Sinmag Equipment Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2020 and 2019 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies that are required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2020 are all the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standard No. 10 "Consolidated Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Thus, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

SINMAG EQUIPMENT CORPORATION

By:

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HSIEH, SHUN-HO
Chairman

March 26, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinmag Equipment Corporation

Opinion

We have audited the accompanying consolidated financial statements of Sinmag Equipment Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (refer to the other matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The 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 based on our audits and the report of other auditors.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Group's consolidated financial statements for the year ended December 31, 2020 is stated as follows:

Occurrence of Sales Revenue

The Group has thousands of customers whose overall operating revenue accounted for 27% of the total consolidated operating revenue. Due to the impact of novel coronavirus pneumonia for the year ended December 31, 2020, the Group's overall consolidated operating revenue has declined compared with last year; however, operating revenue from some major customers has increased, which resulted in a significant impact on the financial performance of the Group. Therefore, we deemed the occurrence of sales revenue from major customers with negative correlation between the growth volatility and the Group's overall operating revenue as a key audit matter. The accounting policies related to revenue recognition are referred to in Note 4 to the consolidated financial statements.

The following audit procedures were performed in response to the abovementioned key audit matter:

1. We understood the design and implementation of the internal controls related to the recognition of sales revenue, and designed the appropriate audit procedures on internal controls related to the occurrence of sales revenue, in order to confirm and evaluate the effectiveness of the design and implementation of the Group's internal controls.

2. We selected samples of sales transactions, and reviewed sales orders, bills of lading or signed documents, invoices and receipts, in order to confirm the occurrence of sales revenue.

3. We compared the changes in sales revenue, gross profit margin, trade receivables turnover days and credit conditions of the abovementioned major customers between the current and previous year, and evaluated the reasonableness of the changes.

Other Matter

We did not audit the financial statements of LBC Bakery Equipment Inc., a subsidiary included in the consolidated financial statements of the Group, but such financial statements were prepared using a different financial reporting framework and audited by other auditors in accordance with auditing standards generally accepted in the United States of America. We have applied audit procedures on the conversion adjustments to the financial statements of LBC Bakery Equipment Inc., which conform to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our opinion, insofar as it relates to the amounts included for LBC Bakery Equipment Inc. prior to these conversion adjustments, is based solely on the report of other auditors and additional audit procedures to meet the relevant requirements of the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. The total assets of LBC Bakery Equipment Inc. constituted 11% (NT$374,476 thousand) and 12% (NT$400,460 thousand), of the consolidated total assets as of December 31, 2020 and 2019, respectively, and total revenue constituted 16% (NT$530,416 thousand) and 12% (NT$519,262 thousand), of the consolidated total revenue for the years then ended, respectively.

We have also audited the parent company only financial statements of Sinmag Equipment Corporation as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion with other matter paragraph.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chiang-Hsun Chen and Chao-Mei Chen.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 26, 2021

Notice to Readers

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

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

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 773,628	22	$ 797,975	24
Financial assets at amortized cost - current (Notes 4, 7, 8 and 30)	1,329	-	47,679	1
Notes receivable (Notes 4, 9 and 22)	17,240	-	20,353	1
Trade receivables (Notes 4, 9 and 22)	477,393	14	484,490	15
Trade receivables from related parties (Notes 4, 22 and 29)	432	-	168	-
Other receivables (Notes 4 and 9)	19,320	1	12,507	-
Current tax assets (Notes 4 and 24)	1,988	-	2,460	-
Inventories (Notes 4 and 10)	624,587	18	631,628	19
Prepayments (Note 16)	23,266	1	25,066	1
Total current assets	1,939,183	56	2,022,326	61
NON-CURRENT ASSETS				
Financial assets at amortized cost - non-current (Notes 4, 7, 8 and 30)	218,197	7	64	-
Property, plant and equipment (Notes 4, 12 and 30)	1,020,344	30	1,065,760	32
Right-of-use assets (Notes 4, 13 and 30)	102,716	3	106,040	3
Goodwill (Notes 4 and 14)	3,254	-	3,254	-
Other intangible assets (Notes 4 and 15)	3,332	-	2,179	-
Deferred tax assets (Notes 4 and 24)	44,994	1	43,869	2
Other non-current assets (Notes 4 and 16)	114,715	3	57,955	2
Total non-current assets	1,507,552	44	1,279,121	39
TOTAL	$ 3,446,735	100	$ 3,301,447	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 17)	$ 202,119	6	$ 113,391	3
Contract liabilities - current (Notes 4 and 22)	82,558	2	85,545	3
Notes payable	14,879	-	20,878	1
Notes payable to related parties (Note 29)	500	-	339	-
Trade payables	265,898	8	243,259	7
Trade payables to related parties (Note 29)	6,053	-	6,976	-
Other payables (Notes 18 and 26)	242,497	7	288,970	9
Current tax liabilities (Notes 4 and 24)	169,814	5	78,527	2
Provisions - current (Notes 4 and 19)	24,332	1	24,875	1
Lease liabilities - current (Notes 4 and 13)	2,033	-	3,330	-
Current portion of long-term borrowings and bonds payable (Notes 17 and 30)	4,155	-	5,906	-
Total current liabilities	1,014,838	29	871,996	26
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 17 and 30)	21,346	1	81,866	2
Deferred tax liabilities (Notes 4 and 24)	58,643	2	87,888	3
Lease liabilities - non-current (Notes 4 and 13)	18,967	-	19,667	1
Net defined benefit liabilities - non-current (Notes 4 and 20)	916	-	4,652	-
Total non-current liabilities	99,872	3	194,073	6
Total liabilities	1,114,710	32	1,066,069	32
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)				
Share capital				
Ordinary shares	502,302	15	502,302	15
Capital surplus	75,738	2	75,738	2
Retained earnings				
Legal reserve	552,755	16	502,418	16
Special reserve	160,753	5	101,655	3
Unappropriated earnings	1,136,995	33	1,155,573	35
Total retained earnings	1,850,503	54	1,759,646	54
Other equity	(159,572)	(5)	(160,753)	(5)
Total equity attributable to owners of the Company	2,268,971	66	2,176,933	66
NON-CONTROLLING INTERESTS (Notes 4 and 21)	63,054	2	58,445	2
Total equity	2,332,025	68	2,235,378	68
TOTAL	$ 3,446,735	100	$ 3,301,447	100

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

(With Deloitte & Touche auditors’ report dated March 26, 2021)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 22 and 29)				
Sales	$ 3,279,795	99	$ 4,144,379	100
Service revenue	20,694	1	20,249	-
Total operating revenue	3,300,489	100	4,164,628	100
OPERATING COSTS				
Cost of goods sold (Notes 10, 23 and 29)	(1,958,071)	(59)	(2,456,411)	(59)
Service cost	(2,679)	-	(2,692)	-
Total operating costs	(1,960,750)	(59)	(2,459,103)	(59)
GROSS PROFIT	1,339,739	41	1,705,525	41
OPERATING EXPENSES (Notes 23 and 29)				
Selling and marketing expenses	(477,779)	(15)	(599,383)	(14)
General and administrative expenses	(233,280)	(7)	(282,668)	(7)
Research and development expenses	(136,663)	(4)	(161,088)	(4)
Expected credit loss (Notes 4 and 9)	(3,176)	-	(306)	-
Total operating expenses	(850,898)	(26)	(1,043,445)	(25)
PROFIT FROM OPERATIONS	488,841	15	662,080	16
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 23)				
Interest income	16,086	-	16,674	-
Other income	6,052	-	10,624	-
Other gains and losses	(12,909)	-	5,394	-
Finance costs	(5,280)	-	(7,221)	-
Total non-operating income and expenses	3,949	-	25,471	-
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	492,790	15	687,551	16
INCOME TAX EXPENSE (Notes 4 and 24)	(139,244)	(4)	(172,049)	(4)
NET PROFIT FOR THE YEAR	353,546	11	515,502	12

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SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ 1,335	-	$ (4,390)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(267)	-	878	-
	1,068	-	(3,512)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(966)	-	(75,529)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss	(295)	-	14,775	1
	(1,261)	-	(60,754)	(1)
Other comprehensive loss for the year, net of income tax	(193)	-	(64,266)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 353,353	11	$ 451,236	11
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 340,940	10	$ 503,361	12
Non-controlling interests	12,606	1	12,141	-
	$ 353,546	11	$ 515,502	12
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 343,189	11	$ 440,751	11
Non-controlling interests	10,164	-	10,485	-
	$ 353,353	11	$ 451,236	11
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	$ 6.79		$ 10.02	
Diluted	$ 6.77		$ 9.98	

