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TAIYEN BIOTECH CO.,LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2020 AND 2019

WITH

REPORT OF INDEPENDENT AUDITORS

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.

Independent Auditors' Report

To TAIYEN BIOTECH CO.,LTD.

Opinion

We have audited the accompanying consolidated balance sheets of TAIYEN BIOTECH CO.,LTD. and its subsidiaries (hereinafter referred to as "the Group") as of 31 December 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2020 and 2019, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2020 and 2019, and their consolidated financial performance and cash flows for the years ended 31 December 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 or the former Standing Interpretations Committee as endorsed 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (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 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Disclosure of investment property fair value

As of 31 December 2020, the Group's net investment property at cost amounted to NT$1,326,351 thousand, and constitutes 17% of total consolidated asset, and is significant to financial statements. Considering the evaluation process on investment property fair value by management is complicated, and relevant assumptions are based on evaluation report by external specialists and affected by expected future market or economy, we therefore determined this as a key audit matter.

Our audit procedures of key assumption used in disclosure of investment property included, but not limited to, understanding evaluation report by external specialists offered by the Group, and the methods of assumption and assessment used, especially the rent and land price of the subject, which we compared to open market information to analyze the reasonability. We also used internal specialists to assist in evaluating the reasonability of the assumption and assessment method by external specialists used by the Group.

We also assessed the adequacy of disclosures of investment property. Please refer to Notes V and VI(10) to the Group's consolidated financial statements.

Valuation for slow-moving inventories

As of 31 December 2020, the Group's net inventories amounted to NT$315,556 thousand, and constitutes 4% of total consolidated asset. Considering that the assessment of slow-moving inventories should take into consideration product validity period and changes in market, therefore involving significant judgement of management, and that the amount of inventory write-downs is significant to the Group, we determined this as a key audit matter.

Our audit procedures included, but not limited to, testing the effectiveness of internal control on inventories established by management; evaluating the appropriateness of management's accounting policies regarding slow-moving and obsolete inventory, including sample testing the accuracy of inventory aging interval and reviewing the consumption of raw material and sales of finished goods; and evaluating the reasonableness of the policy of slow-moving inventories and the circumstances in which loss of slow-moving inventories should be individually booked.

We also assessed the adequacy of disclosures of inventories. Please refer to Notes V and VI(7) to the Group's consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the 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 or the former Standing 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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 Group. 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated 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 Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 consolidated 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.

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended 31 December 2020 and 2019.

Tseng, Yu-Che

Lee, Fang-Wen

Ernst & Young, Taiwan
23 March 2021

Notice to Readers

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

English Translation of Financial Statements Originally Issued in Chinese

TAIYEN BIOTECH CO.,LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2020	31 Dec. 2019	LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 Dec. 2020	31 Dec. 2019
Current assets				Current liabilities			
Cash and cash equivalents	IV/VI.1	$1,505,641	$1,599,105	Short-term loans	IV/VI.12	$30,000	$103,600
Current financial assets at fair value through profit or loss	IV/VI.2	381,044	368,702	Current contract liabilities	IV/VI.17	33,182	22,253
Current financial assets at fair value through other comprehensive income	IV/VI.3	1,930	1,540	Notes payable		90,158	161,605
				Accounts payable		182,990	89,127
Current financial assets at amortised cost	IV/VI.4、18/VIII	2,000	2,000	Other payables		250,660	256,371
Current contract assets	IV/VI.7、18	372,131	159,746	Current tax liabilities	IV/VI.23	47,221	42,932
Notes receivable-net	IV/VI.5、18	2,994	1,668	Lease liability-current	IV/VI.19	15,163	13,153
Accounts receivable-net	IV/VI.6、18	165,739	187,757	Long-term liabilities, current portion	IV/VI.13/VIII	4,287	-
Inventories-net	IV/VI.7	315,556	321,779	Other current liabilities		41,216	55,556
Other current assets		153,395	66,607	Total current liabilities		694,877	744,597
Total current assets		2,900,430	2,708,904				
				Non-current liabilities			
Non-current assets				Non-current portion of non-current borrowings	IV/VI.13/VIII	57,369	-
Non-current financial assets at amortised cost	IV/VI.4、18/VIII	33,960	33,960	Deferred tax liabilities	IV/VI.23	33,934	33,786
Investments accounted for using equity method	IV/VI.8	-	9,567	Lease liability-non current	IV/VI.19	100,532	108,633
Property, plant and equipment	IV/VI.9	3,301,281	3,273,123	Long-term deferred revenue	IV/VI.14	345,784	367,689
Right-of-use asset	IV/VI.19	130,086	128,951	Net defined benefit liability, non-current	IV/VI.15	124,510	124,431
Investment Property	IV/VI.10、19	1,326,351	1,340,051	Guarantee deposit received		73,241	66,135
Intangible assets		8,023	5,008	Other non-current liabilities-others		3,244	3,402
Deferred tax assets	IV/VI.23	64,428	63,125	Total non-current liabilities		738,614	704,076
Prepayments for business facilities		-	350	Total liabilities		1,433,491	1,448,673
Guarantee deposits paid		7,625	6,931				
Other non-current assets	IV/VI.11	25,535	31,492	Equity attributable to the parent company			
Total non-current assets		4,897,289	4,892,558	Capital			
				Common stock	IV/VI.16	2,000,000	2,000,000
				Capital surplus	IV/VI.16	2,501,653	2,486,320
				Retained earnings	IV/VI.16		
				Legal reserve		1,269,873	1,230,449
				Special reserve		45,420	45,420
				Unappropriated earnings		415,529	394,239
				Subtotal		1,730,822	1,670,108
				Other equity		(2,994)	(3,639)
				Non-controlling interests	VI.25	134,747	-
				Total equity		6,364,228	6,152,789
Total assets		$7,797,719	$7,601,462	Total liabilities and equity		$7,797,719	$7,601,462

