810,648	

TRANSCEND INFORMATION INC.
DETAILS OF INVENTORIES
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 4

Items	Summary	Amount: Cost	Amount: Net realizable value	Note
Raw materials		$ 2,161,744	$ 2,138,860	Note 1
Work in progress		487,023	552,480	Note 2
Finished goods		461,818	630,462	Note 2
		3,110,585	$ 3,321,802	
Less: Allowance for inventory valuation loss		(35,162)		
		$ 3,075,423		

Note 1: The net realizable value of raw materials is the replacement cost.

Note 2: The calculation of net realizable value should be based on the last selling price, net of estimated costs of completion and selling expenses.

TRANSCEND INFORMATION INC.
MOVEMENT SUMMARY OF NON-CURRENT FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 5

	Opening balance		Changes in fair value	Additions		Reductions		Ending balance				
Name	Number of shares	Amount	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Accumulated impairment	Collateral	Note
Stocks:												
TrendForce Corporation	60,816	$ 1,125	$ -	-	$ -	-	$ -	60,816	$ 1,125	Not applicable	None	
Fubon Financial Holding Co., Ltd. Preferred Shares B	1,758,000	113,039	(3,164)	-	-	-	-	1,758,000	109,875	"	"	
		$ 114,164	($ 3,164)		$ -		$ -		$ 111,000			

TRANSCEND INFORMATION INC.
MOVEMENT SUMMARY OF INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 6

	Opening balance		Additions		Reductions			Remeasurement	Accumulated		Ending balance				
Name of investee	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Number of shares (in thousand shares)	Amount	Investment income (loss)	of defined benefit plan	translation adjustment	Unrealised profit from sales	Number of shares (in thousand shares)	Shareholding ratio	Amount	Market price or value per share	Collateral
Saffire Investment Ltd.	36,600	$ 1,650,675	-	-	-	-	($ 115,707)	$ -	$ 29,955	($ 1,486)	36,600	100%	$ 1,563,437	$ 1,575,207	None
Transcend Japan Inc.	6	244,165	-	-	-	-	3,818	-	271	8,957	6	100%	257,211	260,700	〃
Transcend Information Inc.	625	188,523	-	-	-	-	639	-	(9,557)	1,377	625	100%	180,982	181,629	〃
Transcend Korea Inc.	40	60,591	-	-	-	-	(2,513)	-	358	468	40	100%	58,904	59,105	〃
Taiwan IC Packaging Corp.	21,928	97,434	-	-	-	-	(1,299)	(411)	-	-	21,928	12.74%	95,724	239,053	〃
		$ 2,241,388		$ -		$ -	($ 115,062)	($ 411)	$ 21,027	$ 9,316			$ 2,156,258		

TRANSCEND INFORMATION INC.
DETAILS OF ACCOUNTS PAYABLE
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 7

Vendor name	Amount	Note
A company	$ 346,746	
B company	212,301	
C company	130,821	
D company	117,265	
E company	76,641	
F company	63,437	
Others	184,805	The balance of each vendor account has not exceeded 5% of the accounts payable
	$ 1,132,016	

TRANSCEND INFORMATION INC.
DETAILS OF OPERATING COST
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 8

Items	Amount	Note
Raw materials used		
Raw materials at beginning	$ 1,301,090	
Add: Materials purchased during the year	9,391,470	
Others	943	
Less: Raw materials at the end	(2,161,744)	
Cost of raw materials sales	(218,899)	
Reclassified as manufacture, selling and administrative and research and development expenses	(42,764)	
Consumption of materials for the year	8,270,096	
Direct labor	406,443	
Overhead	351,195	
Manufacturing Cost	9,027,734	
Add: Work in progress at the beginning	335,478	
Transfer from finished goods	868,298	
Less: Work in progress at the end	(487,023)	
Others	(180)	
Finished goods cost	9,744,307	
Add: Finished goods at the beginning	359,901	
Less: Finished goods at the end	(461,818)	
Transfer into work in progress	(868,298)	
Reclassified as manufacture, selling and administrative and research and development expenses	(34,032)	
Others	(1,584)	
Cost of goods sold-finished goods	8,738,476	
Cost of goods sold-materials	218,899	
Inventory valuation loss	6,589	
Operating cost	$ 8,963,964	