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

(With Deloitte & Touche auditors’ report dated March 26, 2021) (Concluded)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								
			Retained Earnings			Other Equity			
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2019	$ 502,302	$ 75,738	$ 455,057	$ 84,646	$ 1,046,591	$ (101,655)	$ 2,062,679	$ 55,796	$ 2,118,475
Appropriation of 2018 earnings (Note 21)									
Legal reserve	-	-	47,361	-	(47,361)	-	-	-	-
Special reserve	-	-	-	17,009	(17,009)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(326,497)	-	(326,497)	-	(326,497)
Net profit for the year ended December 31, 2019	-	-	-	-	503,361	-	503,361	12,141	515,502
Other comprehensive loss for the year ended December 31, 2019, net of income tax	-	-	-	-	(3,512)	(59,098)	(62,610)	(1,656)	(64,266)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	499,849	(59,098)	440,751	10,485	451,236
Cash dividends distributed by subsidiaries (Note 21)	-	-	-	-	-	-	-	(7,836)	(7,836)
BALANCE AT DECEMBER 31, 2019	502,302	75,738	502,418	101,655	1,155,573	(160,753)	2,176,933	58,445	2,235,378
Appropriation of 2019 earnings (Note 21)									
Legal reserve	-	-	50,337	-	(50,337)	-	-	-	-
Special reserve	-	-	-	59,098	(59,098)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(251,151)	-	(251,151)	-	(251,151)
Net profit for the year ended December 31, 2020	-	-	-	-	340,940	-	340,940	12,606	353,546
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	1,068	1,181	2,249	(2,442)	(193)
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	342,008	1,181	343,189	10,164	353,353
Cash dividends distributed by subsidiaries (Note 21)	-	-	-	-	-	-	-	(5,555)	(5,555)
BALANCE AT DECEMBER 31, 2020	$ 502,302	$ 75,738	$ 552,755	$ 160,753	$ 1,136,995	$ (159,572)	$ 2,268,971	$ 63,054	$ 2,332,025

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

(With Deloitte & Touche auditors' report dated March 26, 2021)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 492,790	$ 687,551
Adjustments for:		
Expected credit loss recognized on receivables	3,176	306
Depreciation expenses	81,434	69,125
Amortization expenses	1,139	1,257
Write-downs of inventories	11,364	6,326
Finance costs	5,280	7,221
Recognition of provisions	23,675	23,996
Interest income	(16,086)	(16,674)
Loss on disposal of property, plant and equipment	2,222	8,256
Net loss on foreign currency exchange	2,549	4,124
Changes in operating assets and liabilities		
Notes receivable	2,869	33,459
Trade receivables	(1,722)	111,627
Trade receivables from related parties	(257)	194
Other receivables	(4,422)	6,987
Inventories	(2,809)	10,762
Prepayments	1,786	447
Notes payable	(5,999)	(6,688)
Notes payable from related parties	161	(634)
Trade payables	19,059	(5,192)
Trade payables from related parties	(985)	(2,421)
Other payables	(31,580)	5,696
Contract liabilities - current	(3,700)	6,019
Provisions	(24,118)	(23,532)
Net defined benefit liabilities	(2,401)	(2,647)
Cash generated from operations	553,425	925,565
Interest received	7,511	16,634
Income tax paid	(80,243)	(200,172)
Net cash generated from operating activities	480,693	742,027
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(514,735)	(49,440)
Proceeds from sale of financial assets at amortized cost	346,535	9,144
Purchase of financial assets at fair value through profit or loss	(85,100)	-
Proceeds from sale of financial assets at fair value through profit or loss	85,100	-
Payments for property, plant and equipment	(36,296)	(287,551)
Proceeds from disposal of property, plant and equipment	596	6,420
Payments for intangible assets	(2,233)	(564)
Increase in other non-current assets	(59,153)	(15,100)

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SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Decrease in other non-current assets	$ 13	$ 456
Interest received	6,269	-
Net cash used in investing activities	(259,004)	(336,635)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	751,336	583,391
Repayments of short-term borrowings	(663,391)	(620,000)
Repayments of long-term borrowings	(60,354)	(6,196)
Repayment of the principal portion of lease liabilities	(3,900)	(2,693)
Dividends paid to owners of the Company	(251,151)	(326,497)
Interests paid	(5,227)	(7,213)
Dividends paid to non-controlling interests	(5,555)	(7,836)
Net cash used in financing activities	(238,242)	(387,044)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(7,794)	(27,571)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(24,347)	(9,223)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	797,975	807,198
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 773,628	$ 797,975

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

(With Deloitte & Touche auditors’ report dated March 26, 2021) (Concluded)

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Sinmag Equipment Corporation (the "Company") was incorporated in the Republic of China (ROC) in September 1983, and the paid-in capital was $502,302 thousand as of December 31, 2020. The Company is primarily engaged in the following businesses:

a. Wholesale of machinery;

b. Retail sale of machinery and equipment;

c. Machinery and equipment manufacturing;

d. International trade; and

e. All businesses that are not prohibited or restricted by law, except those that are subject to special approval.

The Company's shares have been listed on the mainboard of the Taipei Exchange (TPEx) since December 2007.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 18, 2021.

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

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

   The initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies.

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19 - Related Rent Concessions"	June 1, 2020

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

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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

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

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

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

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

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11 and Tables 4 and 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting the consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

f. Inventories

Inventories consist of raw materials, work in progress, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units or groups of cash-generating units (referred to as “cash-generating units”) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently whenever there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified as financial assets at amortized cost.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost (including cash and cash equivalents, financial assets at amortized cost, receivables (including related parties and excluding tax refund receivables) and refundable deposits), are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime ECLs for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. When a financial asset's aging is more than 300 days (depending on individual circumstances) unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method except for situations where interest recognized for short-term payables is considered immaterial.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

l. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

<u>Warranties</u>

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Group's obligations.

m. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of bakery equipment. Sales of bakery equipment are recognized as revenue when the goods are delivered to the customer because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently. The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the maintenance services of equipment.

As the Group provides maintenance services, customers simultaneously receive and consume the benefits provided by the Group's performance. Consequently, the related revenue is recognized when services are rendered.

n. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

All of borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

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

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

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

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint arrangements, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

The management evaluated that major accounting policies, estimates and basic assumptions applied by the Group had no significant uncertainty.

6. CASH AND CASH EQUIVALENTS

	December 31 2020	December 31 2019
Cash on hand	$ 4,209	$ 4,541
Checking accounts	75,607	119,847
Demand deposits	562,502	666,535
Cash equivalents		
Time deposits with original maturities of less than 3 months	131,310	7,052
	$ 773,628	$ 797,975

The market rate intervals of cash in the bank at the end of the year were as follows:

	December 31 2020	December 31 2019
Bank balance (including time deposits)	0.0001%-3%	0.001%-3.14%

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31 2020	December 31 2019
Current		
Foreign investments		
Financial products (Note a)	$ -	$ 43,051
Time deposits with original maturities over 3 months from the date of acquisition (Note b)	959	$ 4,402
Restricted assets - bank deposits	370	226
	$ 1,329	$ 47,679
Non-current		
Domestic investments		
Restricted assets - time deposits with original maturities over 3 months from the date of acquisition (Note b)	$ 115	$ 64
Foreign investments		
Time deposits with original maturities over 3 months from the date of acquisition (Note b)	218,082	-
	$ 218,197	$ 64

a. A contract for the short-term financial products was signed between the Group and the bank. The financial products are mainly linked to the three-month Shanghai Interbank Offered Rate. According to the terms of the contract, such financial products are redeemable at any time.

b. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 0.70%-6.50% and 1.045%-7.40% per annum as of December 31, 2020 and 2019, respectively.

c. Refer to Note 8 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

d. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

8. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Financial Assets at Amortized Cost

	December 31	
	2020	**2019**
Gross carrying amount	$ 219,526	$ 47,743
Less: Allowance for impairment loss	-	-
	$ 219,526	$ 47,743

The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to degree of risk of default. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. As of December 31, 2020 and 2019, the Group evaluated the expected credit loss rates of its debt instrument investments as 0%.

9. NOTES RECEIVABLE, TRADE RECEIVABLES, OVERDUE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2020	**2019**
Notes receivable		
At amortized cost	$ 17,330	$ 20,446
Less: Allowance for impairment loss	(90)	(93)
	$ 17,240	$ 20,353

(Continued)

	December 31	
	2020	2019
Trade receivables		
At amortized cost	$ 512,395	$ 519,323
Less: Allowance for impairment loss	(35,002)	(34,833)
	$ 477,393	$ 484,490
Overdue receivables		
At amortized cost	$ 5,552	$ 3,585
Less: Allowance for impairment loss	(5,552)	(3,585)
	$ -	$ -
Other receivables		
Tax refund receivables	$ 5,338	$ 137
Others	13,982	12,370
	$ 19,320	$ 12,507

(Concluded)

a. Notes receivable

The average credit period for notes receivable is 60-120 days. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated by reference to the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate.