English Translation of Financial Statements Originally Issued in Chinese

TAIYEN BIOTECH CO.,LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

ITEMS	NOTE	20201.1~ 2020.12.31	2019.1.1~ 2019.12.31
Sales revenues	IV/VI.17/VII	$3,130,347	$2,906,615
Cost of goods sold	IV/VI.7、11、15、20	(1,822,755)	(1,696,299)
Gross profit		1,307,592	1,210,316
Operating expenses	IV/VI.11、15、18、19、20		
Sales and marketing expenses		(558,111)	(521,647)
General and administrative expenses	VII	(212,176)	(200,293)
Research and development expenses		(73,984)	(68,618)
Subtotal		(844,271)	(790,558)
Operating income		463,321	419,758
Non-operating income and expenses			
Other revenue	IV/VI.21	87,527	97,633
Other gain and loss	IV/VI.11、21	(82,650)	(84,693)
Financial costs	IV/VI.21	(3,605)	(2,395)
Share of profit (loss) of associates and joint ventures accounted for using equity method	IV/VI.8	(554)	(1,756)
Subtotal		718	8,789
Income from continuing operations before income tax		464,039	428,547
Income tax expense	IV/VI.23	(89,450)	(83,044)
Net income		374,589	345,503
Other comprehensive income	IV/VI.22		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		(5,464)	15,635
Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income		390	(263)
Income tax related to items that may not be reclassified subsequently		1,093	(3,127)
To be reclassified to profit or loss in subsequent periods			
Exchange differences resulting from translating the financial statements of a foreign operations		255	(582)
Total other comprehensive income, net of tax		(3,726)	11,663
Total comprehensive income		$370,863	$357,166
Net income attributable to:			
Stockholders of the parent		$365,085	$345,503
Non-controlling interests		$9,504	$-
Comprehensive income attributable to:			
Stockholder of the parent		$361,359	$357,166
Non-controlling interests		$9,504	$-
Earnings per share (NTD)	VI.24		
Earnings per share-basic		$1.83	$1.73
Earnings per share-diluted		$1.82	$1.72

