TAIWAN TEA CORPORATION

INDIVIDUAL FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT AUDITORS

FOR THE YEARS ENDED

DECEMBER 31, 2020 AND 2019

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

<u>Independent Auditors' Report Translated from Chinese</u>

Independent Auditors' Report

To Taiwan Tea Corporation

Opinion

We have audited the accompanying individual balance sheets of Taiwan Tea Corporation (the "Company") as of December 31, 2020 and 2019, and the related individual statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the individual financial statements, including the summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the individual financial statements referred to above present fairly, in all material respects, the individual financial positions of the Company as of December 31, 2020 and 2019, and their individual financial performance and cash flows for the years ended December 31, 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee as endorsed and became effective by 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 Individual Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Revenue Recognition

The Company recognized operating revenue in the amount of NT$311,765 thousand in 2020. Revenue are primarily related to sales of goods, construction revenue and rental revenue. Due to each revenue transaction process and the timing of revenue recognition are different, is a key audit matter when conducting the audit of the individual financial statements.

The audit procedures we performed regarding revenue recognition included but not limited to: evaluate the appropriateness of the accounting policies regarding revenue recognition; understand the transaction and recognition process and perform tests of control on the effectiveness of control points established by management; perform comparative analysis of major customers to assess the reasonableness of the transaction amounts and counterparties; read and understand the contracts to identify the timing of revenue recognition; perform analytical review procedures on gross profit margin by categories; verify the stage of the completion of construction; perform test of details, including select samples to inspect the purchase orders and delivery notes.

We also considered the appropriateness of the relevant disclosure included in Note 4 and Note 6 to the individual financial statements.

Other Matter – Making Reference to the Audits of Component Auditors

We did not audit the financial statements of certain associates accounted for under the equity method whose statements are based solely on the reports of other auditors. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. These associates under equity method amounted to NT$ 16,775 thousand and NT$15,615 thousand, both representing 0% of individual total assets as of December 31, 2020 and 2019. The related shares of profit or loss of associates under the equity method amounted to NT$1,020 thousand and NT$(20,176) thousand, representing (3)% and 12% of the individual loss before tax for the years ended December 31, 2020 and 2019, respectively, and the related shares of other comprehensive income of associates under the equity method amounted to NT$140 thousand and NT$83 thousand, both representing 0% of the individual other comprehensive income for the years ended December 31, 2020 and 2019, respectively.

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

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 individual financial statements.

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

1. Identify and assess the risks of material misstatement of the individual 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 internal control of the Company.

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the individual 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 2020 individual financial statements and are therefore the key audit matters. We describe these matters in our auditor’s 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.

Chang, Chih-Ming
Ma, Chun-Ting
Ernst & Young, Taiwan
March 18, 2021

Notice to Readers

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

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

English Translation of Individual Financial Statements Originally Issued in Chinese

TAIWAN TEA CORPORATION

INDIVIDUAL BALANCE SHEETS

DECEMBER 31, 2020 AND DECEMBER 31, 2019

(Expressed in Thousands of Dollars)

ASSETS	Notes	December 31, 2020	December 31, 2019
CURRENT ASSETS			
Cash and cash equivalents	4 & 6.(1)	$176,083	$125,284
Contract assets - current	4 & 6.(17)	5,784	2,180
Notes receivable, net	4 & 6.(4) & 12	1,492	2,166
Accounts receivable, net	4 & 6.(4) & 12	15,869	16,191
Accounts receivable from related parties, net	4 & 6.(4) & 7 & 12	151	170
Other receivables	6.(8) &12	820	849
Inventories	4 & 6.(5) & 8	895,242	885,040
Prepayments		77,938	67,033
Non-current assets held for sale	4 & 6.(6) & 8 & 12	4,720	12,752
Other current assets		384	1,336
Total current assets		1,178,483	1,113,001
NONCURRENT ASSETS			
Financial assets at fair value through other comprehensive income - non-current	4 & 6.(2) & 12	97,526	52,572
Financial assets measured at amortized cost - non-current	4 & 6.(3) & 8 & 12	8,857	9,614
Investments accounted for using equity method	4 & 6.(7)	16,775	15,615
Property, plant and equipment	4 & 6.(8) & 8	6,504,497	6,091,527
Right-of-use asset	4 & 6.(19) & 7	2,106	1,864
Investments property, net	4 & 5 & 6.(9) & 8	17,093,694	17,163,854
Intangible assets	4 & 6.(10)	1,512	1,948
Other non-current assets	6.(8) & 6.(11) & 8	195,038	145,739
Total non-current assets		23,920,005	23,482,733
TOTAL ASSETS		$25,098,488	$24,595,734

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

(continued)

English Translation of Individual Financial Statements Originally Issued in Chinese

TAIWAN TEA CORPORATION

INDIVIDUAL BALANCE SHEETS

DECEMBER 31, 2020 AND DECEMBER 31, 2019

(Expressed in Thousands of Dollars)

LIABILITIES AND EQUITY	Notes	December 31, 2020	December 31, 2019
CURRENT LIABILITIES			
Short-term borrowings	6.(12) & 8 & 12	$80,000	$50,000
Short-term notes and bills payable	6.(13) & 8	-	49,772
Contract liabilities - current	4 & 6.(8) & 6.(17)	12,248	21,339
Notes payable	12	3,462	1,623
Accounts payable	12	12,339	11,592
Other payables	6.(8) & 7	126,556	135,047
Leased liability - current	4 & 6.(19) & 12	922	611
Current portion of long-term debts	6.(14) & 8 & 12	763,300	344,980
Other current liabilities		2,760	3,575
Total current liabilities		1,001,587	618,539
NONCURRENT LIABILITIES			
Long-term borrowings	6.(14) & 8 & 12	5,079,225	4,951,345
Deferred tax liabilities	4 & 6.(23)	3,204,341	3,235,082
Leased liability - non-current	4 & 6.(19) & 7 & 12	1,259	1,271
Long-term deferred revenue		7,356	7,356
Defined benefit liability, net	4 & 6.(15)	10,831	13,810
Guarantee deposits received		1,699	4,662
Total non-current liabilities		8,304,711	8,213,526
TOTAL LIABILITIES		9,306,298	8,832,065
EQUITY	6.(16)		
Common stock		7,900,000	7,900,000
Capital surplus		2,206,175	2,206,175
Retained earnings			
Legal reserve		495,587	495,587
Special reserve		3,363,664	3,396,105
Unappropriated earnings		1,829,507	1,813,499
Total retained earnings		5,688,758	5,705,191
Other equity		(2,743)	(47,697)
TOTAL EQUITY		15,792,190	15,763,669
TOTAL LIABILITIES AND EQUITY		$25,098,488	$24,595,734

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

English Translation of Individual Financial Statements Originally Issued in Chinese

TAIWAN TEA CORPORATION

INDIVIDUAL STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in Thousands of Dollars, Except for Earnings per Share)

	Notes	For the Years Ended December 31 2020	2019
OPERATING REVENUE	4 & 6.(17) & 7	$311,765	$298,998
OPERATING COSTS	6.(19) & 6.(20)	(187,121)	(178,150)
GROSS PROFIT		124,644	120,848
OPERATING EXPENSES			
Selling and marketing	6.(20) & 7	(93,540)	(100,469)
General and administrative	6.(19) & 6.(20)	(172,020)	(182,255)
Research and development	6.(20)	(6,678)	(7,199)
Expected credit gain	6.(18)	31	49
Total operating expenses		(272,207)	(289,874)
OPERATING LOSS		(147,563)	(169,026)
NON-OPERATING INCOME AND EXPENSES			
Interest income	6.(21) & 7	59	65
Other income	6.(21) & 7	5,824	6,833
Other gains and losses	6.(21)	187,064	85,291
Financial costs	6.(21) & 7	(79,143)	(75,351)
Expected credit gain (losses)	6.(18)	191	(191)
Share of profits and loss of associates and joint ventures accounted for using equity method	4 & 6.(7)	1,020	(20,176)
Total non-operating income and expenses		115,015	(3,529)
LOSS BEFORE INCOME TAX		(32,548)	(172,555)
INCOME TAX INCOME	4 & 6.(23)	15,197	26,600
NET LOSS		(17,351)	(145,955)
OTHER COMPREHENSIVE INCOME	6.(22)		
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plans		778	1,955
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		44,954	(7,236)
Share of other comprehensive income of associates and joint ventures accounted for using equity method		140	83
Other comprehensive income for the period, net of income tax		45,872	(5,198)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		$28,521	$(151,153)
EARNINGS (LOSSES) PER SHARE (NT$)			
Basic earnings (losses) per share	6.(24)		
Continuing operating loss after tax, net		$(0.02)	$(0.18)
Net Loss		$(0.02)	$(0.18)
Diluted earnings (losses) per share	6.(24)		
Continuing operating loss after tax, net		$(0.02)	$(0.18)
Net Loss		$(0.02)	$(0.18)

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

English Translation of Individual Financial Statements Originally Issued in Chinese

TAIWAN TEA CORPORATION

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in Thousands of Dollars)

Item	Common Stock	Capital Surplus	Retained Earnings: Legal Reserve	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated Earnings	Others: Unrealized gain (losses) on financial assets measured at Fair Value through Other Comprehensive Income	Total Equity
Balance as of January 1, 2019	$7,900,000	$2,206,175	$495,587	$3,426,260	$2,164,221	$(40,456)	$16,151,787
Appropriation of 2018 earnings:							
Cash dividends	-	-	-	-	(236,965)	-	(236,965)
Net loss for the year ended December 31, 2019	-	-	-	-	(145,955)	-	(145,955)
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	2,038	(7,236)	(5,198)
Total comprehensive income	-	-	-	-	(143,917)	(7,236)	(151,153)
Disposal of equity instrument measured at fair value through other comprehensive income	-	-	-	-	5	(5)	-
Reversal of special reserve, which previously set aside for the first-time adoption of IFRS	-	-	-	(30,155)	30,155	-	-
Balance as of December 31, 2019	$7,900,000	$2,206,175	$495,587	$3,396,105	$1,813,499	$(47,697)	$15,763,669
Balance as of January 1, 2020	$7,900,000	$2,206,175	$495,587	$3,396,105	$1,813,499	$(47,697)	$15,763,669
Net loss for the year ended December 31, 2020	-	-	-	-	(17,351)	-	(17,351)
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	918	44,954	45,872
Total comprehensive income	-	-	-	-	(16,433)	44,954	28,521
Reversal of special reserve, which previously set aside for the first-time adoption of IFRS	-	-	-	(32,441)	32,441	-	-
Balance as of December 31, 2020	$7,900,000	$2,206,175	$495,587	$3,363,664	$1,829,507	$(2,743)	$15,792,190

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

English Translation of Individual Financial Statements Originally Issued in Chinese

TAIWAN TEA CORPORATION

INDIVIDUAL STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in Thousands of Dollars)