The following table details the loss allowance of notes receivable based on the Group's past default experience of the debtor:

December 31, 2020

	December 31	
	2020	2019
Expected credit loss rate	0%-1.55%	0%-1.49%
Gross carrying amount	$ 17,330	$ 20,446
Loss allowance (Lifetime ECLs)	(90)	(93)
Amortized cost	$ 17,240	$ 20,353

The movements of the loss allowance of notes receivables were as follows:

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 93	$ 94
Foreign exchange gains and losses	(3)	(1)
Balance at December 31	$ 90	$ 93

b. Trade receivables

The average credit period of sales of goods was 60-150 days. No interest was charged on trade receivables that were past due. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due days from the invoice date status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2020

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	241 to 300 Days	301 Days Above	Total
Expected credit loss rate	0%-13.48%	0.38%-24.49%	1.31%-52.54%	6.90%-80.48%	11.24%-100%	17.02%-100%	
Gross carrying amount	$ 357,494	$ 99,800	$ 33,261	$ 9,090	$ 3,704	$ 9,046	$ 512,395
Loss allowance (Lifetime ECLs)	(17,285)	(5,461)	(2,487)	(865)	(2,913)	(5,991)	(35,002)
Amortized cost	$ 340,209	$ 94,339	$ 30,774	$ 8,225	$ 791	$ 3,055	$ 477,393

December 31, 2019

	Up to 60 Days	61 to 120 Days	121 to 180 Days	181 to 240 Days	241 to 300 Days	301 Days Above	Total
Expected credit loss rate	0.31%-9.8%	0.87%-14.78%	4.6%-27.29%	9.62%-49.61%	12.08%-100%	23.72%-100%	
Gross carrying amount	$ 330,049	$ 127,890	$ 39,186	$ 12,075	$ 4,076	$ 6,047	$ 519,323
Loss allowance (Lifetime ECLs)	(15,828)	(6,242)	(3,251)	(2,022)	(3,042)	(4,448)	(34,833)
Amortized cost	$ 314,221	$ 121,648	$ 35,935	$ 10,053	$ 1,034	$ 1,599	$ 484,490

The movements of the loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ 34,833	$ 34,328
Add: Net remeasurement of loss allowance	326	1,709
Add: Amounts recovered	-	388
Less: Amounts written off	(182)	(757)
Foreign exchange gains and losses	25	(835)
Balance at December 31	$ 35,002	$ 34,833

c. Overdue receivables

The Group measures the loss allowance for overdue receivables at an amount equal to lifetime ECLs. The expected credit losses on overdue receivables are estimated by reference to the past default experience of the debtor, the debtor's current financial position and the general economic conditions of the industry in which the debtors operate. As of December 31, 2020 and 2019, the rate of expected credit loss of overdue receivables was 100%.

The movements of the loss allowance of overdue receivables were as follows:

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ 3,585	$ 5,112
Add: Net remeasurement of loss allowance	2,850	-
Less: Net remeasurement of loss allowance	-	(1,403)
Less: Amounts written off	(906)	-
Foreign exchange gains and losses	23	(124)
Balance at December 31	$ 5,552	$ 3,585

d. Other receivables

Other receivables consist of tax refund receivables, advances to employees, etc. The Group adopted a policy of only dealing with entities that have good credit ratings and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored.

The Group considers the current financial condition of debtors in order to assess whether there has been a significant increase in credit risk on other receivables since initial recognition and measures the expected credit loss. As of December 31, 2020 and 2019, the rate of expected credit loss of other receivables was 0%.

10. INVENTORIES

	December 31	
	2020	2019
Merchandise	$ 85,289	$ 117,648
Finished goods	128,866	127,879
Work in progress	184,032	161,877
Raw materials	200,521	206,661
Inventory in transit	25,879	17,563
	$ 624,587	$ 631,628

The nature of the cost of goods sold was as follows:

	For the Year Ended December 31	
	2020	2019
Cost of inventories sold	$ 1,946,707	$ 2,450,085
Inventory write-downs	11,364	6,326
	$ 1,958,071	$ 2,456,411

11. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

			Proportion of Ownership (%) December 31		
Investor	Investee	Nature of Activities	2020	2019	Remark
Sinmag Equipment Corporation	Lucky Union Limited	Holding company	100.00	100.00	-
	Sinmag Equipment (Thailand) Co., Ltd. (Note 1)	Selling of bakery equipment	100.00	-	Main operating risk is exchange rate risk
	Benchmark Service Co., Ltd. (Note 2)	Maintenance service	100.00	-	Main operating risk is exchange rate risk
Lucky Union Limited	Sinmag Limited	Holding company	100.00	100.00	-
Sinmag Limited	Sinmag Equipment (China) Co., Ltd.	Manufacturing and selling of bakery equipment	100.00	100.00	Main operating risk is political risk, exchange rate risk and interest rate risk
	Wuxi New Order Control Co., Ltd.	Manufacturing and selling of control panel and electromechanical control system	50.00	50.00	Main operating risk is political risk, exchange rate risk and interest rate risk
	Sinmag Bakery Equipment Sdn. Bhd.	Selling of bakery equipment	100.00	100.00	Main operating risk is exchange rate risk
	LBC Bakery Equipment Inc.	Selling of bakery equipment	82.82	82.82	Main operating risk is exchange rate risk
	Sinmag Bakery Machine India Private Limited	Manufacturing and selling of bakery equipment	100.00	100.00	Main operating risk is exchange rate risk
	Sinmag Equipment (Thailand) Co., Ltd. (Note 1)	Selling of bakery equipment	-	100.00	Main operating risk is exchange rate risk

Note 1: After undertaking structural reorganization in June 2020, the Company directly held 100% equity of Sinmag Equipment (Thailand) Co., Ltd.

Note 2: In June 2020, Benchmark Service Co., Ltd. was incorporated in Thailand, and there was no significant operating revenue generated as of December 31, 2020.

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Property under Construction	Total
Cost								
Balance at January 1, 2020	$ 95,721	$ 986,709	$ 347,854	$ 14,916	$ 59,503	$ 96,632	$ -	$ 1,601,335
Additions	-	862	2,687	1,882	4,167	10,761	-	20,359
Disposals	-	(201)	(6,664)	(299)	(4,183)	(5,457)	-	(16,804)
Effects of foreign currency exchange differences	(1,191)	7,775	4,648	111	(1,275)	1,463	-	11,531
Reclassification (Note 1)	-	-	7,178	-	-	551	-	7,729
Balance at December 31, 2020	$ 94,530	$ 995,145	$ 355,703	$ 16,610	$ 58,212	$ 103,950	$ -	$ 1,624,150
Accumulated depreciation								
Balance at January 1, 2020	$ -	$ 189,684	$ 226,735	$ 10,768	$ 43,067	$ 65,321	$ -	$ 535,575
Disposals	-	(99)	(5,528)	(178)	(3,740)	(4,441)	-	(13,986)
Depreciation expenses	-	37,135	24,955	1,472	5,826	6,512	-	75,900
Effect of foreign currency exchange differences	-	2,861	3,151	68	(788)	1,025	-	6,317
Balance at December 31, 2020	$ -	$ 229,581	$ 249,313	$ 12,130	$ 44,365	$ 68,417	$ -	$ 603,806
Carrying amounts at December 31, 2020	$ 94,530	$ 765,564	$ 106,390	$ 4,480	$ 13,847	$ 35,533	$ -	$ 1,020,344
Cost								
Balance at January 1, 2019	$ 99,375	$ 606,420	$ 378,308	$ 14,766	$ 57,005	$ 84,788	$ 124,599	$ 1,365,261
Additions	-	1,260	12,599	571	9,798	11,978	283,721	319,927
Disposals	(3,070)	(4,408)	(30,908)	-	(5,822)	(2,244)	-	(46,452)
Effects of foreign currency exchange differences	(584)	(33,494)	(12,630)	(421)	(1,571)	(3,689)	-	(52,389)
Reclassification (Notes 1 and 2)	-	416,931	485	-	93	5,799	(408,320)	14,988
Balance at December 31, 2019	$ 95,721	$ 986,709	$ 347,854	$ 14,916	$ 59,503	$ 96,632	$ -	$ 1,601,335
Accumulated depreciation								
Balance at January 1, 2019	$ -	$ 177,437	$ 228,427	$ 9,639	$ 42,184	$ 63,645	$ -	$ 521,332
Disposals	-	(3,362)	(20,834)	-	(5,611)	(1,969)	-	(31,776)
Depreciation expenses	-	21,878	27,264	1,421	7,700	6,269	-	64,532
Effect of foreign currency exchange differences	-	(6,269)	(8,122)	(292)	(1,206)	(2,624)	-	(18,513)
Balance at December 31, 2019	$ -	$ 189,684	$ 226,735	$ 10,768	$ 43,067	$ 65,321	$ -	$ 535,575
Carrying amounts at December 31, 2019	$ 95,721	$ 797,025	$ 121,119	$ 4,148	$ 16,436	$ 31,311	$ -	$ 1,065,760

Note 1: Reclassified from other non-current assets - prepayments for equipment and inventories to property, plant and equipment.

Note 2: Reclassified from property under construction to buildings.

The property, plant and equipment used by the Group are not leased under operating leases.

No impairment assessment was performed for the year ended December 31, 2020 and 2019 as there was no indication of impairment.

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	3-50 years
Machinery and equipment	3-10 years
Transportation equipment	4-5 years
Office equipment	3-10 years
Other equipment	3-10 years

The significant part of the Group's buildings include main buildings, mechanical and electrical power equipment and construction system etc., and are depreciated over their estimated useful lives of 20 to 50 years, 10 to 15 years and 3 to 20 years, respectively.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amounts		
Land	$ 87,168	$ 88,591
Buildings	15,548	17,449
	$ 102,716	$ 106,040

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 1,684	$ 4,774
Depreciation charge for right-of-use assets		
Land	$ 1,815	$ 1,901
Buildings	3,719	2,692
	$ 5,534	$ 4,593

Except for the aforementioned additions and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2020 and 2019.