English Translation of Financial Statements Originally Issued in Chinese

TAIYEN BIOTECH CO.,LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	Equity attributable to the parent company								Non-controlling interests	Total Equity
			Retained Earnings			Other equitity				
	Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange differences resulting from translating the financial statements of a foreign operations	Unrealized gain (Loss) on financial assets at fair value through other comprehensive income	Total equity attributable to owners of parent		
Balance as of 1 January 2019	$2,000,000	$2,486,289	$1,186,739	$45,420	$439,938	$(2,794)	$-	$6,155,592	$-	$6,155,592
Appropriation and distribution of 2018 retained earning										
Legal Reserve	-	-	43,710	-	(43,710)	-	-	-	-	-
Cash dividends	-	-	-	-	(360,000)	-	-	(360,000)	-	(360,000)
Other changes in additional paid-in capital	-	31	-	-	-	-	-	31	-	31
Net income for the year ended 31 December 2019	-	-	-	-	345,503	-	-	345,503	-	345,503
Other comprehensive income, net of tax for the year ended 31 December 2019	-	-	-	-	12,508	(582)	(263)	11,663	-	11,663
Total comprehensive income	-	-	-	-	358,011	(582)	(263)	357,166	-	357,166
Balance as of 31 December 2019	$2,000,000	$2,486,320	$1,230,449	$45,420	$394,239	$(3,376)	$(263)	$6,152,789	$-	$6,152,789
Balance as of 1 January 2020	$2,000,000	$2,486,320	$1,230,449	$45,420	$394,239	$(3,376)	$(263)	$6,152,789	$-	$6,152,789
Appropriation and distribution of 2019 retained earning										
Legal Reserve	-	-	39,424	-	(39,424)	-	-	-	-	-
Cash dividends	-	-	-	-	(300,000)	-	-	(300,000)	-	(300,000)
Other change in capital surplus	-	16	-	-	-	-	-	16	-	16
Net income for the year ended 31 December 2020	-	-	-	-	365,085	-	-	365,085	9,504	374,589
Other comprehensive income, net of tax for the year ended 31 December 2020	-	-	-	-	(4,371)	255	390	(3,726)	-	(3,726)
Total comprehensive income	-	-	-	-	360,714	255	390	361,359	9,504	370,863
Changes in ownership interests in subsidiaries	-	15,317	-	-	-	-	-	15,317	125,243	140,560
Balance as of 31 December 2020	$2,000,000	$2,501,653	$1,269,873	$45,420	$415,529	$(3,121)	$127	$6,229,481	$134,747	$6,364,228

English Translation of Financial Statements Originally Issued in Chinese

TAIYEN BIOTECH CO.,LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2020.1.1~ 2020.12.31	2019.1.1~ 2019.12.31
Cash flows from (used in) operating activities:		
Net income before tax	$464,039	$428,547
Adjustments for:		
Income and expense adjustments:		
Depreciation	173,053	157,064
Amortization	12,955	14,284
Net (gain) on financial assets or liabilities at fair value through profit or loss	(2,342)	(6,625)
Interest expense	3,605	2,395
Interest revenue	(15,188)	(22,304)
Share of loss (profit) of associates and joint ventures accounted for using equity method	554	1,756
Loss on disposal of property, plant and equipment	2,546	872
Gains on disposals of investment property	(787)	-
Loss on disposals of intangible assets	-	90
(Gain) on disposal of investments	(4,124)	(3,208)
Loss on disposals of investments accounted for using equity method	3,292	-
Losses on disaster	-	477
Changes in operating assets and liabilities:		
Contract assets	(212,385)	(96,432)
Notes receivable-net	(1,326)	3,212
Accounts receivable-net	22,018	(27,442)
Inventories	(8,542)	(32,506)
Other current assets	(88,145)	4,544
Contract liabilities	10,929	(10,423)
Notes payable	19,527	11,054
Accounts payable	93,863	54,082
Other payables	(6,724)	(61,441)
Other current liabilities	(14,343)	17,579
Net defined benefit liability	(5,385)	(5,814)
Other non-current liabilities	(21,095)	(11,982)
Cash inflow generated from operations	425,995	417,779
Interest paid	(2,327)	(2,273)
Income tax paid	(84,312)	(86,847)
Net cash flows from (used in) operating activities	339,356	328,659

ITEMS	2020.1.1~ 2020.12.31	2019.1.1~ 2019.12.31
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,803)
Acquisition of financial assets at amortised cost	-	(5,000)
Proceeds from disposal of financial assets at amortised cost	-	8,200
Acquisition of financial assets at fair value through through profit or loss	(90,000)	(130,000)
Proceeds from disposal of financial assets at fair value through profit or loss	83,161	256,000
Proceeds from disposal of investments accounted for using equity method	5,670	-
Acquisition of property, plant and equipment	(264,770)	(282,503)
Proceeds from disposal of property, plant and equipment	27	18
Increase in refundable deposits	(694)	(30)
Acquisition of intangible assets	(3,124)	(1,579)
Acquisition of investment property	(787)	-
Proceeds from disposal of investment property	2,088	-
Increase in prepayments for business facilities	-	(169)
Decrease in prepayments for business facilities	350	-
Insterest received	15,634	23,741
Net cash flows from (used in) investing activities	(252,445)	(133,125)
Cash flows from (used in) financing activities		
Increase in short-term loans	40,200	103,600
Decrease in short-term loans	(50,000)	-
Repayments of long-term debt	(2,144)	-
Increase in guarantee deposits received	7,106	-
Decrease in guarantee deposits received	-	(4,857)
Payments of lease liabilities	(15,139)	(14,311)
Cash dividends paid	(300,000)	(360,000)
Interest paid	(1,275)	(122)
Change in non-controlling interests	140,560	-
Other change in capital surplus	16	31
Net cash flows from (used in) financing activities	(180,676)	(275,659)
Effect of exchange rate changes on cash and cash equivalents	301	(562)
Net (decrease) in cash and cash equivalents	(93,464)	(80,687)
Cash and cash equivalents at beginning of period	1,599,105	1,679,792
Cash and cash equivalents at end of period	$1,505,641	$1,599,105