	For the Years Ended December 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	$(32,548)	$(172,555)
Adjustments:		
Income and adjustment items :		
Depreciation	93,526	93,137
Amortization	638	617
Expected credit gain	(222)	-
Interest expense	79,143	75,351
Interest income	(59)	(65)
Dividend income	(6)	-
Share of loss (gain) of associates and joint venture accounted for using equity method	(1,020)	20,176
Loss (gain) on disposal of property, plan and equipment	(89)	238
Property, plan and equipment transferred to expenses	1,540	18,629
Gain on disposal of investment properties	(186,943)	(186,515)
Impairment loss of non-financial assets	-	101,296
Other item (lease modification gain)	-	(2)
Other item (Amortization of other non-current assets)	2,346	-
Changes in operating assets and liabilities:		
Decrease (increase) in contract assets - current	(3,604)	692
Decrease (increase) in notes receivable	674	(1,504)
Decrease (increase) in accounts receivable	353	(1,512)
Decrease (increase) in accounts receivable from related parties	19	(63)
Decrease (increase) in other receivable	219	9,471
Decrease (increase) in inventories	(10,115)	(61,956)
Decrease (increase) in prepayments	(15,549)	(64,114)
Decrease (increase) in other current assets	752	(619)
Increase (decrease) in contract liabilities - current	(9,091)	(15,159)
Increase (decrease) in notes payable	1,839	(4,029)
Increase (decrease) in accounts payable	747	(1,109)
Increase (decrease) in other payables	(65,130)	(133,416)
Increase (decrease) in other current liabilities	(815)	(811)
Increase (decrease) in defined benefit liability, net	(2,201)	(2,491)
Cash from operating activities	(145,596)	(326,313)
Income taxes (paid) refund	-	(13,085)
Net cash used in operating activities	(145,596)	(339,398)

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

(continued)

English Translation of Individual Financial Statements Originally Issued in Chinese

TAIWAN TEA CORPORATION

INDIVIDUAL STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in Thousands of Dollars)

	For the Years Ended December 31	
	2020	**2019**
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of financial assets measured at fair value through other comprehensive income	-	479
Acquisition of financial assets measured at amortized cost	-	(743)
Proceeds from disposal of financial assets measure at amortized cost	757	-
Acquisition of property, plant and equipment:		
Cost paid	(410,107)	(454,627)
Interest paid	(5,824)	(7,945)
Proceeds from disposal of property, plant and equipment	2,217	-
Decrease in guarantee deposits paid	2,006	84,822
Acquisition of intangible assets	(202)	(237)
Acquisition of investment properties:		
Cost paid	(19,669)	(2,842)
Proceeds from disposal of investment properties	281,541	306,249
Increase in other non-current assets	(9,844)	(37,216)
Increase in prepayment for business facilities	(88,349)	(52,847)
Interest received	60	65
Dividends received	6	-
Net cash used in investing activities	(247,408)	(164,842)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	30,000	48,880
Increase in short-term notes and bills payable	-	49,772
Decrease in short-term notes and bills payable	(49,772)	-
Proceeds from long-term debt	13,117,010	10,780,010
Repayments of long-term debt	(12,570,810)	(10,122,705)
Increase in guarantee deposits received	-	256
Decrease in guarantee deposit received	(2,963)	-
Lease principal repayment	(611)	(1,180)
Cash dividends paid	-	(236,965)
Interest paid	(79,051)	(74,384)
Net cash provided by financing activities	443,803	443,684
NET DECREASE IN CASH AND CASH EQUIVALENTS	50,799	(60,556)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	125,284	185,840
CASH AND CASH EQUIVALENTS, END OF YEAR	$176,083	$125,284

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

Taiwan Tea Corporation
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019
(Amounts expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)
(Audited)

1. HISTORY AND ORGANIZATION

Taiwan Tea Corporation (the "Company") as successor of Mitsui & Co., Ltd was established with four subsidiaries responsible for agriculture, fishery, forestry and animal husbandry in 1950. The Company was privatized since the government implemented the Land-to-the-Tiller Policy in 1952. The Company diversified its operations into production and marketing of tea and other agricultural products, leisure industry, import/export trading (including food and wine), interior design, renovation and construction and real estate management and development. On February 1962, the Company was approved and listed on Taiwan Stock Exchange (TWSE). The Company's major operating center is registered in 15F., No.3, Park St., Nangang Dist., Taipei City 115, Taiwan (R.O.C.).

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The individual financial statements of the Company for the years ended December 31, 2020 and 2019 were approved and authorized for issue by the Board of Directors on March 18, 2021.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2020. The new standards and amendments had no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021

A. *Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*)

The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

(a) A company will not have to derecognise or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
(b) A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
(c) A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2021 have no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 1, 2023
d	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022
e	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
f	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023

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

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

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

B. *IFRS 17 "Insurance Contracts"*

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

(a) Estimates of future cash flows;
(b) Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
(c) a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

D. *Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements*

(a) *Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)*
The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

(b) Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

(c) *Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)*
The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

(d) *Annual Improvements to IFRS Standards 2018 - 2020*

Amendment to IFRS 1
The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments
The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41
The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

E. *Disclosure Initiative - Accounting Policies – Amendments to IAS 1*

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

F. *Definition of Accounting Estimates – Amendments to IAS 8*

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The financial statements of the Company for the years ended December 31, 2020 and 2019 have been prepared in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee as endorsed by FSC of the Republic of China.

(2) Basis of preparation

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

(3) Foreign currency transactions

The Company's financial statements are presented in NT$.

Transactions in foreign currencies are initially recorded by the Company entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 Financial Instruments (Before January 1, 2018: IAS 39 Financial Instruments: Recognition and Measurement) are accounted for based on the accounting policy for financial instruments.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Current and non-current distinction

An asset is classified as current when:

A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
B. The Company holds the asset primarily for the purpose of trading
C. The Company expects to realize the asset within twelve months after the reporting period
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is classified as current when:

A. The Company expects to settle the liability in its normal operating cycle
B. The Company holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification

All other liabilities are classified as non-current.

(5) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(6) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs

A. Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

(a) the Company's business model for managing the financial assets and
(b) the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

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.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

i purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

ii financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

i the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets 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

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

i A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

ii When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income should be reclassified from equity to profit or loss as a reclassification adjustment.

iii Interest revenue calculated by using the effective interest method (effective interest rate times the carrying amount of the financial asset) or the method stated below should be recognized in profit or loss.

(i) Purchased or originated credit-impaired financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset.
(ii) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently become credit-impaired financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the time value of money; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

(a) At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
(b) At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
(c) For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
(d) For lease receivables arising from transactions within the scope of IFRS 16 (before January 1, 2019: IAS 17), the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

(a) The rights to receive cash flows from the asset have expired
(b) The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
(c) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through amortization process of the effective interest rate method.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(7) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(8) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition is accounted for as follows:

Inventories cost is based on weighted average cost basis. Work in progress and finished goods include cost of direct labor and a proportion of manufacturing overheads based on normal operating capacity. Inventories valuation is based on lower of cost or net realizable value and the comparison is made on each individual item.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(9) Non-current assets held for sale

Non-current assets and disposal Companys are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal Company is available for immediate sale in its present condition. Non-current assets and disposal Companys classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

(10) Investments accounted for using the equity method

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company's related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a prorate basis.

When the associate issues new stock and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in additional paid in capital and investment in associate. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes of the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment.

B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 Impairment of Assets.

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant and equipment (include bearer plant) are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

The Company’s forest are mostly under conservation. Felling is restricted or forbidden and should be approved by the authority for 99% of the forest. For the other 1%, the Company is not intended to fell and sell the forest by the sake of environment conversation. The authority passes a limit on the number of approval every year. Therefore, the forest was recognized as land (land attachment).

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	
Wooden	5~10 years
Metal	10~20 years
Brick	20~30 years
Reinforced Concrete	40~55 years
Machinery and equipment	3~20 years
Transportation equipment	3~10 years
Office equipment	3~10 years
Other equipment	3~20 years
Right-of-use assets	1~5 years
Leasehold improvements	The shorter of lease terms or economic useful lives
Tea tree	40 years
Fruit tree	50 years
Coffee tree	20 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Investment property

The Company's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	30～50 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Company transfers to or from investment properties when there is a change in use for these assets.

The Company transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

<u>Company as a lessee</u>

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life.

The Company's accounting policies on intangible asset are summarized below:

	Computer software
Durable life	Finite use life
Amortization method	Straight-line depreciation
Internally generated or externally acquired	Externally acquired

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companys of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or Companys of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (Company of units), then to the other assets of the unit (Company of units) pro rata on the basis of the carrying amount of each asset in the unit (Company of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Revenue recognition

The Company’s revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follow:

Sale of goods

The Company manufactures and sells tea products and sells real estate. Sales are recognized when the control of the goods is transferred to the customer and the goods are delivered to the customers. At this time, the customer have the right to decide the sale and price of the product , and are capable to prevent other enterprise to manage the use or receive the benefits of the product.

The Company provides its customer with no warranty with the purchase of the products.

The credit period of the Company’s sale of goods is from 30 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Construction Revenue

The Company provides maintenance services for the sale of interior construction. Most of the contracts of the Company is customized by the need of customers. The Company has the right to the completion ration of the construction. Accordingly, the Company may recognize the revenue by the completion ratio of the construction. Usually, the contracts have a fixed consideration. Contractual considerations are collected throughtout the time list which are negotiated with the customers. When the Company provide the services to customers which exceed the amount paid from the customer, the contacts should be recognized as contract assets. However, when the amount paid from the customer exceed service provided by the Company, the contacts should be recognized as contract liabilities. For some of the contracts, customers pay the amount according to the bill provided by the Company, and the Company can recognize as revenue.

The period between the transfers of contractual product or service to the customer and the payments by customers is usually within one year, thus, no price was modified by time value of money.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee’s name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the Company’s individual financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(19) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's individual financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Company's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the individual financial statements:

A. Operating lease commitment - Company as the lessor

The Company has entered into commercial property lease agreements for several combinations of investment properties. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

B. Judgment on whether the Company has de facto control without a majority of the voting rights in investee companies

The Company is the largest shareholder of the investee company but does not hold more than 50% of its shares. It is judged that it has no de facto control and only has a significant influence. Please refer to Note 6.(7) for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Fair value of investment property

As the fair value of investment property disclosed on the balance sheet cannot be determined from active market, instead the fair value is estimated through valuation methods including sales comparison, land development analysis approach, income approach and cost approach. Changes in assumptions about these valuation methods could affect the disclosed fair value of the investment property and impairment testing. Please refer to Note 6 and 12 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at	
	December 31, 2020	December 31, 2019
Cash on hand and petty cash	$919	$929
Checking accounts	4,831	2,596
Demand deposits	170,333	121,759
Total	$176,083	$125,284

The above cash and cash equivalents were not pledged as collateral or restricted for uses.