Right-of-use assets pledged as collateral for bank borrowings are set out in Note 30.

b. Lease liabilities

	December 31	
	2020	2019
Carrying amounts		
Current	$ 2,033	$ 3,330
Non-current	$ 18,967	$ 19,667

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Land	4.57%	4.57%
Buildings	1.15%-5.30%	1.15%-5.30%

c. Material lease-in activities and terms

The Group leases certain land use rights and buildings for the use of offices, dormitories, warehouses and parking lots with lease terms of 2 to 99 years. The Group does not have bargain purchase options to acquire the land use rights and buildings at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2020	**2019**
Expenses relating to short-term leases	$ 7,253	$ 13,235
Expenses relating to low-value asset leases	$ 388	$ 329
Total cash outflow for leases	$ (11,121)	$ (17,682)

The Group leases certain buildings which qualify as short-term leases, and certain office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments (the Group as a lessee) with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2020	**2019**
Lease commitments	$ 349	$ -

14. GOODWILL

	For the Year Ended December 31	
	2020	**2019**
Cost		
Balance at January 1	$ 3,254	$ 3,254
Additions (deductions)	-	-
Balance at December 31	$ 3,254	$ 3,254

15. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2020	$ 15,779
Additions	2,233
Effect of foreign currency exchange differences	267
Balance at December 31, 2020	$ 18,279

(Continued)

	Computer Software
Accumulated amortization and impairment	
Balance at January 1, 2020	$ 13,600
Amortization expenses	1,139
Effect of foreign currency exchange differences	208
Balance at December 31, 2020	$ 14,947
Carrying amount at December 31, 2020	$ 3,332
Cost	
Balance at January 1, 2019	$ 15,723
Additions	564
Effect of foreign currency exchange differences	(508)
Balance at December 31, 2019	$ 15,779
Accumulated amortization and impairment	
Balance at January 1, 2019	$ 12,776
Amortization expenses	1,257
Effect of foreign currency exchange differences	(433)
Balance at December 31, 2019	$ 13,600
Carrying amount at December 31, 2019	$ 2,179

(Concluded)

Computer software is amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

16. OTHER ASSETS

	December 31	
	2020	2019
Current		
Other prepayments		
Prepayments for purchase	$ 9,395	$ 4,202
Prepaid expenses	13,871	20,864
	$ 23,266	$ 25,066
Non-current		
Other assets		
Refundable deposits (Note)	$ 10,258	$ 14,292
Prepayments for equipment	95,645	30,446
Prepayments - non-current	8,812	13,217
	$ 114,715	$ 57,955

Note: The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

In order to minimize credit risk, the Group has tasked its credit management committee to develop and maintain a credit risk grading framework to categorize exposures according to degree of risk of default. The credit rating information may be obtained from independent rating agencies where available and, if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. As of December 31, 2020 and 2019, the Group evaluated the expected credit loss rates of its debt instrument investments as 0%.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2020	**2019**
Unsecured borrowings		
Line of credit borrowings	$ 202,119	$ 113,391

The range of weighted average effective interest rates on line of credit borrowings was 0.88%-1.26% and 1.15%-2.64% per annum as of December 31, 2020 and 2019, respectively.

b. Long-term borrowings

	December 31	
	2020	**2019**
Secured borrowings (see Note 30)		
Bank loans - Banner Bank	$ -	$ 57,052
Bank loans - UOB	25,501	30,720
Less: Current portion	(4,155)	(5,906)
Long-term borrowings	$ 21,346	$ 81,866

The long-term borrowings from Banner Bank in the amount of $68,933 thousand (US$2,100 thousand) are secured by the Group's freehold land and buildings (see Note 30) and will be repayable on September 1, 2025. On October 1, 2015, the Group started to pay interests and principal monthly, in a total of 120 installments, consisting of US$12 thousand for each of the first 119 installments and the remaining US$1,569 thousand for the 120th installment). The Group repaid full amount of its debt early in August 2020. As of December 31, 2019, the Group used $57,052 thousand (US$1,903 thousand) of its long-term borrowing facilities, with an annual effective interest rate of 4.82%. The purpose of this bank borrowing facility was for the acquisition of land, plant and equipment.

The long-term borrowings from UOB in the amount of $39,435 thousand (MYR6,000 thousand) are secured by the Group's right-of-use assets and buildings (see Note 30) and will be repayable on May 5, 2022. As of December 31, 2020 and 2019, the Group used $25,501 thousand (MYR3,756 thousand) and $30,720 thousand (MYR4,368 thousand) of its long-term borrowing facilities, with an interest rate equivalent to the bank's effective interest rates of 3.74%-4.86% and 4.86%-5.12%, respectively. On June 5, 2017, the Group started to pay interests and principal monthly, in a total of 60 installments. The purpose of this bank borrowing facility was for the acquisition of land use right and plant.

18. OTHER PAYABLES

	December 31	
	2020	**2019**
Payables for salaries or bonuses	$ 132,843	$ 159,537
Payables for professional service fees	4,378	2,731
Payables for employee welfare fund	3,778	8,261
Accrued interest payable	138	85
Payables for business tax	22,005	21,499
Prepayments for equipment (see Note 26)	16,834	32,771
Others	62,521	64,086
	$ 242,497	$ 288,970

19. PROVISIONS

	December 31	
	2020	**2019**
Current		
Warranties	$ 24,332	$ 24,875

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ 24,875	$ 25,261
Additional provisions recognized	23,675	23,996
Amount used	(24,118)	(23,532)
Effect of foreign currency exchange differences	(100)	(850)
Balance at December 31	$ 24,332	$ 24,875

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties in sale of goods contracts. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in mainland China, Malaysia, U.S.A., India and Thailand are members of a state-managed retirement benefit plan operated by the local governments. The subsidiaries are required to contribute specified percentages of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plans adopted by the Company of the Group in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 6.57% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of defined benefit obligation	$ 58,241	$ 57,029
Fair value of plan assets	(57,325)	(52,377)
Deficit (surplus)	916	4,652
Asset ceiling	-	-
Net defined benefit liabilities	$ 916	$ 4,652

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2019	$ 56,195	$ (53,286)	$ 2,909
Service cost			
Current service cost	329	-	329
Net interest expense (income)	514	(500)	14
Recognized in profit or loss	843	(500)	343
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,774)	(1,774)
Actuarial loss - changes in demographic assumptions	500	-	500
Actuarial loss - changes in financial assumptions	1,414	-	1,414
Actuarial loss - experience adjustments	4,250	-	4,250
Recognized in other comprehensive income	6,164	(1,774)	4,390
Contributions from the employer	-	(2,990)	(2,990)
Benefits paid	(6,173)	6,173	-
Balance at December 31, 2019	$ 57,029	$ (52,377)	$ 4,652
Balance at January 1, 2020	$ 57,029	$ (52,377)	$ 4,652
Service cost			
Current service cost	336	-	336
Net interest expense (income)	428	(404)	24
Recognized in profit or loss	764	(404)	360
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,783)	(1,783)
Actuarial loss - changes in demographic assumptions	47	-	47
Actuarial loss - changes in financial assumptions	1,325	-	1,325
Actuarial (gain) - experience adjustments	(924)	-	(924)
Recognized in other comprehensive income	448	(1,783)	(1,335)
Contributions from the employer	-	(2,761)	(2,761)
Benefits paid	-	-	-
Balance at December 31, 2020	$ 58,241	$ (57,325)	$ 916

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	**2019**
Discount rate(s)	0.500%	0.750%
Expected rate(s) of salary increase	2.500%	2.500%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2020	**2019**
Discount rate(s)		
0.25% increase	$ (1,325)	$ (1,421)
0.25% decrease	$ 1,373	$ 1,475
Expected rate(s) of salary increase		
0.25% increase	$ 1,324	$ 1,426
0.25% decrease	$ (1,285)	$ (1,381)

The sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2020	**2019**
Expected contributions to the plans for the next year	$ 2,717	$ 2,856
Average duration of the defined benefit obligation	9.2 years	10 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	**2019**
Number of shares authorized (in thousands)	60,000	60,000
Shares authorized	$ 600,000	$ 600,000
Number of shares issued and fully paid (in thousands)	50,230	50,230
Shares issued	$ 502,302	$ 502,302

The Company reserved 2,100 thousand ordinary shares authorized for employee share options.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*		
Arising from issuance of ordinary shares	$ 74,811	$ 74,811
Arising from the difference between consideration received and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	927	927
	$ 75,738	$ 75,738

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

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit after considering taxes expenses in a fiscal year, the profit shall be first utilized for offsetting losses of previous years (including the adjustment of unappropriated profit), setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with beginning undistributed retained earnings (including the adjustment of unappropriated profit) shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders.

As the Company is in the growing stage, in determining the Company's dividend distribution policy, the Company's board of directors considers the current and future investment environment, capital needs for future expansions, domestic and international competition and capital budget, and also takes into account stockholder's benefits and the balance between dividend distributions and the Company's long-term financial plans. A dividend distribution plan is proposed annually by the board of directors and passed for resolution in the shareholders' meeting.

The Company shall, considering financial, operational and managerial factors, distribute no less than 20% of unappropriated earnings to stockholders as dividends and bonuses, in the form of cash or stock dividends, whilst cash dividends should not be lower than 20% of total bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors, refer to compensation of employees and remuneration of directors in Note 23(g).