English Translation of Financial Statements Originally Issued in Chinese

TAIYEN BIOTECH CO.,LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

I. HISTORY AND ORGANIZATION

1. Taiyen Biotech Co., Ltd. (the "Company"), formerly known as China Salt Company, was reorganized into a state-owned salt factory of Taiwan in 1951 and restructured into the main salt factory of Taiwan in 1952, which was under the charge of the Ministry of Economic Affairs. In 1995, the main salt factory was restructured and renamed as Taiyen Biotech Co., Ltd. As of 31 December 2020 and 2019, the Ministry of Economic Affairs held 38.88% ownership of Taiyen Biotech Co., Ltd. The Company's registered office and the main business location is at No.297, Sec. 1, Chien-Kang Rd., South District, Tainan, Republic of China (R.O.C.).

2. The Company became a listed company on Taiwan Stock Exchange on 18 November 2003.

3. Current main business item:
   (1) Production, sales, import and export of the following products, by-products and their derivatives:
      A. Various salt products
      B. Various seawater chemical products
      C. Bath salt, bath salt milk, salt soap, algae soap, and shampoo
      D. Beverage and drinking water
      E. Toothpaste, salt mouthwash, and eyeglasses maintenance liquid
      F. Salt for washing vegetable, fruits and others
      G. Food and food additives
      H. Pharmaceuticals
      I. Cosmetics manufacturing
      J. Environmental medicine manufacturing
   (2) Sales, imports and exports of daily necessities and cosmetic products
   (3) Supply, introduction and management consulting of domestic and foreign industrial salt technology. introduction and management consulting of domestic and foreign salt industry technology

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

The consolidated financial statements of the Company and subsidiaries (hereinafter referred to as ”the Company”) for the years ended 31 December 2020 and 2019 were authorized for issue in accordance with a resolution of the Board of directors on 23 March 2021.

III. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

   The Group 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. Apart from the nature and impact of the new standard and amendment is described below, the remaining new standards and amendments had no material impact on the Group.

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 Group 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)	1 January 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 derecognize 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 reflec
B. t the change to the alternative benchmark rate;
C. 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

D. 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 1 January 2021 have no material impact on the Group.

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”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
d	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022
e	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
f	Definition of Accounting Estimates – Amendments to IAS 8	1 January 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 Company of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

(1) Estimates of future cash flows;
(2) 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
(3) A risk adjustment for non-financial risk.

The carrying amount of a Company 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 1 January 2023 (from the original effective date of 1 January 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 1 January 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 Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under, it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance

The consolidated financial statements of the Group for the years ended 31 December 2020 and 2019 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (Regulations), IFRSs, IASs, IFRIC and SIC, which are endorsed by FSC (TIFRSs).

2. Basis of preparation

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

3. Basis of consolidation

Preparation principle of consolidated financial statement

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

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

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

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

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

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

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

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

If the Group loses control of a subsidiary, it:

(a) derecognizes the assets (including goodwill) and liabilities of the subsidiary;
(b) derecognizes the carrying amount of any non-controlling interest;
(c) recognizes the fair value of the consideration received;
(d) recognizes the fair value of any investment retained;
(e) recognizes any surplus or deficit in profit or loss; and
(f) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%)	
			31Dec. 2020	31 Dec. 2019
The Company	TAIYEN BIOTECH CO.,LTD. ,SAMOA (TAIYEN SAMOA)	Reinvestment business	100%	100%
The Company	Taiyen Green Energy CO., LTD. (Taiyen Green Energy)	Energy related business	66.75% (Note)	100%
TAIYEN SAMOA	TAIYEN BIOTECH CO., LIMITED (TAIYEN HONG KONG)	Reinvestment business	100%	100%
TAIYEN HONG KONG	TAIYEN (XIAMEN) IMPORT&EXPORT CO., LTD.	Commodity trading, import and export business	100%	100%