(2) Financial assets at fair value through other comprehensive income - non-current

	As at	
	December 31, 2020	December 31, 2019
Equity instrument investments measured at fair value through other comprehensive income:		
Unlisted companies stocks	$97,526	$52,572

The Company classified certain of its financial assets as financial assets at fair value through other comprehensive income. Financial assets at fair value through other comprehensive income were not pledge.

The Company dividend income related to equity instrument investments measured at fair value through other comprehensive income for the year ended December 31, 2020 and 2019 are as follow:

	For the years ended December 31,	
	2020	2019
Related to investments held at the end of the reporting period		
Dividends recognized during the period	$6	$-

In consideration of the Company's investment strategy, the Company disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the year ended December 31, 2020 and 2019 are as follow:

	For the years ended December 31,	
	2020	2019
The fair value of the investments at the date of derecognition	$-	$479
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	$-	$5

(3) Financial assets measured at amortized cost

	As at	
	December 31, 2020	December 31, 2019
Cash in bank - reserve account	$8,857	$9,614
Non-current	$8,857	$9,614

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(4) Notes and accounts receivable

	As at	
	December 31, 2020	December 31, 2019
Notes receivable	$1,492	$2,166
Less: loss allowance	-	-
Notes receivable, net	$1,492	$2,166
Accounts receivable	$15,938	$16,291
Less: loss allowance	(69)	(100)
Accounts receivable, net	15,869	16,191
Accounts receivable - related parties	$151	$170
Less: loss allowance	-	-
Accounts receivable - related parties, net	$151	$170

A. The notes receivable and accounts receivable were from operations.

B. The notes receivable and accounts receivable were not pledged.

C. Accounts receivable are generally on 30 to 90 day terms (excluding construction). The terms of the construction are dependent on the scale and complexity of the projects. Receivables are collected according to the progress of the construction and reserves are collected at the end of the warranty period according to the contracts. As of December 31, 2020 and 2019, total carrying amount of accounts receivable were NT$16,089 thousand and NT$16,461 thousand, respectively. Please refer to Note 6.(18) for more details on impairment of accounts receivable. Please refer to Note 12 for credit risk management.

(5) Inventories

	As at	
	December 31, 2020	December 31, 2019
Property - land	$704,427	$704,223
Merchandise inventory	33,499	35,968
Finished goods	49,057	37,892
Work in process	9,431	44,249
Raw materials	79,751	46,314
Supplies	18,199	16,390
Goods in transit	878	4
Total net value	$895,242	$885,040

A. Please refer to Note 8 for the above inventories' pledge against bank guarantee.

B. The expenses relevant to inventory were recognized in operating cost in 2020 and 2019 as follows:

	For the years ended December 31,	
	2020	2019
Inventory sales cost	$145,630	$148,224
Inventory scrap loss	130	1,390
Inventory short (over)	(233)	(95)
Inventory write-down (gain on the reversal of write-down of inventories)	(215)	2,703
Total	$145,312	$152,222

C. Due to the rising value of the grocery products and the products sold in 2020, the Company had recognized gain from price recovery of inventory in the amount of NT$215 thousand for the year ended December 31, 2020.

D. The Company did not recognize gain from price recovery of inventory for the year ended December 31, 2019.

(6) Non-current assets held for sale

A. Through negotiation with sharecropping units on the purchase price and subsequent approval during the board meetings, the contract, to sell land was signed. Non-current assets and disposal Company are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal Company is available for immediate sale in its present condition.

Non-current assets held for sale:

	As at	
	December 31, 2020	December 31, 2019
Land	$4,720	$12,752

B. The above asset was classified from investment property to non-current assets held for sale on the basis of the lower of the difference between carrying value or fair value and the cost of selling the land. Please refer to Note 12 for more detailed information on fair value.

C. For information about non-current assets held for sale that were pledged by bank as loan collateral, please refer to Note 8.

(7) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Company:

	As at			
	December 31, 2020		December 31, 2019	
Investee	Amount	Percentage of Ownership (%)	Amount	Percentage of Ownership (%)
Investments in associates				
Great Construction System Inc.	$16,775	34.36%	$15,615	34.36%

Investments in associates

A. The investments in associates of the Company were not significant. The summary financial information of related party is listed below:

	For the years ended December 31,	
	2020	2019
Net (loss) income	$1,020	$(20,176)
Other comprehensive income, net	140	83
Comprehensive income for the period	$1,160	$(20,093)

The company holds 34.36% of the voting rights of Great Construction System Inc., it is the single largest shareholder. Total ratio of voting rights held by the chairman and president of Great Construction System Inc. exceeds the Company. Once the cooperation of these two investors to prevent our company from leading the relevance activities of Great Construction System Inc. Therefore, the company has no control over Great Construction System Inc., Ltd. and only has a significant influence.

B. There is no public quote for investments in associates.

C. The abovementioned associates had no contingent liabilities or capital commitments as of December 31, 2020 and 2019. No investments in the associates were pledged.

(8) Property, plant and equipment

	As at	
	December 31, 2020	December 31, 2019
Owner occupied property, plant and equipment	$6,497,547	$6,082,253
Property, plant and equipment leased out under operating leases	6,950	9,274
Total	$6,504,497	$6,091,527

A. Owner occupied property, plant and equipment

	Land and land improvements	Buildings	Machinery and equipment	Transportation equipment	Leasehold improvement	Bearer plant	Other equipment	Construction in progress	Total
Cost									
As at January 1, 2020	$4,137,885	$528,566	$47,242	$33,832	$15,298	$573,544	$314,882	$789,700	$6,440,949
Additions	569	2,133	4,692	542	-	166,236	22,205	276,600	472,977
Disposals	(1,754)	(16,921)	(2,313)	(3.002)	-	(144)	(4.569)	-	(28,703)
Transfer between accounts (Note)	82,511	29,135	64,219	(210)	-	4,816	(23,137)	(156,635)	699
Other changes	-	3,041	-	-	1,300	-	-	-	4,341
As at December 31, 2020	$4,219,211	$545,954	$113,840	$31,162	$16,598	$744,452	$309,381	$909,665	$6,890,263
As at January 1, 2019	$4,093,778	$473,725	$45,395	$32,006	$15,298	$417,169	$216,077	$1,020,315	$6,313,763
Additions	11,417	1,146	4,195	810	-	134,080	20,871	362,149	534,668
Disposals	(1,020)	-	(811)	-	-	(7,872)	(405)	-	(10,108)
Transfer between accounts	33,710	53,695	(1,537)	1,016	-	30,167	78,339	(592,764)	(397,374)
As at December 31, 2019	$4,137,885	$528,566	$47,242	$33,832	$15,298	$573,544	$314,882	$789,700	$6,440,949
Depreciation and impairment:									
As at January 1, 2020	$7,912	$163,032	$30,441	18,138	$15,298	$19,514	$104,361	$-	$358,696
Depreciation	1,316	14,475	7,944	4,064	-	3,117	28,758	-	59,674
Disposals	-	(16,922)	(2,313)	(2,904)	-	(144)	(4,292)	-	(26,575)
Transfer between accounts	-	-	2,772	(210)	-	4	(2,588)	-	(22)
Other changes	-	943	-	-	-	-	-	-	943
As at December 31, 2020	$9,228	$161,528	$38,844	$19,088	$15,298	$22,491	$126,239	$-	$392,716
As at January 1, 2019	$6,237	$148,987	$27,610	$14,013	$15,298	$17,229	$76,656	$-	$306,030
Depreciation	1,675	14,063	3,932	4,125	-	2,819	27,511	-	54,125
Disposals	-	-	(573)	-	-	(534)	(318)	-	(1,425)
Transfer between accounts	-	(18)	(528)	-	-	-	512	-	(34)
As at December 31, 2019	$7,912	$163,032	$30,441	$18,138	$15,298	$19,514	$104,361	$-	$358,696
Net carrying amount as at:									
December 31, 2020	$4,209,983	$384,426	$74,996	$12,074	$1,300	$721,961	$183,142	$909,665	$6,497,547
December 31, 2019	$4,129,973	$365,534	$16,801	$15,694	$-	$554,030	$210,521	$789,700	$6,082,253

The new part of construction in progress in this year has not been inspected and accepted, so the relevant balance has not been paid, which amount is $57,046 thousand.

Note1: Including transfer to investment property (headquarters) amounting to NT$40,172 thousand and other reclassification.

B. Property, plant and equipment leased out under operating leases

	Buildings
Cost:	
As at January 1, 2020	$13,378
Additions	-
Other changes	(3,040)
As at December 31, 2020	$10,338
As at January 1, 2019	$13,378
Additions	-
As at December 31, 2019	$13,378
Depreciation and impairment:	
As at January 1, 2020	$4,104
Depreciation	227
Other changes	(943)
As at December 31, 2020	$3,388
As at January 1, 2019	$3,826
Depreciation	278
As at December 31, 2019	$4,104
Net carrying amount as of:	
As at December 31, 2020	$6,950
As at December 31, 2019	$9,274

C. Accumulated impairment

As at December 31, 2020 and 2019, the accumulated impairment of the Company's property, plant and equipment is as follows:

	As at	
Item	December 31, 2020	December 31, 2019
Buildings	$8,092	$8,092
Machinery and equipment	3,392	3,599
Transportation equipment	5	5
Other equipment	1,678	1,678
Total	$13,167	$13,374

In 2020 and 2019, the Company did not recognize impairment loss in property, plant and equipment. In 2020, the reversal of accumulated impairment resulted from the disposal of property, plant and equipment.

D. The capitalized borrowing costs and capitalization rate of borrowing costs for inventory (property - land) and property, plant and equipment are as follows:

	For the years ended December 31,	
	2020	2019
Property - Land & Construction in Progress	$5,824	$7,945
Capitalization rate of borrowing costs	1.53%~1.72%	1.74%~1.82%

Interest expenses before capitalization were NT$84,967 thousand and NT$83,296 thousand, and the capitalized borrowing costs were NT$5,824 thousand and NT$7,945 thousand for the years ended December 31, 2020 and 2019, respectively.

E. The Company's property, plant and equipment is provided as a pledge for bank loan. Please refer to Note 8 for details.

F. The Company's land at Tongluo Township Miaoli County was acquired by The Science Park Bureau according to Article 11 of the Land Expropriation Act. and was transferred in 2001. Some of the compensation payable to the lessee was still under discussion. Therefore, the compensation payable to the lessee and the receivable from the Miaoli County Government were recorded as estimates. Adjustments can be made should there be any difference. As of December 31, 2020 and 2019, the compensation receivable from the Miaoli County Government was both NT$654 thousand, recognized as other receivable. As of December 31, 2020 and 2019, the compensation payable to the lessee was both NT$2,075 thousand, recognized as other payable. As of the report date, the discussion of the compensation has not been completed.