Under Article 237 of the Company Law, an appropriation of 10% of the amount of net income plus the items other than net income are included in the unappropriated earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018 which were approved in the shareholders' meetings on June 20, 2020 and June 14, 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2019	**2018**
Legal reserve	$ 50,337	$ 47,361
Special reserve	$ 59,098	$ 17,009
Cash dividends	$ 251,151	$ 326,497
Cash dividends per share (NT$)	$ 5	$ 6.5

The appropriation of earnings for 2020 had been proposed by the Company's board of directors on March 18, 2021. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 34,201
Special reserve	$ (1,181)
Cash dividends	$ 341,063
Cash dividends per share (NT$)	$ 6.79

The appropriation of earnings for 2020 is subject to the resolution of the shareholders in their meeting to be held on June 18, 2021.

d. Special reserve

	December 31	
	2020	**2019**
Appropriation in respect of:		
Debit to other equity items	$ 106,420	$ 47,322
First-time adoption of IFRSs	54,333	54,333
	$ 160,753	$ 101,655

e. Other equity items

Exchange differences on the translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	$ (160,753)	$ (101,655)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	1,476	(73,873)
Related income tax	(295)	14,775
Other comprehensive income recognized for the year	1,181	(59,098)
Balance at December 31	$ (159,572)	$ (160,753)

f. Non-controlling interests

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 58,445	$ 55,796
Share in profit for the year	12,606	12,141
Other comprehensive income during the year		
Exchange differences on the translation of the financial statements of foreign operations	(2,442)	(1,656)
Cash dividend	(5,555)	(7,836)
Balance at December 31	$ 63,054	$ 58,445

22. REVENUE

	For the Year Ended December 31	
	2020	2019
Revenue from contracts with customers		
Revenue from the sale of goods	$ 3,279,795	$ 4,144,379
Revenue from the rendering of services	20,694	20,249
	$ 3,300,489	$ 4,164,628

a. Contract information

1) Revenue from the sale of goods

The main operating revenue of the Group was from sales of bakery equipment. Goods are sold at their respective fixed amounts as agreed in the contracts.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from providing the maintenance services of equipment.

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Notes receivable (see Note 9)	$ 17,240	$ 20,353	$ 53,816
Trade receivables (see Note 9)	477,393	484,490	611,712
Trade receivables from related parties (see Note 29)	432	168	368
	$ 495,065	$ 505,011	$ 665,896
Contract liabilities			
Sale of goods	$ 82,558	$ 85,545	$ 82,284

Revenue recognized in the current year that was included in the contract liability balance at the beginning of the year is as follows:

	For the Year Ended December 31	
	2020	2019
From contract liabilities at the start of the year		
Sale of goods	$ 83,401	$ 67,924

c. Disaggregation of revenue

Refer to Note 34 for information about disaggregation of revenue.

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2020	2019
Interest income		
Bank deposits	$ 4,160	$ 2,414
Financial assets at FVTPL	6,269	-
Financial products	5,657	14,260
	$ 16,086	$ 16,674

b. Other income

	For the Year Ended December 31	
	2020	2019
Others	$ 6,052	$ 10,624

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Loss on disposal of property, plant and equipment	$ (2,222)	$ (8,256)
Net foreign exchange (losses) gains	(8,620)	14,601
Others	(2,067)	(951)
	$ (12,909)	$ 5,394

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on bank loans	$ 4,333	$ 6,237
Interest on lease liabilities	947	984
	$ 5,280	$ 7,221

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	**2019**
An analysis of depreciation by function		
Operating costs	$ 43,920	$ 37,070
Operating expenses	37,514	32,055
	$ 81,434	$ 69,125
An analysis of amortization by function		
Operating costs	$ 31	$ 53
Selling and marketing expenses	255	265
General and administrative expenses	270	404
Research and development expenses	583	535
	$ 1,139	$ 1,257

f. Employee benefits expense

	For the Year Ended December 31	
	2020	**2019**
Short-term benefits	$ 786,288	$ 939,246
Post-employment benefits		
Defined contribution plans	53,896	85,720
Defined benefit plans (see Note 20)	360	343
	54,256	86,063
Total employee benefits expense	$ 840,544	$ 1,025,309
An analysis of employee benefits expense by function		
Operating costs	$ 315,131	$ 399,487
Operating expenses	525,413	625,822
	$ 840,544	$ 1,025,309

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrues compensation of employees and remuneration of directors at rates of 2%-10% and no higher than 5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2020 and 2019, which have been approved by the Company’s board of directors on March 18, 2021 and March 12, 2020, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2020	**2019**
Compensation of employees	2.94%	3.00%
Remuneration of directors	1.29%	1.37%

Amount

	For the Year Ended December 31	
	2020	2019
	Cash	Cash
Compensation of employees	$ 11,245	$ 17,052
Remuneration of directors	4,948	7,758

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

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

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

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	$ 40,353	$ 45,703
Foreign exchange losses	(48,973)	(31,102)
Net foreign exchange (losses) gains	$ (8,620)	$ 14,601

24. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 255,587	$ 279,741
Income tax on unappropriated earnings	6,963	4,417
Adjustments for prior years	5,695	(6,841)
Withholding tax credits from overseas profits of the current year	(43,802)	(30,511)
Tax deduction	(53,938)	(73,131)
	170,505	173,675
Deferred tax		
In respect of the current year	(31,261)	(1,626)
Income tax expense recognized in profit or loss	$ 139,244	$ 172,049

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax from continuing operations	$ 492,790	$ 687,551
Income tax expense calculated at the statutory rate (20%)	$ 98,558	$ 137,510
Unrecognized deductible temporary differences - share of (profit) loss of subsidiaries accounted for using the equity method	(14,570)	(45,243)
Nondeductible expenses in determining taxable income	(1,438)	2,388
Tax-exempt income	-	(149)
Repatriation of subsidiary's tax earnings	45,034	47,576
Income tax on unappropriated earnings	6,963	4,417
Withholding tax credits from overseas profits	(43,802)	(30,511)
Effect of different tax rates of entities in the Group operating in other jurisdictions	42,804	62,902
Adjustments for prior years' tax	5,695	(6,841)
Income tax expense recognized in profit or loss	$ 139,244	$ 172,049

The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

Under the corporate income tax law in mainland China, Sinmag Equipment (China) Co., Ltd. qualified as a high tech enterprise from November 2018 to 2020, resulting in a 15% corporate income tax rate.

Under the Preferential Income Tax Policies for Small and Low-Profit Enterprises in mainland China, Wuxi New Order Control Co., Ltd. applied an income tax rate of 20% on taxable income that constituted 25% of its revenue at less than RMB1,000 thousand, and 50% of its revenue at more than RMB1,000 thousand but less than RMB3,000 thousand.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Current tax	$ -	$ -
Deferred tax		
In respect of the current year		
Translation of foreign operations	295	(14,775)
Remeasurement of defined benefit plans	267	(878)
Total income tax recognized in other comprehensive income	$ 562	$ (15,653)

c. Current tax assets and liabilities

	December 31 2020	December 31 2019
Current tax assets		
Tax refund receivable	$ 1,988	$ 2,460
Current tax liabilities		
Income tax payable	$ 169,814	$ 78,527

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for impairment loss	$ 1,358	$ 1,208	$ -	$ (10)	$ 2,556
Unrealized loss on inventories	5,372	711	-	(63)	6,020
Unrealized gain on transactions with subsidiaries	2,597	(257)	-	-	2,340
Provisions	2,128	(115)	-	(99)	1,914
Defined benefit obligations	4,265	-	(267)	-	3,998
Exchange differences on translating the financial statements of foreign operations	24,969	-	(295)	-	24,674
Others	3,180	469	-	(157)	3,492
	$ 43,869	$ 2,016	$ (562)	$ (329)	$ 44,994
Deferred tax liabilities					
Temporary differences					
Share of profit or loss of subsidiaries accounted for using the equity method	$ 82,473	$ (28,670)	$ -	$ -	$ 53,803
Pensions	4,251	480	-	-	4,731
Others	1,164	(1,055)	-	-	109
	$ 87,888	$ (29,245)	$ -	$ -	$ 58,643

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Allowance for impairment loss	$ 1,478	$ (114)	$ -	$ (6)	$ 1,358
Unrealized loss on inventories	4,622	781	-	(31)	5,372
Unrealized gain on transactions with subsidiaries	2,286	311	-	-	2,597
Provisions	2,136	43	-	(51)	2,128
Defined benefit obligations	3,387	-	878	-	4,265
Exchange differences on translating the financial statements of foreign operations	10,194	-	14,775	-	24,969
Others	2,053	1,195	-	(68)	3,180
	$ 26,156	$ 2,216	$ 15,653	$ (156)	$ 43,869
Deferred tax liabilities					
Temporary differences					
Share of profit or loss of subsidiaries accounted for using the equity method	$ 83,373	$ (900)	$ -	$ -	$ 82,473
Pensions	3,722	529	-	-	4,251
Others	203	961	-	-	1,164
	$ 87,298	$ 590	$ -	$ -	$ 87,888

e. The aggregate amount of temporary differences associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2020 and 2019, the taxable temporary differences associated with investments in subsidiaries and branches for which no deferred tax liabilities have been recognized were $1,040,006 thousand and $967,157 thousand, respectively.

f. Income tax assessments

The Company’s tax returns through 2018 have been assessed by the tax authorities, and the Group had no litigation or claim regarding tax assessments as of December 31, 2020.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2020	**2019**
Basic earnings per share		
From continuing operations	$ 6.79	$ 10.02
Diluted earnings per share		
From continuing operations	$ 6.77	$ 9.98

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the year

	For the Year Ended December 31	
	2020	**2019**
Profit for the year attributable to owners of the Company	$ 340,940	$ 503,361
Effect of potentially dilutive ordinary shares		
Employees’ compensation	-	-
Earnings used in the computation of diluted earnings per share	$ 340,940	$ 503,361

Weighted average number of ordinary shares outstanding (in thousands of shares):

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of ordinary shares used in the computation of basic earnings per share	50,230	50,230
Effect of potentially dilutive ordinary shares		
Employees’ compensation	166	182
Weighted average number of ordinary shares used in the computation of diluted earnings per share	50,396	50,412

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumed that the entire amount of the compensation will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows for the years ended December 31, 2020 and 2019:

The Group acquired property, plant and equipment that had not yet paid in the amounts of $16,834 thousand and $32,771 thousand, which were recorded as other payables during the years ended December 31, 2020 and 2019, respectively.