Note: The Board of Directors of Taiyen Green Energy Co., Ltd, passed the cash capital increase proposal at the shareholder's meeting held on 15 October 2019. The record date of the capital increase was set on 16 June 2020, with capital increase in the amount of NT$175,950 thousands. The Company did not subscribe to the stocks according to its shareholding ratio, therefore, the ownership interest in Taiyen Green Energy Co., Ltd., decreased from 100% to 66.75%.

4. Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group 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* are accounted for based on the accounting policy for financial instruments.
(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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.

5. Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

6. Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
(b) The Group holds the asset primarily for the purpose of trading
(c) The Group 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 Group expects to settle the liability in its normal operating cycle
(b) The Group 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 Group 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.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Financial instruments

Financial assets and financial liabilities are recognized when the Group 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.

(1) <u>Financial instruments: Recognition and Measurement</u>

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

The Group 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 Group'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 note receivables, accounts receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
(b) 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:

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

(b) 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 Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset 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:

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

(b) 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:

(a) 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.

(b) When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

(c) 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 Group 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 Group 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 Group 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.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) <u>Impairment of financial assets</u>

The Group 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 balance sheet.

The Group 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 follows:

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 Group 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 accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group 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, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group 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 XII for further details on credit risk.

(3) Derecognition of financial assets

A financial asset is derecognized when:

i. The rights to receive cash flows from the asset have expired
ii. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
iii. The Group 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.

(4) Financial liabilities and equity

Classification between liabilities or equity

The Group 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 the effective interest rate method amortization process.

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.

(5) 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.

9. 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 Group.

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 Group 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.

10. 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 are accounted for as follows:

Raw materials – Purchase cost on a first in, first out basis

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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.

11. Non-current assets held for sale

The Group'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 Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

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

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group 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 or joint venture on a pro-rata basis.

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture 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 Group estimates:

(1) Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

(2) 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 or an investment in a joint venture 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 or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture 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.

12. Property, plant and equipment

Property, plant and equipment is 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 Group 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.

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

Land improvements	3～40 years
Buildings	2～65 years
Machinery and equipment	2～50 years
Transportation equipment	2～20 years
Other equipment	2～30 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.

13. Investment property

The Group'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:

Land improvements	3～35 years
Structure	4～55 years
Buildings	33～55 years
Warehouse and factory	10～40 years
Other	4～40 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 Group transfers properties to or from investment properties according to the actual use of the properties.

The Group 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.

14. Leases

The Group 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 Group 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 Group 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 Group 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 Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

<u>Group as a lessee</u>

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

At the commencement date, the Group 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 Group 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 Group 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 Group 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 Group 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 Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group 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 Group 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 Group accounted for as short-term leases or leases of low-value assets, the Group 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 of comprehensive income.

For short-term leases or leases of low-value assets, the Group 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.

Group as a lessor

At inception of a contract, the Group 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 Group 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 Group allocates the consideration in the contract applying IFRS 15.

The Group 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.

15. 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.

Patents and licences

The patents is amortized on a straight-line basis over the estimated useful life (8 years).

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (2 to 10 years).

16. Impairment of non-financial assets

The Group 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 Group 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 groups 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 Group 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 groups 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 (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group 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.

17. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

When the unavoidable cost of meeting the obligations under the contract exceeds the expected receivable economic benefits from the contract, the provision of onerous contract should be recognized. Before the recognition of the provision, the impairment loss of the related contract should be evaluated and recognized.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

18. Revenue recognition

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

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is high-end machinery and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts to the Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Group’s sale of goods is from 90 to 150 days. For most of the contracts, when the Group 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 Group 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 Group 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 Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Labor Contract Revenue

The contract of the Group follows the regulation of IFRS 15, throughout the process of providing labor services, the entity’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced, meets the criteria which satisfies a performance obligation and recognizes revenue over time

Most of the contractual considerations of the Group are collected evenly throughout the contract periods. When the Group has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

When the outcome of the construction contract couldn’t be reasonably estimated, cost recovery method would be applied. Revenue could only be recognized to the same amount of costs incurred.