G. Following the relevant regulations, the Company had employed other people's names to register agricultural land for the time being, and these lands were set to be pledged by the Company. As at December 31, 2020 and 2019, the lands that were yet to be registered for property rights are worth NT$45,461 thousand and NT$43,231 thousand and were recognized in other non-current assets.

(9) Investment property

The Comany has entered into commercial property leases on its owned investment properties with terms of between 1 and 10 years.

	Land	Building	Total
Cost:			
As at January 1, 2020	$16,519,043	$1,072,761	$17,591,804
Addition - subsequent expenditure	19,669	-	19,669
Disposals	(110,142)	-	(110,142)
Transfer from non-current assets held for sold	6,269	-	6,269
Transfer from property, plant and equipment and other account	47,001	-	47,001
As at December 31, 2020	$16,481,840	$1,072,761	$17,554,601
As at January 1, 2019	$15,953,371	$1,064,996	$17,018,367
Addition - subsequent expenditure	2,842	-	2,842
Disposals	(114,222)	-	(114,222)
Transfer from non-current assets held for sold	5,140	-	5,140
Transfer from property, plant and equipment and other account	671,912	7,765	679,677
As at December 31, 2019	$16,519,043	$1,072,761	$17,591,804
Depreciation and impairment			
As at January 1, 2020	$56,554	$371,396	$427,950
Depreciation	-	32,957	32,957
As at December 31, 2020	$56,554	$404,353	$460,907
As at January 1, 2019	$56,554	$232,512	$289,066
Depreciation	-	37,588	37,588
Impairment losses	-	101,296	101,296
As at December 31, 2019	$56,554	$371,396	$427,950

	Land	Building	Total
Net carrying amount as at:			
December 31, 2020	$16,425,286	$668,408	$17,093,694
December 31, 2019	$16,462,489	$701,365	$17,163,854

For the year ended December 31, 2019, the carrying amount of certain investment properties for lease have been written down to their recoverable amount, and as a result impairment loss amount of NT$101,296 thousand has been recognized in the statement of comprehensive income. The recoverable amount was based on fair value less costs of disposal. The fair value was measured using a weighted average of the income approach and the comparison approach, which has been categorized within Level 3 of the fair value hierarchy.

The key assumptions the Company uses to measure the fair value less costs of disposal are as follows:

(i) Income approach: considering the market rent or average income that a property can be expected to earn under current market conditions, the vacancy rate, additional cost of renovations and the capitalization rate, which is 1.72%.
(ii) Comparison approach: estimated by the price per *ping* (about 3.3 square meters).

	For the years ended December 31,	
	2020	2019
Rental income from investment property	$4,960	$9,654
Less: current rental income recognized from direct operating of investment property	(2,075)	(517)
current rental income unrecognized from direct operating of investment property	(5,481)	(6,919)
Total	$(2,596)	$2,218

A. The Company 's investment property was pledged as collateral for bank loan, refer to Note 8.

B. The Company possesses investment property measured at fair value amounting to NT$47,435,429 thousand and NT$44,702,847 thousand on December 31, 2020 and 2019, respectively. The fair values of investment property valued by an independent external appraisal expert on the basis of market evidence and comparison method, were NT$5,665,462 thousand and NT$5,681,562 thousand, respectively. The fair values of investment property valued by internal self-estimation on the basis of market evidence and comparison method, which input is estimated by the price of square meters, were NT$41,769,967 thousand and NT$39,021,285 thousand, respectively.

C. The Company's investment property contains several items about land development and recreation industry which principally take place at Taipei, New Taipei city, Taoyuan, Miaoli, Nantou, etc. Additionally, business office located on Sec. 1 Zhongxiao W Road acquired Food and Beverage Service Activities authority.

(10) Intangible assets

	Computer Software
Cost:	
As at January 1, 2020	$7,076
Addition - sole acquisition	202
As at December 31, 2020	$7,278
As at January 1, 2019	$6,839
Addition - sole acquisition	237
As at December 31, 2019	$7,076
Amortization and Impairment:	
As at January 1, 2020	$5,128
Amortization	638
As at December 31, 2020	$5,766
As at January 1, 2019	$4,511
Amortization	617
As at December 31, 2019	$5,128
Net carrying amount as at:	
December 31, 2020	$1,512
December 31, 2019	$1,948

Amortization cost that were recognized in intangible asset is listed:

	For the years ended December 31,	
	2020	2019
Operating Expense	$638	$617

(11) Other non-current assets

	As at	
	December 31, 2020	December 31, 2019
Prepayments for business facilities	$88,165	$36,732
Guarantee deposits paid	8,206	10,212
Other non-current assets - employed other people's names to register land	45,461	43,231
Other non-current assets - others	53,206	55,564
Total	$195,038	$145,739

Please refer to Note 6.(8).G for detailed information of the other non-current assets - employed other people's names to register land.

Other non-current assets are mainly land development projects, involving a number of land lots. All costs associated with the land development projects have been classified under construction in progress and other non-current assets. The project-related cost was mainly capitalized personnel expenses and progress payment.

(12) Short-term borrowings

	As at	
	December 31, 2020	December 31, 2019
Credit loans	$80,000	$50,000
Letter of credit loans	-	-
Total	$80,000	$50,000
Available credit limit	$78,802	$29,668
Interest rates	1.27%~2.90%	1.35%~3.88%

The interest rates were based on NTD, EUR and US letter of credit loans' ranges. Please refer to Note 8 regarding the Company's assets that were pledged as collateral.

(13) Short-term notes and bills payable

A. The short-term notes and bills payable is listed below:

As at December 31, 2020

Loan type	Contract due date	Interest	Amount
Commercial paper	September 8, 2021	1.158%~1.25%	$-
		Unused credit limit	$50,000

As at December 31, 2019

Loan type	Contract due date	Interest	Amount
Commercial paper	September 8, 2020	1.20%~1.25%	$49,772
		Unused credit limit	$-

B. The commercial paper that was guaranteed by financial institution with maximum maturity date of 180 days and one year contract due time was issued by the Company.

C. For information relating to the Company's assets that were pledged as collateral, please refer to Note 8.

(14) Long-term borrowings

Creditor	As at December 31, 2020	Maturity and terms of repayment
Taiwan Business Bank	$102,000	The contract will be due on November 7, 2021. Since May 7, 2014, the payment was made semi-annually with a total of 15 terms.
Taiwan Business Bank	525,000	The contract will be due on November 17, 2022 and capital employment and repayment are under the Note Issuance Facility.
Mega Bills	1,103,000	The contract will be due on January 8, 2022 and capital employment and repayment are under the Note Issuance Facility.
Mega Bank	240,000	The contract will be due on July 1, 2022. Since July 1, 2015, the payment was made semi-annually with a total of 9 terms(1ST~4TH term NT$100,000 thousand, 5TH~6THterm NT$30,000 thousand, 7TH~8THterm NT$60,000 thousand, 9TH term NT$120,000 thousand)
Mega Bank	600,000	The contract will be due on July 1, 2022. Since July 1, 2021, the payment was made semi-annually with a total of 3 terms(1ST~2ND term NT$120,000 thousand, 3RD term NT$360,000 thousand)
Mega Bank	300,000	The contract will be due on June 4, 2022 for repayment.
Chang Hwa Bank	50,000	The contract will be due on September 30, 2023. 50% of the principal will be repaid at the next day after 30 months of the first term. The remaining portion will be repaid at maturity date with total amount amortized in 2 terms.
Chang Hwa Bank	500,000	The contract will be due on September 30, 2022. 50% of the principal will be repaid at the next day after 18 months of the first term. The remaining portion will be repaid at maturity date with total amount amortized in 2 terms.
Chang Hwa Bank	188,700	The contract will be due on March 19, 2030 and since June 19, 2020 interest payment was amortized into 118 terms.
Agricultural Bank of Taiwan	240,000	The contract will be due on March 5, 2021 for repayment.
Agricultural Bank of Taiwan	848,350	The contract will be due on March 5, 2028. Since March 5, 2021, the payment was made semi-annually with a total of 14 terms(1ST term NT$70,000 thousand, 2ND~14TH term NT$60,000 thousand)
Agricultural Bank of Taiwan	587,340	The loan from the bank was made separately, and the contract will be due on March 5, 2028. Since March 5, 2021, the payment was made semi-annually with a total of 14 terms(NT$50,000 thousand per term)
Agricultural Bank of Taiwan	100,000	The loan from the bank was made separately, and the contract will be due on March 5, 2028. Since March 5, 2021, the payment was made semi-annually with a total of 14 terms(1ST term NT$9,000 thousand, 2ND~14TH term NT$7,000 thousand)
Hua Nan Bank	90,000	The contract will be due on June 2, 2022 for repayment.
Hua Nan Bank	21,715	The contract will be due on May 22, 2029 for repayment and since May 22, 2019 interest payment was amortized monthly.
Hua Nan Bank	96,420	The contract will be due on September 28, 2027. Since December 28, 2020 the payment was amortizes quarterly (NT$3,580 thousand per term), and the balance was paid off in the final term.
En Tie Bank	250,000	The contract will be due on December 28, 2023. Since December 28, 2020 the payment was amortized quarterly. The first 2 terms are grace periods. Starting from the 3RD term, the payment was amortizes quarterly(NT$25,000 thousand per term), and the balance will be paid off by the due date.
Subtotal	5,842,525	
Less: current portion	(763,300)	
Total	$5,079,225	
Authorized credit limit	$7,559,400	
Unused line of credit	$572,660	
Interest rate range	1.07%~2.40%	

In 2020, the new loan issued amounting to NT$13,117,010 thousand and principal repayment amounting to NT$12,570,810 thousand.