TRANSCEND INFORMATION INC.
DETAILS OF MANUFACTURING EXPENSE
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 9

Items	Summary	Amount	Note
Depreciation		$ 138,942	
Insurance expense		41,909	
Maintenance fees		41,136	
Package fees		19,949	
Meal expenses		19,782	
Utilities expense		19,454	
Pensions		18,880	
Other expenses		51,143	The balance of each expense account has not exceeded 5% of the manufacturing expense
		$ 351,195	

TRANSCEND INFORMATION INC.
DETAILS OF OPERATING EXPENSES
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 10

Items	Selling expenses	General and administrative expenses	Research and development expense	Total	Note
Wages and salaries	$ 161,361	$ 97,405	$ 110,255	$ 369,021	
Export expense	68,925	1	-	68,926	
Insurance expense	14,980	30,514	10,127	55,621	
Depreciation	74	29,912	1,419	31,405	
Royalty income	-	23,383	2	23,385	
Other expenses	51,258	55,538	11,553	118,349	The balance of each expense account has not exceeded 5% of the manufacturing expense
	$ 296,598	$ 236,753	$ 133,356	$ 666,707	

TRANSCEND INFORMATION INC.
DETAILS OF EMPLOYEE BENEFIT AND DEPRECIATION BY FUNCTION
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 11

Function / Nature	Year ended December 31, 2020			Year ended December 31, 2019		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Salary expenses	$ 406,443	$ 361,395	$ 767,838	$ 397,856	$ 366,878	$ 764,734
Labour and health insurance fees	37,216	32,272	69,488	36,918	33,049	69,967
Pension costs	18,880	16,373	35,253	18,899	16,947	35,846
Other personnel expenses	26,503	15,095	41,598	27,048	15,393	42,441
Directors' remuneration	-	7,626	7,626	-	8,282	8,282
Depreciation	138,942	31,407	170,349	140,510	30,330	170,840

1. As at December 31, 2020 and 2019, the Company had 1,083 and 1,113 employees, including 6 and 5 non-employee directors, respectively.
2. A company whose stock is listed for trading on the stock exchange shall additionally disclose the following information:
   (1) Average employee benefit expense in current year was $849 thousand.
   Average employee benefit expense in previous year was $824 thousand.
   (2) Average employees salaries in current year was $713 thousand.
   Average employees salaries in previous year was $690 thousand.
   (3) Adjustment of average employees salaries was 3.33%.

TRANSCEND INFORMATION INC.
DETAILS OF EMPLOYEE BENEFIT AND DEPRECIATION BY FUNCTION (Cont.)
YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan Dollars)

Statement 11

(4) For the years ended December 31, 2020 and 2019, the Company has no supervisors' remuneration. (Note)

(5) Information on the Company's remuneration policy is as follows: (including directors, supervisors, managers and employees)

Directors' remuneration is determined based on the Company's entire operating performance, future operating risk and development trend of industry taking into consideration individual director's contribution to the Company's performance and annual performance assessment result of individual director, and the Company grants a reasonable renumeration to directors. Under the Company's Articles of Incorporation, the current year's earnings, if profit, net of accumulated deficits, if any, shall distribute not higher than 0.2% for directors' remuneration. Related performance assessment and reasonableness of remuneration shall be reviewed and approved by the remuneration committee and the Board of Directors, and the remuneration policy will be reviewed and adjusted based on the actual operating condition and related regulations accordingly. Managers and employees' remunerations are determined based on the pay level within the same industry and market practice, under the Company's Articles of Incorporation, the current year's earnings, if profit, net of accumulated deficits, if any, shall distribute not lower than 1% for employees' remuneration taking into consideration annually personal working performance in order to determine the distributable amount. Employees' remuneration and performance assessment and reasonableness of managers' remuneration shall be reviewed and approved by the remuneration committee and the Board of Directors, which will be reviewed and adjusted based on the actual operating condition and related regulations accordingly.

Note: The Company has set up the audit committee to substitute supervisors; therefore, the company has no supervisors' remuneration.