When the situation changes, the estimation of revenue, costs and stage of completion should be revised. During the period that the management was informed, the changes should be reflected on the income.

<u>Construction Contract</u>

The Group mostly provides solar energy construction services. As the Group provides the services over the contract period, the customers simultaneously receive control of the asset. Hence, the related revenue are recognized by the percentage of completion method over the contract period.

Most of the contractual considerations of the Group are collected evenly throughout the contract periods. When the Group has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contracts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

When the outcome of the construction contract couldn’t be reasonably estimated, cost recovery method would be applied. Revenue could only be recognized to the same amount of costs incurred.

When the situation changes, the estimation of revenue, costs and stage of completion should be revised. During the period that the management was informed, the changes should be reflected on the income.

The Group usually reclassifies the aforementioned contract liability to revenue within a year and hence doesn’t lead to a significant financial component.

19. 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.

20. Post-employment benefits

All regular employees of the Company and its domestic subsidiaries 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 and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries 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. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

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 Group 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.

21. Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

22. 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:

i. 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
ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, 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:

i. 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

ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, 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 Group 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.

V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements require management to make judgements, 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. Judgements

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

Operating lease commitment－Group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group 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.

2. Estimation and assumptions

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

(1) Fair Value of Financial Instruments

When 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 income approach (for example the discounted cash flow model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note XII for more details.

(2) Inventory Valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made.

(3) Fair value of investment properties

When the fair value of investment properties cannot be quoted in the active market, the fair value is measured via the fair value model, including income approach – discounted cash flow method, or market approach. The changes of appraisal parameters used in the assessments will vary the fair value of investment properties. Please refer to Note VI for more details.

(4) Impairment of Non-financial Assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on 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 less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note VI.

(5) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination rate, future salary increases, and decrease.

(6) Revenue Recognition-Sales Returns and Discounts

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the above-mentioned sales returns and allowance, on the basis of highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note VI for more details.

(7) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Ⅵ. CONTENTS OF SIGNIFICANT ACCOUNTS

1. Cash and Cash Equivalents

	31 Dec. 2020	31 Dec. 2019
Cash on hand	$1,185	$1,214
Saving account	559,323	745,975
Cash equivalents		
Time deposits with maturities within 12 months	945,133	851,916
Total	$1,505,641	$1,599,105

Cash and Cash Equivalents were not pledged.

2. Financial assets at fair value through profit or loss

	31 Dec. 2020	31 Dec. 2019
Mandatorily measured at fair value through profit or loss:		
Funds	$381,044	$368,702
Current	$381,044	$368,702

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

3. Financial assets at fair value through other comprehensive income

	31 Dec. 2020	31 Dec. 2019
Equity instrument investments measured at fair value through other comprehensive income – Current:		
Listed Company Stocks	$1,930	$1,540

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

For equity instrument investments measured at fair value through other comprehensive income, the Group recognized dividends in the amount of NT$51 thousand and NT$120 thousand for the years ended 31 December 2020 and 2019, the full amount is related to investments held at the end of the reporting period.

4. Financial assets measured at amortized cost

	31 Dec. 2020	31 Dec. 2019
Time deposits	$35,960	$35,960
Current	$2,000	$2,000
Non-current	33,960	33,960
Total	$35,960	$35,960

Please refer to Note VI(18) for more details on accumulated impairment and Note VIII. for more details on financial assets measured at amortized cost under pledge and Note XII for more details on credit risk.

5. Notes Receivable

	31 Dec. 2020	31 Dec. 2019
Notes receivable — from operating	$2,994	$1,668
Less: allowance for doubtful accounts	-	-
Total	$2,994	$1,668

No notes receivable were pledged.

The Group adopted IFRS 9 for impairment assessment . Please refer to Note VI(18) for more details on accumulated impairment and Note XII for more details on credit risk.

6. Accounts Receivable

	31 Dec. 2020	31 Dec. 2019
Accounts receivable	$165,871	$187,889
Less: allowance for doubtful accounts	(132)	(132)
Total	$165,739	$187,757

No accounts receivable were pledged.

Accounts receivable are generally on 90-150 day terms. Account receivable amounted to NT$ 165,871 thousand and NT$187,889 thousand as at 31 December 2020 and 2019.

Please refer to Note VI(18) for more details on impairment of accounts receivable for the years ended 31 December 2020 and 2019 and please refer to Note XII for credit risk disclosure.