Creditor	As at December 31, 2019	Maturity and terms of repayment
Taiwan Business Bank	$204,000	The contract will be due on November 7, 2021. Since May 7, 2014, the payment was made semi-annually with a total of 15 terms.
Taiwan Business Bank	300,000	The contract will be due on October 30, 2021 and capital employment and repayment are under the Note Issuance Facility.
Mega Bills	1,183,000	The contract will be due on January 8, 2021 and capital employment and repayment are under the Note Issuance Facility.
Mega Bank	270,000	The contract will be due on July 1, 2022. Since July 1, 2015, the payment was made semi-annually with a total of 11 terms(1ST~4TH term NT$100,000 thousand, 5TH~10THterm NT$30,000 thousand, 11TH term NT$120,000 thousand)
Mega Bank	600,000	The contract will be due on July 1, 2022. Since July 1, 2020, the payment was made semi-annually with a total of 5 terms(1ST~4TH term NT$60,000 thousand, 5TH term NT$360,000 thousand)
Mega Bank	300,000	The contract will be due on June 4, 2021 for repayment.
Chang Hwa Bank	50,000	The contract will be due on September 30, 2021. 50% of the principal will be repaid at the next day after 30 months of the first term. The remaining portion will be repaid at maturity date with total amount amortized in 2 terms.
Taiwan Cooperative Bank	209,100	The contract will be due on March 11, 2030 and since April 11, 2012 interest payment was amortized into 216 terms.
Taiwan Cooperative Bank	260,000	The contract will be due on January 11, 2021 for repayment.
Agricultural Bank of Taiwan	300,000	The contract will be due on March 5, 2028 for repayment.
Agricultural Bank of Taiwan	850,000	The contract will be due on March 5, 2028. Since March 5, 2021, the payment was made semi-annually with a total of 14 terms(1ST term NT$70,000 thousand, 2ND~14TH term NT$60,000 thousand)
Agricultural Bank of Taiwan	480,560	The loan from the bank was made separately, and the contract will be due on March 5, 2028. Since March 5, 2021, the payment was made semi-annually with a total of 14 terms(NT$50,000 thousand per term)
Agricultural Bank of Taiwan	75,370	The loan from the bank was made separately, and the contract will be due on March 5, 2028. Since March 5, 2021, the payment was made semi-annually with a total of 14 terms(1ST term NT$90,000 thousand, 2ND~14TH term NT$70,000 thousand)
Hua Nan Bank	90,000	The contract will be due on May 15, 2021 for repayment.
Hua Nan Bank	24,295	The contract will be due on May 22, 2029 for repayment and since May 22, 2019 interest payment was amortized monthly.
Hua Tai Bank	100,000	The contract will be due on September 25, 2020 for repayment.
Subtotal	5,296,325	
Less: current portion	(344,980)	
Total	$4,951,345	
Authorized line of credit	$7,139,800	
Unused line of credit	$689,070	
Interest rate range	1.26%~2.40%	

In 2019, the new loan issued amount to NT$10,780,010 thousand and principal repayment amounting to NT$10,122,705 thousand.

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Refer to Note 8 for collateral for long-term borrowings.

(15) Post-employment benefits

A. Defined contribution plan

The defined contribution plan of the Company's Employee Retirement Plan is regulated according to the provisions of the Labor Pension Act. In accordance with the Act, contributions made by the employer cannot be lower than 6% of the participant's monthly wages. Therefore, The Company makes 6% contributions of the monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance on a regular basis.

For the years ended December 31, 2020 and 2019, the expenses related to defined contribution plan amounted to NT$9,486 thousand and NT$8,977 thousand, respectively.

B. Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 8.58% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19.The Company expects to contribute NT$2,387 thousand to its defined benefit plan during the 12 months beginning after December 31, 2020.

As at December 31, 2020 and 2019, the defined benefit plan of the Company was expected to be expired in 2029 and 2028, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2020 and 2019:

	For the years ended December 31,	
	2020	2019
Current period service costs	$164	$164
Interest income or expense	88	127
Total	$252	$291

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As at	
	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	$47,831	$52,475
Plan assets at fair value	(37,000)	(38,665)
Other non-current liabilities - Accrued pension liabilities recognized on the balance sheets	$10,831	$13,810

Reconciliation of liability of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at January 1, 2019	62,098	(43,842)	18,256
Current period service costs	164	-	164
Net interest expense (income)	442	(315)	127
Subtotal	62,704	(44,157)	18,547
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	248	-	248
Experience adjustments	(567)	-	(567)
Return on plan assets	-	(1,636)	(1,636)
Subtotal	(319)	(1,636)	(1,955)
Payments from the plan	(9,910)	9,910	-
Contributions by employer	-	(2,782)	(2,782)
As at December 31, 2019	$52,475	$(38,665)	$13,810
Current period service costs	164	-	164
Net interest expense (income)	347	(259)	88
Subtotal	52,986	(38,924)	14,062
Remeasurement of defined benefit liabilities/asset			
Actuarial gains and losses arising from changes in financial assumptions	1,807	-	1,807
Experience adjustments	(1,041)	-	(1,041)
Return on plan assets	-	(1,544)	(1,544)
Subtotal	766	(1,544)	(778)
Payments from the plan	(5,921)	5,921	-
Contribution by employer	-	(2,453)	(2,453)
As at December 31, 2020	$47,831	$(37,000)	$10,831

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As at	
	December 31, 2020	December 31, 2019
Discount rate	0.30%	0.70%
Expected rate of salary increases	2.00%	2.00%

A sensitivity analysis for significant assumption as at December 31, 2020 and 2019 is, as shown below:

	Effect on the defined benefit obligation			
	2020		2019	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	$-	$1,142	$-	$1,220
Discount rate decrease by 0.25%	1,187	-	1,268	-
Future salary increase by 0.25%	1,164	-	1,248	-
Future salary decrease by 0.25%	-	1,126	-	1,208

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(16) Equities

A. Common stock

The Company’s authorized capital were both NT$16,000,000 thousand, issued capital were both NT$7,900,000 thousand, consisting of 790,000 thousand shares and 790,000 thousand shares at $10 par value each as of December 31, 2020 and 2019, respectively. Each share has one vote and the right to receive dividends.

B. Capital surplus

	As at	
	December 31, 2020	December 31, 2019
Additional paid-in capital-premium in excess of the par value of shares issued	$1,807,534	$1,807,534
Treasury shares transaction	346,303	346,303
Capital surplus difference between consideration and carrying amount of subsidiaries acquired or disposed	14,671	14,671
Capital surplus changes in ownership interests in subsidiaries	8,227	8,227
Employee share options	29,375	29,375
Stock option from convertible bonds	64	64
Stock granted for free	1	1
Total	$2,206,175	$2,206,175

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

The Company is at growing stage of its life cycle and the business scale is expanding. In order to ensure the sustainable development, the retained earnings of the future should be set aside as stated below:

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company after paying taxes. After making good of the deficit, 10% of the reserve should be set aside as legal reserve only if the amount of the legal reserve has reached that of the paid-in capital. The remaining reserve should be set aside as special reserve. If there is reserve remaining, it can be combined with the accumulated unappropriated earnings and distributed.

The board of directors should make the earnings distribution proposal considering the Company’s operation and ask the shareholders’ resolution to distribute dividends. When the Company distributes shareholder dividends, it can be distributed in cash or stocks, and the cash dividend cannot be less than 10% of the total shareholder dividends. If the company has distributed cash to distribute all or part of dividends and bonuses or legal reserve and capital surplus, it may authorize the board of directors to attend with more than two-thirds of the directors, and more than half of the attending directors agree to do so, and report Shareholders meeting.

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

After the adoption of International Financial Reporting Standards, in accordance with Letter Jin-Guan-Zheng-Fa-Zi No. 1010012865 issued by FSC on April 6, 2012, at the first-time adoption of IFRSs, an entity shall appropriate a corresponding amount to special reserve same as the IFRS adjustment, in which case an entity elects to use exemption application specified in IFRS 1 and resets unrealized revaluation increment and cumulative translation differences under shareholders' equity to zero, and its retained earnings is being increased accordingly. However, if the retained earnings' arising from IFRS adjustment at the first-time adoption is insufficient, special reserve shall be appropriated by the amount that retained earnings increase from the IFRS adjustment.

The Company has reversed special reserve to retained earnings for years period ended December 31, 2020 and 2019 as results of the use, disposal or reclassification of related assets in the amounts set out below:

	As at	
	December 31, 2020	December 31, 2019
Opening balance	$3,396,105	$3,426,260
Disposal of assets	(32,441)	(30,155)
Ending balance	$3,363,664	$3,396,105

The earnings distribution and dividends per share as proposed by the board meeting on March 16, 2020 and resolved by the shareholder's meeting on May 23, 2019. Because the Company suffered losses in both 2020 and 2019, no earnings was distributed. According to the Company Act, the Company reserves NT $1,601 thousand to be set aside as legal reserve appropriation.

Please refer to Note 6.(20) for details of bonus to employees.

(17) Operating revenue

	For the years ended December 31,	
	2020	2019
Revenue from contract with customers		
Commodity	$298,486	$282,039
Construction contract	6,768	5,448
Subtotal	305,254	287,487
Rental revenue	6,511	11,511
Total	$311,765	$298,998

Analysis of revenue from contracts with customers during the years ended December 31, 2020 and 2019 are as follows:

A. Disaggregation of revenue

For the year ended December 31, 2020

	Trade and Department Store	Assets	Others	Total
Revenue from contract with customers				
Commodity	$294,815	$3,633	$38	$298,486
Construction contract	-	-	6,768	6,768
Subtotal	294,815	3,633	6,806	305,254
Rental revenue	-	6,511	-	6,511
Total	$294,815	$10,144	$6,806	$311,765
Timing of revenue recognition :				
At a point in time	$294,815	$3,633	$38	$298,486
Over time	-	6,511	6,768	13,279
Total	$294,815	$10,144	$6,806	$311,765

For the year ended December 31, 2019

	Trade and Department Store	Assets	Others	Total
Revenue from contract with customers				
Commodity	$274,828	$7,211	$-	$282,039
Construction contract	-	-	5,448	5,448
Subtotal	274,828	7,211	5,448	287,487
Rental revenue	-	11,511	-	11,511
Total	$274,828	$18,722	$5,448	$298,998
Timing of revenue recognition :				
At a point in time	$274,828	$7,211	$-	$282,039
Over time	-	11,511	5,448	16,959
Total	$274,828	$18,722	$5,448	$298,998

B. Contract balances

(a) Contract assets - current

	As at	
	December 31, 2020	December 31, 2019
Contract assets-the recognized construction in progress is greater than the payment request	$5,784	$2,180

(b) Contract liabilities - current

	As at	
	December 31, 2020	December 31, 2019
Contract liabilities-the progress of the request is greater than the recognized construction in progress	$12,248	$21,339

(c) Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations is not significant.

(d) Assets recognized from costs to fulfil a contract

None.

(18) Expected credit losses/ (gains)

	For the years ended December 31,	
	2020	2019
Operating expenses - Expected credit losses/(gains)		
Accounts receivable	$(31)	$(49)
Non-operating income and expenses - Expected credit losses/(gains)		
Other receivables	$(191)	$191

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

The Company's contract assets are mainly arisen from construction. The Company only transacts with counterparties with good credit rating and with no significant default risk. Consequently, it is not expected that the counterparties will not meet its obligations under a contract, leading to a financial loss.

The Company measures the loss allowance of its accounts receivables (including accounts receivables - related parties) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at December 31, 2020 and 2019 were as follow:

the Company considers the grouping of accounts receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follow:

As at December 31, 2020

	Not yet due	Overdue			
	(Note)	<=30 days	31-60 days	>=61 days	Total
Gross carrying amount	$15,783	$253	$50	$3	$16,089
Loss ratio	0.14%	13.38%	21.57%	94.59%	
Lifetime expected credit losses	21	34	11	3	69
Subtotal	$15,762	$219	$39	$-	$16,020

As at December 31, 2019

	Not yet due	Overdue			
	(Note)	<=30 days	31-60 days	>=61 days	Total
Gross carrying amount	$16,361	$-	$100	$-	$16,461
Loss ratio	0.33%	32.22%	46.23%	100%	
Lifetime expected credit losses	54	-	46	-	100
Subtotal	$16,307	$-	$54	$-	$16,361

Note: The Company's note receivables are not overdue.