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2020

		Cash Flows		Non-cash Changes			
	Opening Balance	Increase (Decrease) in Principal	Finance Costs	New Leases	Finance Costs	Exchange Differences on Translating the Financial Statements	Closing Balance
Long-term borrowings and current portion of long-term borrowings	$ 87,772	$ (60,354)	$ -	$ -	$ -	$ (1,917)	$ 25,501
Short-term borrowings	113,391	87,945	-	-	-	783	202,119
Lease liabilities	22,997	(3,900)	(947)	1,684	947	219	21,000
	$ 224,160	$ 23,691	$ (947)	$ 1,684	$ 947	$ (915)	$ 248,620

For the year ended December 31, 2019

		Cash Flows		Non-cash Changes			
	Opening Balance	Increase (Decrease) in Principal	Finance Costs	New Leases	Finance Costs	Exchange Differences on Translating the Financial Statements	Closing Balance
Long-term borrowings and current portion of long-term borrowings	$ 95,736	$ (6,196)	$ -	$ -	$ -	$ (1,768)	$ 87,772
Short-term borrowings	150,000	(36,609)	-	-	-	-	113,391
Lease liabilities	21,404	(2,693)	(984)	4,774	984	(488)	22,997
	$ 267,140	$ (45,498)	$ (984)	$ 4,774	$ 984	$ (2,256)	$ 224,160

27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued, and the amount of new debt issued or existing debt redeemed.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management of the Group considered that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values.

b. Categories of financial instruments

	December 31	
	2020	**2019**
Financial assets		
Amortized cost (1)	$ 1,512,459	$ 1,377,391
Financial liabilities		
Amortized cost (2)	598,821	572,288

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost, receivables (including related parties and excluding tax refund receivables) and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise short-term borrowings, long-term borrowings and payables (including related parties and excluding payables for salaries or bonuses, payables for employees' welfare fund and payables for business tax).

c. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, receivables, debt instruments, payables and short-term, long-term borrowings and lease liabilities. Risks on the financial instruments include market risk (such as currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group had foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk. The Group assesses the net risk position of non-functional currency denominated sales and purchases periodically and adjusts its non-functional cash position on the basis of its assessment.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Group was mainly exposed to exchange fluctuations of the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the functional currency against the relevant foreign currency. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the functional currency weakening 1% against the relevant currency. For a 1% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2020	**2019**
Profit or loss	$ 1,272	$ 2,416

This was mainly attributable to the exposure outstanding on USD cash and cash equivalents, receivables, short-term borrowings and payables which were not hedged at the end of the reporting period.

The Group's sensitivity to the USD decreased during the current year mainly due to a decrease in USD denominated receivables.

b) Interest rate risk

The Group was exposed to interest rate risk because its deposits and bank loans are at both fixed and floating interest rates.

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

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 350,466	$ 54,569
Financial liabilities	166,000	193,440
Cash flow interest rate risk		
Financial assets	562,872	666,761
Financial liabilities	82,620	30,720

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis points increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2020 and 2019 would have increased/decreased by $1,201 thousand and $1,590 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

The Group's sensitivity to the interest rate decreased during the current year mainly due to a decrease in floating interest rate bank deposits, and an increase in floating interest rate short-term borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group rated its major customers based on the information supplied by independent rating agencies where available and, if not available, other publicly available financial information and its own trading records. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Group continually evaluated its counterparties' financial status, and, if necessary, requested a guarantee deposit as a term of transaction to lower its exposure to the credit risk.

The Group's concentration of credit risk by geographical locations was mainly in mainland China, which accounted for 40% and 39% of the total trade receivables as of December 31, 2020 and 2019, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

For the Group, bank loans are an important resource of liquidity to the Group. Refer to section (b) below for more information about unused amounts of financing facilities at December 31, 2020 and 2019.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table shows the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2020

	Within 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	$ 203,149	$ 2,486	$ -	$ -
Non-interest bearing liabilities	365,339	5,862	-	-
Lease liabilities	1,781	1,112	5,848	26,629
Long-term borrowings	1,344	3,957	21,683	-
	$ 571,613	$ 13,417	$ 27,531	$ 26,629

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 2,893	$ 5,848	$ 5,121	$ 5,121	$ 5,121	$ 11,266

December 31, 2019

	Within 3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Short-term borrowings	$ 113,397	$ -	$ -	$ -
Non-interest bearing liabilities	357,384	13,741	-	-
Lease liabilities	1,771	2,483	6,567	27,199
Long-term borrowings	2,535	7,527	45,400	49,916
	$ 475,087	$ 23,751	$ 51,967	$ 77,115

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 4,254	$ 6,567	$ 5,037	$ 5,037	$ 5,037	$ 12,088

b) Financing facilities

	December 31	
	2020	2019
Unsecured bank loan facilities, reviewed annually and payable on demand:		
Amount used	$ 202,119	$ 113,391
Amount unused	864,419	516,709
	$ 1,066,538	$ 630,100
Secured bank loan facilities:		
Amount used	$ 25,501	$ 87,772
Amount unused	140,000	204,575
	$ 165,501	$ 292,347

29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related party name and categories

Related Party Name	Related Party Category
Zeelandia Bakery Ingredients (Wuxi) Co., Ltd.	Associate
Tehmag Foods Corporation	Associate
San Neng Bake Ware (Wuxi) Co., Ltd.	Associate
San Neng Bakeware Corporation	Associate
New Order Enterprise Co., Ltd.	Associate
Wuxi Champs Food Co., Ltd. (Note)	Associate
Auto Control Co., Ltd.	Associate
Wuxi Temma Paper Cup Co., Ltd.	Associate
Tehmag Foods Corporation Sdn. Bhd.	Associate
Squires Kitchen Sugarcraft (Wuxi) Limited	Associate
San Neng Japan Bakeware Corporation	Associate

Note: Since July 2019, it was no longer a related party.

b. Sales of goods

		For the Year Ended December 31	
Line Item	Related Party Category/Name	2020	2019
Sales	Associates	$ 838	$ 1,457

The sales prices to related parties were negotiated case by case, and the collection terms to related parties were 60 days or 90 days within receiving the bills of lading. The sales prices to third parties were determined in accordance with mutual agreements, and the collection terms from third parties were 90 days.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2020	2019
Associates	$ 40,651	$ 48,518

The purchases prices from related parties was determined based on their costs with a margin. The payment terms to related parties were 30 days to 120 days or 45 days within receiving the bill of lading. The prices and payment terms were determined in accordance with mutual agreements, and the payment terms to third parties were 90 days.

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31 2020	2019
Trade receivables	Associates	$ 432	$ 168

The outstanding trade receivables from related parties are unsecured. As of December 31, 2020 and 2019, all receivables from related parties were not past due. And for the years ended December 31, 2020 and 2019, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31 2020	2019
Notes payable	Associates	$ 500	$ 339
Trade payable	Associates	$ 6,053	$ 6,976

The outstanding trade payables from related parties are unsecured.

f. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2020	2019
Selling and marketing expenses - other expenses	Associates	$ 11	$ 7
General and administrative expenses - other expenses	Associates	$ 5	$ 1
Research and development expenses - other expenses	Associates	$ -	$ 6

g. Compensation of key management personnel

	For the Year Ended December 31 2020	2019
Short-term employee benefits	$ 45,884	$ 57,629
Post-employment benefits	903	997
	$ 46,787	$ 58,626

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank loans, taxpayer accounts and the tariffs of imported raw materials guarantees:

	December 31	
	2020	**2019**
Financial assets at amortized cost - current		
Taxpayer accounts	$ 370	$ 226
Financial assets at amortized cost - non-current		
Pledged time deposits	$ 115	$ 64
Others		
Right-of-use assets	$ 19,554	$ 20,478
Freehold land	58,715	82,521
Buildings, net	72,302	152,577
	$ 150,571	$ 255,576

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unrecognized commitments were as follows:

	December 31	
	2020	**2019**
Acquisition of property, plant and equipment	$ 41,784	$ 7,687

b. Due to the impact of the COVID-19 pandemic, the Group’s operating revenue substantially declined from January to May 2020. With the easing of the epidemic and loosening of government policies, the Group expects that operations will gradually return to normal, and there is no major impact to the Group’s ability to continue as going concerns, impairment of assets and financial risks.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2020

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 5,102	28.48 (USD:NTD)	$ 145,314
USD	4,801	6.51 (USD:RMB)	136,742
USD	47	4.20 (USD:MYR)	1,349
			$ 283,405
Financial liabilities			
Monetary items			
USD	2,495	28.48 (USD:NTD)	$ 71,068
USD	2,472	6.51 (USD:RMB)	70,416
USD	265	4.20 (USD:MYR)	7,548
USD	250	29.80 (USD:THB)	7,129
			$ 156,161

December 31, 2019

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 7,437	29.98 (USD:NTD)	$ 222,967
USD	9,565	6.96 (USD:RMB)	286,745
USD	47	4.26 (USD:MYR)	1,420
			$ 511,132
Financial liabilities			
Monetary items			
USD	7,853	29.98 (USD:NTD)	$ 235,447
USD	598	6.96 (USD:RMB)	17,930
USD	233	4.26 (USD:MYR)	6,993
USD	307	29.69 (USD:THB)	9,204
			$ 269,574

For the years ended December 31, 2020 and 2019, realized and unrealized net foreign exchange gains (losses) were $(8,620) thousand and $14,601 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group in the Group.