7. Inventories

	31 Dec. 2020	31 Dec. 2019
Raw materials	$23,184	$15,585
Supplies and parts	99,709	91,250
Work in process	17,593	16,881
Finished goods	127,134	137,441
Merchandise	47,936	60,622
Net	$315,556	$321,779

The cost of inventories recognized in expenses amounted to NT$1,822,755 thousand and NT$1,696,299 thousand for the years ended 31 December 2020 and 2019, respectively, including the write-down of inventories of NT$1,772 thousand for the year ended 31 December 2020 and reversal of write-down of inventories of NT$4,409 thousand for the year ended 31 December 2019 because of circumstances that caused the net realizable value of inventory to be lower than its cost no longer existed, respectively.

No Inventories were pledged.

8. Investments Accounted For Under The Equity Method

Details are as follows:

	31 Dec. 2020		31 Dec. 2019	
Investee Company	Amount	Percentage of ownership	Amount	Percentage of ownership
Unlisted company				
Pingmei Shenma Group Henan Tianjian Rihua Co., Ltd.	$-	-	$9,567	15%

Note: The subsidiary – Taiyen (Xiamen) IMPORT&EXPORT CO., LTD.'s board of directors approved the divestment of Henan Tianjian Rihua, and finished the equity transfer on October 2020.

The Group's investments in the associates are not individually material. The related share of investment from the associates amounted to NT$0 thousand and NT$9,567 thousand for the years ended 31 December 2020 and 2019. The aggregate financial information of the Group's investments in associates is as follows:

	For the years ended 31 December	
	2020	2019
Profit or loss from continuing operations	$(554)	$(1,756)
Other comprehensive income (post-tax)	(51)	(371)
Total comprehensive income	$(605)	$(2,127)

The associates had no contingent liabilities or capital commitments and investment in the associates were not pledged as of 31 December 2020 and 2019.

9. Property, plant and equipment

	31 Dec. 2020	31 Dec. 2019
Owner occupied property, plant and equipment	$3,301,281	$3,273,123

	Land	Land improvements	Buildings	Machinery and equipment	Transportation equipment	Other facilities	Construction in progress	Total
Cost:								
1 Jan. 2020	$1,683,597	$184,463	$1,287,631	$2,619,198	$28,623	$102,500	$181,371	$6,087,383
Addition	-	-	552	2,907	402	1,406	169,578	174,845
Disposal	-	(681)	(6,881)	(25,960)	(2,541)	(1,966)	-	(38,029)
Transfer	-	2,191	18,282	143,698	5,853	6,270	(176,294)	-
Exchange difference	-	-	-	-	-	10	-	10
Other	-	-	-	(28)	-	-	7,901	7,873
31 Dec. 2020	$1,683,597	$185,973	$1,299,584	$2,739,815	$32,337	$108,220	$182,556	$6,232,082
1 Jan. 2019	$1,683,597	$176,211	$1,238,165	$2,235,820	$28,692	$97,986	$363,581	$5,824,052
Addition	-	-	940	7,733	-	2,495	355,199	366,367
Disposal	-	(52)	(386)	(100,150)	(112)	(1,380)	-	(102,080)
Transfer	-	8,304	48,912	475,381	43	3,989	(536,629)	-
Exchange difference	-	-	-	-	-	(19)	-	(19)
Other	-	-	-	414	-	(571)	(780)	(937)
31 Dec. 2019	$1,683,597	$184,463	$1,287,631	$2,619,198	$28,623	$102,500	$181,371	$6,087,383
Depreciation and impairment:								
1 Jan. 2020	$5,356	$141,713	$694,486	$1,862,506	$23,752	$86,447	$-	$2,814,260
Depreciation	-	8,936	44,309	90,113	1,603	7,026	-	151,987
Disposal	-	(643)	(5,444)	(24,912)	(2,509)	(1,948)	-	(35,456)
Transfer	-	-	(3)	3	-	-	-	-
Exchange difference	-	-	-	-	-	10	-	10
Other	-	-	-	-	-	-	-	-
31 Dec. 2020	$5,356	$150,006	$733,348	$1,927,710	$22,846	$91,535	$-	$2,930,801
1 Jan. 2019	$5,356	$131,701	$649,811	$1,888,922	$22,179	$80,863	$-	$2,778,832
Depreciation	-	10,059	45,009	72,929	1,685	7,058	-	136,740
Disposal	-	(47)	(334)	(99,345)	(112)	(1,352)	-	(101,190)
Transfer	-	-	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	(18)	-	(18)
Other	-	-	-	-	-	(104)	-	(104)
31 Dec. 2019	$5,356	$141,713	$694,486	$1,862,506	$23,752	$86,447	$-	$2,814,260
Net book value:								
31 Dec. 2020	$1,678,241	$35,967	$566,236	$812,105	$9,491	$16,685	$182,556	$3,301,281
31 Dec. 2019	$1,678,241	$42,750	$593,145	$756,692	$4,871	$16,053	$181,371	$3,273,123