The movement in the provision for impairment of accounts receivable, during the years ended December 31, 2020 and 2019 is as follows:

	Accounts receivable	Other receivable
As at January 1, 2020	$100	$191
Addition/(reversal) for the current period	(31)	(191)
As at December 31, 2020	$69	$-
As at January 1, 2019	$149	$-
Addition/(reversal) for the current period	(49)	191
As at December 31, 2019	$100	$191

(19) Leases

A. Company as a lessee

The Company leases various properties, including real estate such as land and buildings, transportation equipment and office equipment. The lease terms range from 1 to 5 years. There are no restrictions placed upon the Company by entering into these leases.

The Company's leases effect on the financial position, financial performance and cash flows are as follow:

(a) Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As at	
	December 31, 2020	December 31, 2019
Land and Buildings	$859	$-
Transportation equipment	1,067	1,619
Office equipment	180	245
Total	$2,106	$1,864

During the year ended December 31, 2020 and 2019, the Company's respectively additions to right-of-use assets amounting to NT$910 and NT$1,007 thousand.

ii. Lease liabilities

	As at	
	December 31, 2020	December 31, 2019
Lease liabilities	$2,181	$1,882
Current	$922	$611
Non-current	$1,259	$1,271

Please refer to Note 6.(21).D for the interest on lease liabilities recognized during the year ended December 31, 2020 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at December 31, 2020.

(b) Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2020	2019
Land and Buildings	$51	$528
Transportation equipment	552	552
Office equipment	65	66
Total	$668	$1,146

(c) Income and costs relating to leasing activities

	For the years ended December 31,	
	2020	2019
The expenses relating to short-term leases	$490	$779
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	2,295	1,909

(d) Cash outflow relating to leasing activities

During years ended December 31, 2020 and 2019, the Company's cash outflows for lease principal repayment is NT$611 thousand and NT$1,180 thousand. For short-term leases payment is NT$2,761 thousand and NT$2,670 thousand.

(e) Other information relating to leasing activities

None.

B. Company as a lessor

Please refer to Note 6.(9) for details on the Company's owned investment properties and investment properties held by the Company as right-of-use assets. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended December 31,	
	2020	2019
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$6,511	$11,511

Please refer to Note 6.(8) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at December 31, 2020 are as follow:

	As at	
	December 31, 2020	December 31, 2019
Not later than one year	$3,293	$7,841
Later than one year but not later than two years	1,486	757
Later than two years but not later than three years	1,429	686
Later than three years but not later than four years	1,429	686
Later than four years but not later than five years	1,200	686
Later than five years	2,382	3,079
Total	$11,219	$13,735

(20) Summary statement of employee benefits, depreciation and amortization expenses by function

Function / Description	For the year ended December 31, 2020			For the year ended December 31, 2019		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits expense						
Salaries and wages	$84,551	$98,583	$183,134	$42,639	$133,121	$175,760
Labor and health insurance	8,884	9,325	18,209	4,470	14,494	18,964
Pension	4,848	4,890	9,738	2,483	6,785	9,268
Director's remuneration	-	14,215	14,215	-	10,970	10,970
Other employee benefits expense	12,640	10,958	23,598	4,224	15,756	19,980
Depreciation and depletion	42,907	50,619	93,526	22,030	71,107	93,137
Amortization	132	506	638	-	617	617

As at December 31, 2020 and 2019, the number of employees of the Company were 330 and 314, respectively. Among them, the number of directors who have not served as employees were both 11.

The Company’s average employee benefits expense was NT$736 thousand for the year ended December 31, 2020. (the current year employee benefits expense excluding director’s remuneration / the current year average number of employees excluding the number of non-employee directors)

The Company’s average employee benefits expense was NT$739 thousand for the year ended December 31, 2019. (the prior year employee benefits expense excluding director’s remuneration / the prior year average number of employees excluding the number of non-employee directors)

The Company’s average salaries and wages were NT$574 thousand for the year ended December 31, 2020. (the current year salaries and wages / the current year average number of employees excluding the number of non-employee directors)

The Company’s average salaries and wages were NT$580 thousand for the year ended December 31, 2019. (the prior year salaries and wages / the prior year average number of employees excluding the number of non-employee directors)

The Company's average salaries and wages increased by 1% for the year ended December 31, 2020. (the current year average salaries and wages minus the prior year average salaries and wages / the prior year average salaries and wages)

As at December 31, 2020 and 2019, The remuneration of the supervisor are both NT$0 thousand, and the company has set up an audit committee to replace the supervisor in accordance with the regulation

The company’s directors and executive officers’ remuneration policy is based on the “Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange”. It is reviewed by the Compensation Committee then submitted to the Board of Directors for approval.

The remuneration policy for executive officers is mainly determined based on personal academic experience, performance, contribution to the company, future potential and company operating performance; the remuneration policy for employees and directors is based on the company's surplus year and is in accordance with the Company's articles of Incorporation. The salary appraisal of the company's employees is mainly based on their academic experience, professional skills and the value of the position held, as well as the salary level of the same industry, and the salary is paid according to the company's "employee title, grade and salary appraisal table". Employee’s salary includes principal salary, various allowances, job bonus, overtime pay and various bonuses, etc. Bonus distribution depends on the company's annual operating surplus status and the contribution of departments and individuals.

The Company amended the Company’s Articles of Incorporation at the shareholder’s meeting on May 23, 2019. According to the resolution, minimum 1% of the profit of the period should be distributed as employee’s compensation and maximum 5% of the profit of the period should be distributed as supervisor’s compensation. However, if there is accumulated deficit, the deficit should be covered first. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees’ compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders’ meeting. Information on the board of directors’ resolution regarding the employee compensation can be obtained from the “Market Observation Post System” on the website of the TWSE.

As the operations in 2020 and 2019 resulted in a net loss, no employee compensation and remuneration to directors and supervisors were estimated and accrued .

(21) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2020	2019
Bank interest income	$59	$65

B. Other income

	For the years ended December 31,	
	2020	2019
Others	$5,818	$6,833
Dividend income	6	-
Total	$5,824	$6,833

C. Other gains and losses

	For the years ended December 31,	
	2020	2019
Gain (losses) on disposal of property, plant and equipment	$89	$(238)
Gains on disposal of investment properties	186,943	186,515
Foreign exchange gains (losses), net	103	310
Impairment losses - Investment properties	-	(101,296)
Other income－others	(71)	-
Total	$187,064	$85,291

D. Finance costs

	For the years ended December 31,	
	2020	2019
Interest on borrowings from bank	$78,505	$69,175
Interest on lease liabilities	37	54
Others	601	6,122
Total finance costs	$79,143	$75,351

(22) Components of other comprehensive income

For the year ended December 31, 2020

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined benefit plans	$778	$-	$778	$-	$778
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	44,954	-	44,954	-	44,954
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	140	-	140	-	140
Total of other comprehensive income	$45,872	$-	$45,872	$-	$45,872

For the year ended December 31, 2019

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss:					
Remeasurements of defined benefit plans	$1,955	$-	$1,955	$-	$1,955
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(7,236)	-	(7,236)	-	(7,236)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	83	-	83	-	83
Total of other comprehensive income	$(5,198)	$-	$(5,198)	$-	$(5,198)

(23) Income taxes

The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2020	2019
Current income tax expense (income):		
Current income tax charge	$-	$-
Land capital gain tax	15,544	4,218
Adjustments in respect of current income tax of prior periods	-	5
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(30,741)	(30,823)
Total income tax expense (income)	$(15,197)	$(26,600)

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2020	2019
Accounting profit (loss) before tax from continuing operations	$(32,548)	$(172,555)
The parent company statutory income tax rate of 20% per	$(6,510)	$(34,511)
Tax effect of revenues exempt from taxation	(35,455)	(19,942)
Tax effect of non-deductible expense	817	1,890
Tax effect of deferred tax assets/liabilities-tax	10,407	21,740
Adjustments in respect of current income tax of prior periods	-	5
Land capital gain tax	15,544	4,218
Total income tax expense (income) recognized in profit or loss	$(15,197)	$(26,600)

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2020

	Beginning balance as at January 1, 2020	Deferred tax income (expense) recognized in profit or loss	Ending balance as at December 31, 2020
Temporary differences			
Land capital gain tax	$(3,235,082)	$30,741	$(3,204,341)
Deferred tax income/ (expense)		$30,741	
Net deferred tax assets/ (liabilities)	$(3,235,082)		$(3,204,341)
Reflected in balance sheet as follows:			
Deferred tax (liabilities)	$(3,235,082)		$(3,204,341)

For the year ended December 31, 2019

	Beginning balance as at January 1, 2019	Deferred tax income (expense) recognized in profit or loss	Ending balance as at December 31, 2019
Temporary differences			
Land capital gain tax	$(3,265,905)	$30,823	$(3,235,082)
Deferred tax income/ (expense)		$30,823	
Net deferred tax assets/ (liabilities)	$(3,265,905)		$(3,235,082)
Reflected in balance sheet as follows:			
Deferred tax (liabilities)	$(3,265,905)		$(3,235,082)

The following table contains information of the unused tax losses of the Company:

		Unused tax losses as at		
Year	Tax losses for the period	December 31, 2020	December 31, 2019	Expiration year
2010	$96,257	$-	$96,257	2020
2011	96,455	96,455	96,455	2021
2012	158,764	158,764	158,764	2022
2017	245,335	245,335	245,335	2027
2018	102,837	102,837	102,837	2028
2019	108,214	108,214	108,214	2029
2020(estimated)	138,664	138,664	-	2030
		$850,269	$807,862	

Unrecognized deferred tax assets

As of December 31, 2020 and 2019, deferred tax assets have not been recognized in respect of unused tax losses, unused tax credits and deductible temporary differences amounting to NT$348,223 thousand and NT$322,870 thousand, respectively, as the future taxable profit may not be available.

The assessment of income tax returns

As of December 31, 2020, the income tax returns of the Company is assessed and approved up to 2018. No significant difference existed between the tax declared and approved.