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others (none)

2) Endorsements/guarantees provided (Table 1)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (none)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (none)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (none)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (none)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 2)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (none)

9) Trading in derivative instruments (none)

10) Intercompany relationships and significant intercompany transactions (Table 3)

b. Information on investees (Table 4)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. When subsidiaries hold shares of the parent, the names of the subsidiaries and the shareholdings, amounts, and reasons shall be separately presented: None

e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

f. Disclosure of the affiliates

1) Disclosures on the notes appended to the consolidated financial statements of the affiliates are as follows:

No.	Items	Reference
1	The names of subordinate companies, a description of their relationship with the controlling company, the nature of their business, and the controlling company’s shareholding or capital contribution ratio in each company.	Note 11, Tables 4 and 5
2	Increases, decreases, or changes in the subordinate companies included in the current consolidated financial statements of the affiliates.	Note 11
3	The names and shareholding or capital contribution ratios of subordinate companies not listed in the current consolidated financial statements for affiliates and the reasons why they are not included in the consolidated statements.	None
4	The adjustment method and treatment adopted if the opening and closing dates of the subordinate company’s accounting year are different from those of the controlling company.	None
5	An explanation of any differences in accounting policies between the subordinate companies and the controlling company. The method and substance of adjustments adopted in the event of any non-conformity with the Generally Accepted Accounting Principles of the Republic of China.	None
6	Special operational risks of overseas subordinate companies, such as exchange rate fluctuations.	Note 11
7	Statutory or contractual restrictions on distribution of earnings by the various affiliates.	Note
8	Amortization methods and period for consolidated borrowings (loans).	None
9	Other matters of significance or explanations that would contribute to the fair presentation of the consolidated financial statements of the affiliates.	None

2) Disclosures on the notes for subordinate company affiliates are as follows:

No.	Items	Reference
1	Transactions that have been eliminated between the controlling company and subordinate companies or between subordinate companies.	Table 3
2	Information regarding financing, endorsements, and guarantees.	Table 1
3	Information regarding trading in derivative products.	None
4	Significant contingent matters.	None
5	Significant subsequent events.	None
6	Names of bills and securities held, and their quantities, cost, market value (or net par value if a bill or security does not have a market value), shareholding or capital contribution ratio, description of any pledges, and the highest amount of shareholding or capital contribution during the period.	Tables 4 and 5
7	Other matters of significance or explanations that would contribute to a fair presentation of the consolidated financial statements of the affiliates.	None

Note: As set forth in the Articles, Sinmag Equipment (China) Co., Ltd. and Wuxi New Order Control Co., Ltd. shall allocate reserve funds, expansion funds and welfare funds for employees after payment of taxes, respectively. The reserve funds are accrued at rates of no less than 10% of net profit before income tax. When the accumulated withdrawal amount reaches 50% of the registered capital, it could be withdrawn. The proportion of allocation shall be decided by the board of directors.

34. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group’s reportable segments under IFRS 8 “Operating Segments” were as follows:

- Manufacturing and selling of bakery equipment segment
- Manufacturing and selling of control panels and electromechanical control system segment

The manufacturing and selling of bakery equipment segment includes a number of direct sales operations in various cities, each of which is considered a separate operating segment by the chief operating decision maker. For financial statement presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

- The nature of the products and production processes is similar;
- The pricing strategy of the products is similar;

a. Segment revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments:

	Segment Revenue		Segment Profit or Loss	
	For the Year Ended December 31		For the Year Ended December 31	
	2020	2019	2020	2019
Manufacturing and selling of bakery equipment segment	$ 4,166,441	$ 5,219,579	$ 607,075	$ 811,197
Manufacturing and selling of control panel and electromechanical control system segment	87,730	109,898	(71,447)	(90,491)
Eliminations	(953,682)	(1,164,849)	-	-
Continuing operations	$ 3,300,489	$ 4,164,628	535,628	720,706
Interest income			16,086	16,674
Other income			6,052	10,624
Other gains and losses			(12,909)	5,394
Compensation of key management personnel			(46,787)	(58,626)
Finance costs			(5,280)	(7,221)
Profit before tax (continuing operations			$ 492,790	$ 687,551

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, interest income, other income, other gains and losses, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31	
	2020	2019
Segment assets		
Continuing operations		
Manufacturing and selling of bakery equipment segment	$ 3,146,971	$ 3,179,569
Manufacturing and selling of control panel and electromechanical control system segment	33,256	27,806
Unallocated assets	266,508	94,072
Consolidated total assets	$ 3,446,735	$ 3,301,447
Segment liabilities		
Continuing operations		
Manufacturing and selling of bakery equipment segment	$ 641,417	$ 679,849
Manufacturing and selling of control panel and electromechanical control system segment	17,216	18,642
Unallocated liabilities	456,077	367,578
Consolidated total liabilities	$ 1,114,710	$ 1,066,069

For the purpose of monitoring segment performance and allocating resources between segments:

1) All assets were allocated to reportable segments other than financial assets at amortized cost, and current and deferred tax assets. Goodwill was allocated to reportable segments. Assets used jointly by reportable segments were allocated on the basis of the revenue earned by individual reportable segments; and

2) All liabilities were allocated to reportable segments other than borrowings, other financial liabilities, current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

c. Other segment information

	Depreciation and amortization		**Non-current Assets (Note)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2020	**2019**	**2020**	**2019**
Manufacturing and selling of bakery equipment segment	$ 82,338	$ 67,646	$ 24,021	$ 322,755
Manufacturing and selling of control panel and electromechanical control system segment	235	2,736	255	2,510
	$ 82,573	$ 70,382	$ 24,276	$ 325,265

Note: Non-current assets include property, plant and equipment, other intangible assets and right-of-use assets.

d. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2020	**2019**
Bakery equipment products	$ 3,279,795	$ 4,144,379
Services	20,694	20,249
	$ 3,300,489	$ 4,164,628

e. Geographical information

The Group operates in three principal geographical areas - Taiwan, China and the United States.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2020	2019	2020	2019
Taiwan	$ 395,134	$ 599,769	$ 109,330	$ 112,944
China	2,203,644	2,818,849	1,134,909	930,553
United States	530,416	519,262	102,408	113,127
Others	171,295	226,748	115,911	78,628
	$ 3,300,489	$ 4,164,628	$ 1,462,558	$ 1,235,252

Non-current assets exclude deferred tax assets.

f. Information about major customers

No single customer contributed 10% or more to the Group's revenue for both 2020 and 2019.

TABLE 1

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 5)											
0	Sinmag Equipment Corporation	Sinmag Bakery Equipment Sdn. Bhd.	(b)	Net value 50% $ 1,134,486	$ 40,737 (RM 6,000)	$ 40,737 (RM 6,000)	$ 25,501 (RM 3,756)	$ -	2	Net value 50% $ 1,134,486	Y	-	-	-

Note 1: The total amount of the guarantees provided by Sinmag Equipment Corporation to subsidiaries shall not exceed 50% of Sinmag Equipment Corporation's net worth based on its most recent audited financial statements.

Note 2: The total amount of the guarantees provided by Sinmag Equipment Corporation to individual subsidiaries shall not exceed 50% of Sinmag Equipment Corporation's net worth based on its most recent audited financial statements.

Note 3: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 4: The maximum amount endorsed/guaranteed during the period, limits on endorsement/guarantee given on behalf of each party and actual amount borrowed converted at the spot exchange rate as of December 31, 2020.

Note 5: Relationships between the endorser/guarantor and the party being endorsed/guaranteed are as follows:

a. A company that the Company has business relationship with.
b. The Company directly or indirectly holds over 50% ownership of the investee company.
c. A company that directly or indirectly holds over 50% ownership of the Company.
d. In between companies where over 90% of voting shares are directly or indirectly held by the Company.
e. The Company is required to provide guarantees or endorsements for the construction project based on the construction contract.
f. Shareholder of the investee provides endorsements/guarantees to the Company in proportion to their shareholding percentages.
g. Collateral performance guarantees from companies in the same industry that entered into pre-construction home sales agreements in accordance with the Consumer Protection Act.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transactions		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Sinmag Equipment Corporation	Sinmag Equipment (China) Co., Ltd.	Subsidiary	Purchase	$ 506,660	87	B/L 45 days	Note 1	Note 2	$ (70,488)	(76)	Note 3
Sinmag Equipment (China) Co., Ltd.	Sinmag Equipment Corporation	Parent company	(Sale)	(506,660)	(19)	B/L 45 days	〃	〃	70,488	22	〃
LBC Bakery Equipment Inc.	Sinmag Equipment Corporation	Parent company	Purchase	226,842	87	B/L 180 days	〃	〃	(41,635)	(80)	〃
Sinmag Equipment Corporation	LBC Bakery Equipment Inc.	Subsidiary	(Sale)	(226,842)	(31)	B/L 180 days	〃	〃	41,635	27	〃

Note 1: Unit prices for related parties were determined based on their costs with a margin, unit prices for non-related parties were determined in accordance with mutual agreements.