(24) Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2020	2019
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$(17,351)	$(145,955)
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	790,000	790,000
Basic earnings per share (NT$)	$(0.02)	$(0.18)

Due to the loss in 2020 and 2019, the calculation of diluted earnings per share were not needed.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. RELATED PARTY TRANSACTIONS

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

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Great Construction System Inc.	Associate
Shan Young Assets Management Co., Ltd.	Legal person as corporate director
Anmei Investment Inc.	Legal person as corporate director
Sanyang Motor Co., Ltd	Other related party
Nan Yang Industries Co., Ltd.	Other related party
Vitalon Foods Company	Other related party
Oriential Silicas Corporation	Other related party
Alibaba International Ltd.	Other related party

Significant transactions with related parties:

(1) Sales, Rent and Receivables

A. Sales

	For the years ended December 31,	
	2020	2019
Associate - Great Construction System Inc.	$158	$109
Legal person as corporate director	58	36
Other related parties	1,070	759
Total	$1,286	$904

The above related parties sales transaction was settled the next month after the engagement agreement, and no significant abnormality in transaction was noticed compared to other customers.

B. Rental income

	For the years ended December 31,	
	2020	2019
Associate - Great Construction System Inc.	$971	$971

The term of the lease agreement is one year. The payment is made monthly.

C. Receivables

	For the years ended December 31,	
	2020	2019
Associate - Great Construction System Inc.	$107	$108
Other related parties		
Sanyang Motor Co., Ltd	44	47
Others	-	15
Total	$151	$170

(2) Key management personnel compensation

	For the years ended December 31,	
	2020	2019
Short-term employee benefits	$23,080	$20,829
Post-employment benefits	323	330
Total	$23,403	$21,159

(3) Lease

A. Right-of-use assets

	For the years ended December 31,	
	2020	2019
Legal person as corporate director	$859	$-

B. Lease liabilities

	For the years ended December 31,	
	2020	2019
Legal person as corporate director	$910	$-

C. Refundable deposit (under other non-current asset)

	For the years ended December 31,	
	2020	2019
Legal person as corporate director	$54	$-

(4) Other related parties transactions

A. Operating expenses

	For the years ended December 31, 2020	2019
Legal person as corporate director	$2	$31

B. Other Income

	For the years ended December 31, 2020	2019
Associate - Great Construction System Inc.	$246	$255
Legal person as corporate director	1	-
Total	$247	$255

8. ASSETS PLEDGED AS SECURITY

The following assets (carrying value) were pledged to banks as collaterals for bank loans and land development:

		As at	
Pledged Assets	Contents	December 31, 2020	December 31, 2019
Inventory - property	Bank loan	$704,427	$704,223
Financial assets measured at amortized cost	Bank credit agreement	8,857	9,614
Other financial assets (under other non-current asset)	Business related pledge and construction contract compliance fee	565	559
Property, plant and equipment:			
Land	Bank loan	4,094,541	4,017,827
Buildings	Bank loan	171,320	176,605
Investment property:			
Land	Bank loan and commercial paper pledge	6,340,633	5,999,929
Buildings	Bank loan	769,704	802,660
Total		$12,090,047	$11,711,417

9. SIGNIFICANT COMMITMENTS AND CONTINGENT LIABILITIES

(1) Part of the Company’s land is for rent or afforestation, if the land was collected or sold and the contract terminated, loss or compensation of the 37.5% Arable Rent Reduction Act could incur and the Company will record the compensation according to the case.

(2) As of December 31, 2020, the notes receivable and the guaranteed deposit related to sale of land or construction contract are NT$51,531 thousand.

(3) As of December 31, 2020, the notes payable and the guaranteed deposits paid related to bank financing and construction project are NT$65,290 thousand

(4) As of December 31, 2020, in response to merchandise import, the Company has opened a line of credit with unused amount estimated to be NT$1,198 thousand.

(5) The Company entered into a contract to purchase property, plant and equipment (including prepayments for business facilities) as follows:

	Total contract amount	Payment amount	Unpaid amount
Repayments for business facilities	$158,485	$88,165	$70,320
Construction in progress	1,225,528	1,160,751	64,777

10. LOSSES DUE TO MAJOR DISASTERS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets	As at December 31, 2020	As at December 31, 2019
Financial assets at fair value through other comprehensive income	$97,526	$52,572
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand and petty cash)	175,164	124,355
Financial assets measured at amortized cost (including non-current)	8,857	9,614
Notes receivable	1,492	2,166
Accounts receivable, net (including related parties)	16,020	16,361
Other receivables	820	849
Other financial assets - non-current	565	559
Subtotal	202,918	153,904
Total	$300,444	$206,476

Financial liabilities	As at December 31, 2020	As at December 31, 2019
Financial liabilities at amortized cost:		
Short-term borrowings	$80,000	$50,000
Short-term notes and bills payable	-	49,772
Accounts payable (including related parties)	15,801	13,215
Other payables	126,556	135,047
Long-term borrowings (including current portion)	5,842,525	5,296,325
Lease liabilities(including non-current)	2,181	1,882
Total	$6,067,063	$5,546,241

(2) Financial risk management objectives and policies

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

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Company's board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

The Company's market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market risk. Market risk comprises currency risk, interest rate risk and other price risk (such as equity risk).

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

Foreign currency risk

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

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for a foreign currency: US dollars, Japanese yen and Renminbi. As the net values of major foreign currency after carrying forward of their assets and liabilities, is considered insignificant, the impact of appreciation or depreciation in foreign currency on New Taiwanese Dollars is insignificant as reflected in profit and loss summary of the Company in 2020 and 2019.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s exposure to the risk of changes in market interest rates relates primarily to the bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2020 and 2019 to decrease/increase by NT$5,743 thousand and NT$$5,265 thousand, respectively.

Equity price risk

The Company’s unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company’s unlisted equity securities is classified under at financial assets at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company’s senior management on a regular basis. The Company’s board of directors reviews and approves all equity investment decisions.

As of December 31, 2020, the Company does not hold listed equity instrument at fair value through profit or loss.

(4) Credit risk management

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

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

As of December 31, 2020 and 2019, amounts receivable from top ten customers represent 49% and 46% of the total accounts receivable of the Company, respectively. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

As of December 31, 2020, the Company does not hold investments in debt instrument at fair value through profit or loss

(5) Liquidity risk management

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

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at December 31, 2020					
Borrowings	$827,346	$3,686,413	$623,208	$848,764	$5,985,731
Trade payable	15,801	-	-	-	15,801
Other payables	126,556	-	-	-	126,556
Lease liabilities	958	730	191	-	1,879
As at December 31, 2019					
Borrowings	$401,424	$3,689,362	$524,530	$827,093	$5,442,409
Short-term notes and bills payable	49,772	-	-	-	49,772
Accounts payable (including related parties)	13,215	-	-	-	13,215
Other payables	135,047	-	-	-	135,047
Lease liabilities	792	720	488	174	2,174

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2020:

	Short-term borrowings	Long-term borrowings (including current portion)	Leases liabilities	Short-term notes and bills payable	Refundable deposit	Total liabilities from financing activities
As at January 1, 2020	$50,000	$5,296,325	$1,882	$49,772	$4,662	$5,402,641
Cash flows	30,000	546,200	(611)	(49,772)	(2,963)	522,854
Non-cash changes	-	-	910	-	-	910
As at December 31, 2020	$80,000	$5,842,525	$2,181	$-	$1,699	$5,926,405

Reconciliation of liabilities for the year ended December 31, 2019:

	Short-term borrowings	Long-term borrowings (including current portion)	Leases liabilities	Short-term notes and bills payable	Refundable deposit	Total liabilities from financing activities
As at January 1, 2019	$1,120	$4,639,020	$-	$-	$3,037	$4,643,177
Cash flows	48,880	657,305	(1,180)	49,772	256	755,033
Non-cash changes	-	-	3,062	-	1,369	4,431
As at December 31, 2019	$50,000	$5,296,325	$1,882	$49,772	$4,662	$5,402,641

(7) Fair values of financial instruments

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

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

(a) The carrying amount of cash and cash equivalents, accounts receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

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

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

B. Fair value of financial instruments measured at amortized cost

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

C. Information about financial instrument fair value level

Please refer to Note 12.(8) for fair value measurement hierarchy for financial instruments of the Company.

(8) Fair value hierarchy

A. Definition

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

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

Level 2: Inputs other than quoted market prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liabilities.

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

B. The recurring fair value at each fair value hierarchy for financial instruments of the Company is as follows:

As at December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$-	$-	$97,526	$97,526

As at December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	$-	$-	$52,572	$52,572

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements.

The profit and (loss) related to possession of shares that were recognized in the total comprehensive income are both NT$0 thousand for the years ended to December 31, 2020 and 2019.

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

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as at January 1, 2020	$52,572
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	44,954
Ending balances as at December 31, 2020	$97,526

	Assets
	At fair value through other comprehensive income
	Stocks
Beginning balances as at January 1, 2019	$59,877
Amount recognized in OCI (presented in "Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(7,305)
Ending balances as at December 31, 2019	$52,572

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As at December 31, 2020

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach and asset approach	discount for lack of marketability	15%	The higher the discount for lack of marketability, the lower the fair value of the stocks	2% increase in the discount for lack of marketability would result in decrease in the Company's profit or loss by NT$111 thousand. 2% decrease in the discount for lack of marketability would result in increase in the Company's profit or loss by NT$102 thousand
	Market approach and asset approach	discount for non-controlling interests	25%	The higher the discount for non-controlling interests, the lower the fair value of the stocks	2% increase (decrease) in the discount for non-controlling interests would result in increase (decrease) in the Company's profit or loss by NT$2,471 thousand

As at December 31, 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	10%~30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Company's profit or loss by NT$6,065 thousand

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

The Company's Accounting Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

C. Non-recurring and non-financial assets disclosed by the fair value hierarchy information:

As at December 31, 2020

	Level 1	Level 2	Level 3	Total
Non-current assets held for sale	$-	$-	$12,314	$12,314

As at December 31, 2019

	Level 1	Level 2	Level 3	Total
Non-current assets held for sale	$-	$-	$40,635	$40,635

	Non-current assets held for sale	
	For the years ended December 31,	
	2020	2019
Opening balance	$40,635	$32,610
Sale	(305,590)	(152,330)
Reclassified from investment property	277,269	160,355
Ending balance	$12,314	$40,635

The use of significant unobservable inputs (Level 3) for fair value measurement information

Comment	Fair value as at December 31, 2020	Valuation method	The use of unobservable inputs	Weighted average
Non-current assets held for sale	$12,314	Market comparison	Price per square meter	$1

The use of significant unobservable inputs (Level 3) for fair value measurement information

Comment	Fair value as at December 31, 2019	Valuation method	The use of unobservable inputs	Weighted average
Non-current assets held for sale	$40,635	Market comparison	Price per square meter	$1

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

As at December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (Note 6.(9))	$-	$-	$47,435,429	$47,435,429
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Loans	-	5,922,525	-	5,922,525

As at December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (Note 6.(9))	$-	$-	$44,702,847	$44,702,847
Financial liabilities not measured at fair value but for which the fair value is disclosed:				
Loans	-	5,346,325	-	5,346,325
Short-term notes and bills payable	-	49,772	-	49,772

(9) Significant assets and liabilities denominated in foreign currencies

The Company does not possess significant assets and liabilities denominated in foreign currencies.

(10) Capital management

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

(11) Legal Claim

None

13. OTHER DISCLOSURE

(1) Significant transaction information

A. Financings provided to others: None.

B. Endorsement/guarantee provided to others: None.

C. Securities held as of December 31, 2020 (not including subsidiaries, associates and joint ventures): Please refer to Attachment 1.

D. Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20 percent of the capital stock: None.

E. Acquisition of property with the amount exceeding NT$300 million or 20% of the Company's paid-in capital: None.

F. Disposal of property with amount exceeding NT$300 million or 20% of the Company's paid-in capital: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties with amounts exceeding NT$100 million or 20 percent of capital stock: None.

I. Derivative financial instruments undertaken: None.

J. Significant intercompany transactions between consolidated entities: None.

(2) Investee information

Names, locations and related information of investee companies as of December 31, 2020(excluding Mainland China)

A. Financing provided to others: None.

B. Endorsement/guarantee provided to others for the year ended December 31, 2020: None.

C. Securities held as of December 31, 2020: Please refer to Attachment 1.

D. Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20 percent of the capital stock: None.

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

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

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.

I. Derivative financial instruments undertaken: None.

J. Significant inter-company transactions: Please refer to Attachment 2.

(3) Investment in Mainland China as of December 31, 2020

A. The Company has investment in mainland China for the year ended December 31, 2020: None.

B. Significant transactions with investment companies from mainland China: None.

(4) Information on major shareholders: Please refer to Attachment 3

14. SEGMENT INFORMATION

(1) For management purposes, the Company is organized into business units based on its products and services and has two reportable segments as follows:

A. Trade and department store segment: Sale of tea and other agricultural products, import commodity for resale (including food, wine and chemical products) and business in recreational tourism.

B. Assets segment: Management of land assets, such as land inspections, land and house leases, and contract changes. If someone wants to purchase land (such as tenants, etc.), the land sales related operations would be handled.

For information regarding the segment reporting and operating activities, please refer to “Other” section of the note.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, Company finance costs, finance income and income taxes are managed on a Company basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

(2) Information about profit or loss, assets and liabilities of reportable segments.

For the year ended December 31, 2020

	Trade and Department Store	Assets	Reportable Segment subtotal	Others	Adjustment and eliminations	Total
Revenue						
External customer	$294,815	$10,144	$304,959	$6,806	$-	$311,765
Inter-segment	-	-	-	-	-	-
Total revenue	$294,815	$10,144	$304,959	$6,806	$-	$311,765
Interest revenue	$-	$32	$32	$27	$-	$59
Interest expense	16	79,123	79,139	4	-	79,143
Depreciation and amortization	46,889	43,018	89,907	4,257	-	94,164
Segment profit	$36,725	$(1,040)	$35,685	$(68,233)	$-	$(32,548)
Assets						
Investments accounted for using the equity method	$-	$-	$-	$16,775	$-	$16,775
Capital expenditures on non-current assets	$237,283	$25,648	$262,931	$242,693	$-	$505,624
Segment assets	$1,990,292	$21,826,577	$23,816,869	$1,281,619	$-	$25,098,488
Segment liabilities	$91,961	$9,164,070	$9,256,031	$50,267	$-	$9,306,298

For the year ended December 31, 2019

	Trade and Department Store	Assets	Reportable Segment subtotal	Others	Adjustment and eliminations	Total
Revenue						
External customer	$274,828	$18,722	$293,550	$5,448	$-	$298,998
Inter-segment	-	-	-	-	-	-
Total revenue	$274,828	$18,722	$293,550	$5,448	$-	$298,998
Interest revenue	$1	$1	$2	$63	$-	$65
Interest expense	37	75,309	75,346	5	-	75,351
Depreciation and amortization	51,928	36,704	88,632	5,122	-	93,754
Segment profit	$18,579	$(83,155)	$(64,576)	$(107,979)	$-	$(172,555)
Assets						
Investments accounted for using the equity method	$-	$-	$-	$15,615	$-	$15,615
Capital expenditures on non-current assets	$195,273	$22,229	$217,502	$364,351	$-	$581,853
Segment assets	$1,703,539	$21,880,788	$23,584,327	$1,011,407	$-	$24,595,734
Segment liabilities	$59,455	$8,681,940	$8,741,395	$90,670	$-	$8,832,065

(3) Information about reconciliations of revenue, profit or loss, assets, liabilities and other material items of reportable segments:

A. Revenue

	For the years ended December 31, 2020	2019
Total revenue from reportable segments	$304,959	$293,550
Other revenue	6,806	5,448
Elimination of inter-segment revenue	-	-
Total revenue	$311,765	$298,998

B. Profit or loss

	For the years ended December 31, 2020	2019
Total profit or loss for reportable segments	$35,685	$(64,576)
Other profit or loss	(68,233)	(107,979)
Elimination of inter-segment profit	-	-
Profit (loss) before tax from continuing operations	$(32,548)	$(172,555)

C. Assets

	As at	
	December 31, 2020	December 31, 2019
Total assets of reportable segments	$23,816,869	$23,584,327
Other assets	1,281,619	1,011,407
Adjustment and elimination	-	-
Total assets	$25,098,298	$24,595,734

D. Liabilities

	As at	
	December 31, 2020	December 31, 2019
Total liabilities of reportable segments	$9,256,031	$8,741,395
Other liabilities	50,267	90,670
Adjustment and elimination	-	-
Total liabilities	$9,306,298	$8,832,065

E. Other material items

For the year ended December 31, 2020

	Reportable segments	Other segments	Adjustments	Total
Interest revenue	$32	$27	$-	$59
Interest expense	79,139	4	-	79,143
Capital expenditures on non-current assets	262,931	242,693	-	505,624
Depreciation and amortization	89,907	4,257	-	94,164

For the year ended December 31, 2019

	Reportable segments	Other segments	Adjustments	Total
Interest revenue	$2	$63	$-	$65
Interest expense	75,346	5	-	75,351
Capital expenditures on non-current assets	217,502	364,351	-	581,853
Depreciation and amortization	88,632	5,122	-	93,754

(4) Geographical information

Revenue from external customers

	For the years ended December 31,	
	2020	2019
Taiwan	$311,765	$298,998

The revenue information above is based on the location of the customer.

(5) Information about major customers

	For the years ended December 31,	
	2020	2019
Customer A from trade segment	$27,418	$41,657
Customer B from trade segment	16,591	16,435
Total	$44,009	$58,092

ATTACHMENT 1 (Securities held as at December 31, 2020) (Excluding subsidiaries, associates and joint ventures)
(Amount in thousand; Currency denomination in NTD or in foreign currencies)

The Company

				December 31, 2020				
Type of Securities Category	Name of securities	Relationship	Financial statement account	Units (thousand)/ bonds/ shares (thousand)	Carrying amount	Percentage of ownership (%)	Fair value/ Net assets value	Note
Stock	KING KONG IRON WORKS, LTD.	-	Financial assets at fair value through other comprehensive income - non-current	763	1,839	1	1,839	
Stock	CHINESE PRODUCTS PROMOTION CENTER	-	Financial assets at fair value through other comprehensive income - non-current	26	152	7	152	
Stock	CORE PACIFIC CITY CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	7,476	93,076	1	93,076	
Stock	NEXCELL BATTERY CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	1,120	1,321	1	1,321	
Stock	PACIFIC REHOUSE SERVICE CO., LTD	-	Financial assets at fair value through other comprehensive income - non-current	38	326	-	326	
Stock	PCHOME INVESTMENT & DEVELOPMENT CORPORATION	-	Financial assets at fair value through other comprehensive income - non-current	79	812	3	812	
Stock	PACIFIC CONSTRUCTION CO., LTD.	-	Financial assets at fair value through other comprehensive income - non-current	0.014	-	-	-	

Note1 : Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities, as defined in IFRS 9"Financial Instruments".

Note2 : If the securities listed above are issued by related parties, the column is specified with further information.

Note3 : For securities measured at fair value, fill in the book value column with fair value of the securities less accumulated impairment. For securities not measured at fair value, fill in the book value column with the original cost or amortized cost less accumulated impairment.

Note4 : The listed securities, which are restricted by providing to secured, mortgage loan or other agreement, shall indicate the share of secured or mortgage security, the amount of secured or mortgage and the situation of restriction in the column.

ATTACHMENT 2 (Names, locations and related information of investee companies as at December 31, 2020) (Not including investment in Mainland China)
(Amount in thousand; Currency denomination in NTD or in foreign currencies)

The Company

			Initial Investment		Investment as at December 31, 2020					
Investee company	Address	Main businesses and products	Ending balance	Beginning balance	Number of shares (thousand)	Percentage of ownership (%)	Carrying amount	Net income (loss) of investee company	Investment income (loss) recognized	Note
GREAT CONSTRUCTION SYSTEM INC.	15F., No.3, Park St., Nangang Dist., Taipei City	Various metal and metal wall materials manufacturing processing and trading business	$42,406	$42,406	3,436	34.36%	$16,775	$2,969	$1,020	Note 4

Note1 : If a public company has holding company in other country and had issued consolidated financial statement under local regulations, about these investee could disclosed their holding company's relevant information.

Note2 : If not belong to Note 1, filled in by the following rules

(1) In "Investee", "Region", "Main Business", "Original cost" and "At the end of period" columns should filled in in order follow the company invest directly or invest indirectly and explain each relationship in "Note" column.

(2) In "Investees company net income" column should filled in each investee net income.

(3) In "Share of Profits/Losses" column only need to filled in the company recognized each subsidiaries and the company under equity method's profits or loss. Make sure it had contained each subsidiaries had contained their investee profit or loss in their net income.

Note3 : It is evaluated and disclosed according to the financial statements audited by the accountants of each subsidiary and investee company over the same period.

Note4 : Great construction system inc. is an associate by the Company for using equity method.

ATTACHMENT 3 (Information on major shareholders as at December 31, 2020)

(Amount in thousand; Currency denomination in NTD or in foreign currencies)

Major shareholders' name	Share			
	Number of common shares	Number of preferred shares	Number of total shares	Shareholding ratio(%)
Shan Young Assets Management Co., Ltd.	143,108,000	-	143,108,000	18.11%

Note 1: The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of total non-physical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered non-physical stocks may be different from the capital stocks disclosed in the financial statement due to different calculation basis.

Note 2: If shares are entrusted, the above information regarding such shares will be revealed by each trustors of individual trust account. The shareholders holding more than 10% of the total shares of the company should declare insider’s equity according to Securities and Exchange Act. The numbers of the shares declared by the insider include the shares of the trust assets which the insider has discretion over use. For details of the insider’s equity announcement please refer to the TWSE website.