Note 2: Open account of 90 days for non-related parties.

Note 3: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

TABLE 3

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount (Note 1)	Payment Terms	% of Total Sales or Assets (Note 2)
0	Sinmag Equipment Corporation	Sinmag Equipment (China) Co., Ltd.	From parent to subsidiary	Sales	$ 41,303	Cost with a margin, B/L 90 days	1
		Sinmag Bakery Equipment Sdn. Bhd.	From parent to subsidiary	Sales	37,724	Cost with a margin, B/L 60 days	1
				Guarantees provided	40,737	-	1
		Sinmag Equipment (Thailand) Co., Ltd.	From parent to subsidiary	Sales	35,657	Cost with a margin, B/L 90 days	1
				Issuance of ordinary shares for cash	56,698	-	3
				Capitalization of profits	23,245	-	1
		LBC Bakery Equipment Inc.	From parent to subsidiary	Sales	226,842	Cost with a margin, B/L 180 days	7
				Trade receivables	41,635	-	1
		Sinmag Limited	From parent to subsidiary	Investments accounted for using the equity method	36,727	Structural reorganization	1
1	Lucky Union Limited	Sinmag Equipment Corporation	From subsidiary to parent	Surplus repatriation	394,400	-	11
				Investments accounted for using the equity method	36,727	Capital reduction	1
2	Sinmag Limited	Lucky Union Limited	Between subsidiaries	Surplus repatriation	394,400	-	11
				Investments accounted for using the equity method	36,727	Capital reduction	1
3	Sinmag Equipment (China) Co., Ltd.	Sinmag Limited	Between subsidiaries	Surplus repatriation	432,470	-	13
		Sinmag Equipment Corporation	From subsidiary to parent	Sales	506,660	Cost with a margin, B/L 45 days	15
				Trade receivables	70,488	-	2
4	Wuxi New Order Control Co., Ltd.	Sinmag Equipment (China) Co., Ltd.	Between subsidiaries	Sales	87,730	Negotiated case by case, monthly payment: 30 days	3
				Trade receivables	12,228	-	-
5	LBC Bakery Equipment Inc.	Sinmag Equipment (China) Co., Ltd.	Between subsidiaries	Sales	17,684	Negotiated case by case, monthly payment: 60 days	1

Business relationships between parent and subsidiaries:

Sinmag Equipment Corporation, Sinmag Equipment (China) Co., Ltd., Sinmag Bakery Equipment Sdn. Bhd., Wuxi New Order Control Co., Ltd., LBC Bakery Equipment Inc., Sinmag Bakery Machine India Private Limited and Sinmag Equipment (Thailand) Co., Ltd. are mainly engaged in the manufacturing and selling of bakery equipment, control panels and electromechanical control systems. Lucky Union Limited and Sinmag Limited are holding companies. Benchmark Service Co., Ltd. is mainly engaged in the maintenance service.

Note 1: The above table discloses only one-way transaction information. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 2: The calculation of the percentage of the transaction accounts for total consolidated revenues or total assets. For the assets and liabilities, they are calculated by the ending balance divided by the consolidated total assets. For profit or loss, they are calculated by the accumulated amount at the end of period divided by the consolidated total revenue.

Note 3: The above table discloses only the amounts of important transactions that exceed NT$10,000 thousand.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2020				Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2020	December 31, 2019	Number of Shares	%	Carrying Amount	Net Worth Per Share			
Sinmag Equipment Corporation	Lucky Union Limited	Samoa	Holding company	$ 392,587	$ 429,314	-	100.00	$ 2,145,662	$ -	$ 365,344	$ 365,344	Notes 2, 3 and 7
	Sinmag Equipment (Thailand) Co., Ltd.	Thailand	Selling of bakery equipment.	93,425	-	20,600,000	100.00	92,972	4.51	3,467	2,327	Notes 2, 3 and 5
	Benchmark Service Co., Ltd.	Thailand	Maintenance service	479	-	100,000	100.00	508	5.08	30	30	Notes 2, 3 and 6
Lucky Union Limited	Sinmag Limited	Samoa	Holding company	407,839	444,566	-	100.00	2,151,600	-	365,716	365,716	Notes 2, 3 and 8
Sinmag Limited	Sinmag Bakery Equipment Sdn. Bhd.	Malaysia	Selling of bakery equipment.	12,340	12,340	300,000	100.00	96,774	322.58	5,463	5,463	Notes 2, 3
	LBC Bakery Equipment Inc.	United States	Selling of bakery equipment.	17,241	17,241	882,000	82.82	233,726	265.00	40,280	33,003	Notes 1, 2 and 3
	Sinmag Bakery Machine India Private Limited	India	Manufacturing and selling of bakery equipment.	54,748	54,748	-	100.00	2,303	-	(2,760)	(2,760)	Notes 2, 3
	Sinmag Equipment (Thailand) Co., Ltd.	Thailand	Selling of bakery equipment.	-	18,199	-	-	-	-	3,467	1,140	Notes 2, 3 and 5

Note 1: The share of profits (losses) of the investee includes the effect of unrealized gross profit on intercompany transactions.

Note 2: The share of profit (loss) was recognized according to the audited financial statements of the investees for the same year.

Note 3: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 4: For information on investments in mainland China, refer to Table 5
.
Note 5: After undertaking structural reorganization in June 2020, the Company directly held 100% equity of Sinmag Equipment (Thailand) Co., Ltd.

Note 6: In June 2020, Benchmark Service Co., Ltd. was incorporated in Thailand, and there was no significant operating revenue generated as of December 31, 2020.

Note 7: Lucky Union Limited reduced and returned its capital in the amount of US$1,224 thousand and the procedures were completed in November 2020.

Note 8: Sinmag Limited reduced and returned its capital in the amount of US$1,224 thousand and the procedures were completed in November 2020.

Note 9: Except for Note 5, the table above shows that the highest amount of shareholding or capital contribution ratio is equal to the shareholding or capital contribution ratio at the end of the year. No collateral was provided on these investments.

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2020	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2020	Accumulated Repatriation of Investment Income as of December 31, 2020
					Outward	Inward						
Sinmag Equipment (China) Co., Ltd. (Note 3)	Manufacturing and selling of bakery equipment	$ 1,058,108 (US$ 33,850)	b	$ 349,938 (US$ 10,594)	$ -	$ -	$ 349,938 (US$ 10,594)	$ 362,176	100	$ 363,595 (Note 2 b.(2))	$ 1,791,328	$ 3,931,274 (US$ 128,351)
Wuxi New Order Control Co., Ltd.	Manufacturing and selling of control panels and electromechanical control system	4,961 (US$ 150)	〃	3,348 (US$ 104)	-	-	3,348 (US$ 104)	11,368	50	5,793 (Note 2 b.(2))	11,451	55,853 (US$ 1,825)

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2020	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$353,286 (Note 4)	$1,174,049	$1,399,215

Note 1: The three methods of investing in mainland China are as follows:

a. Direct investments in mainland China.
b. Investment in mainland China through an existing company established in a third region (Lucky Union Limited and Sinmag Limited)
c. Others.

Note 2: In the column of investment gain (loss)

a. If the investment is still in preparation and there is no investment gain (loss), it will be specified.

b. The basis for recognizing investment gain (loss) is as follows:

1) Based on financial statements audited by an international accounting firm that has a business relationship with an accounting firm in the ROC.
2) Based on financial statements audited by the accounting firm of the parent company in Taiwan.
3) The investees' financial statements have not been audited for the same year.

(Continued)

Note 3: Part of the amount reinvested in a third region.

Note 4: Repatriation of investments of $3,987,127 thousand was not deducted from the amount.

Note 5: The share of profits (losses) of the investee includes the effect of unrealized gross profit on intercompany transactions. Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

Note 6: The table above shows that the highest amount of shareholding or capital contribution ratio is equal to the shareholding or capital contribution ratio at the end of the year. No collateral was held on these investments.

(Concluded)

TABLE 6

SINMAG EQUIPMENT CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

1. The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

2. The amount and percentage of sales and the balance and percentage of the related payables at the end of the period:

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Terms	Comparison with General Transactions	Ending Balance	%		
Sinmag Equipment (China) Co., Ltd.	Sales	$ (41,303)	(6)	Cost with a margin	B/L 90 days	Note 1	$ 5,369	4	$ 3,016	Note 2
	Purchase	506,660	87	Cost with a margin	B/L 45 days	〃	(70,488)	(76)	17,154	〃

Note 1: The payment terms for non-related parties are negotiated on a case-by-case basis, which is 90 days from end of the month of sale or purchase of goods.

Note 2: Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation.

3. The amount of property transactions and the amount of the resultant gains or losses: None.

4. The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.

5. The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None.

6. Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services: None.

SINMAG EQUIPMENT CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Sheng Chia Investment Co., Ltd.	3,015,545	6

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.