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

10. Investment property

	Land	Land improvements	Buildings	Total
Cost：				
As at 1 Jan. 2020	$984,314	$5,598	$463,258	$1,453,170
Addition	-	-	787	787
Disposal	(1,267)	(73)	-	(1,340)
As at 31 Dec. 2020	$983,047	$5,525	$464,045	$1,452,617
As at 1 Jan. 2019	$984,314	$5,598	$463,258	$1,453,170
Addition	-	-	-	-
Disposal	-	-	-	-
As at 31 Dec. 2019	$984,314	$5,598	$463,258	$1,453,170
Depreciation and impairment：				
As at 1 Jan. 2020	$5,715	$4,727	$102,677	$113,119
Depreciation	-	73	13,113	13,186
Disposal	-	(39)	-	(39)
As at 31 Dec. 2020	$5,715	$4,761	$115,790	$126,266
As at 1 Jan. 2019	$5,715	$4,651	$89,575	$99,941
Depreciation	-	76	13,102	13,178
Disposal	-	-	-	-
As at 31 Dec. 2019	$5,715	$4,727	$102,677	$113,119
Net carrying amount as at:				
31 Dec. 2020	$977,332	$764	$348,255	$1,326,351
31 Dec. 2019	$978,599	$871	$360,581	$1,340,051

	For the years ended 31 December	
	2020	2019
Rental income from investment property	$31,122	$30,558
Less: Direct operating expenses from investment property generating rental income	(24,330)	(24,503)
Direct operating expenses from investment property not generating rental income	(682)	(683)
Total	$6,110	$5,372

No investment property was pledged.

As of 31 December 2020 and 2019, the fair value of investment properties held by the Group both amounted to NT$3,303,990 and NT$3,237,209 thousands. The above-mentioned fair value was assessed by independent external valuation professionals, and was classified at level 3.

Fair value has been determined under the support of market evidence. Leased plants and lands in the signed lease contract, should be assessed using the income approach. Construction lands should be comprehensively assessed using the land development analysis approach of the comparison method and the cost approach, among which farming and grazing lands are subject to development restrictions therefore can only be assessed using the comparison method. Buildings should be assessed using the cost method, below are the parameters mainly used:

Income approach: An approach that the subject property which apply an appropriate capitalization rate on the date of value opinion to capitalize the average objective annual net operating income in the future into an indication of value.

	31 Dec. 2020	31 Dec. 2019
Average income capitalization rate	1.15%-1.93%	1.23%-1.89%

Comparison method: A method based on the value of the comparable properties is through comparison, analysis, adjustment and other means to estimate the value of the subject property comparing.

	31 Dec. 2020	31 Dec. 2019
Condition adjustment percentage	100%	100%
Date adjustment percentage	98%-106%	100%-104%
Local factor adjustment percentage	94%-105%	88%-106%
Individual factor adjustment percentage	61-115%	60%-116%

Cost approach: An approach to estimate the value of the subject property, by deducting the accrued depreciation or other item due to be subtracted from the reproduction or replacement cost, based on the date of value opinion.

	31 Dec. 2020	31 Dec. 2019
Residual price rate	0-10%	0-10%
Residual service life	0-37.6 years	0-38.6 years

11. Other non-current assets

	31 Dec. 2020	31 Dec. 2019
Tourism assets	$6,840	$7,812
Other non-current assets - other	18,695	23,680
Total	$25,535	$31,492

Tourism assets include the Salt Mountain in Cigu. In order to operate in the tourism and travel industry, and preserve the salt history of Taiwan, the salt mountains were recognized as the tourism assets in 2009 and was amortized in 20 years based on its future economic benefits.

Other assets are mainly purchased and recognized as materials by the Company and were transferred to other assets according to their nature, amortized in three to five years based on their future economic benefits.

The amortization costs of the Group's tourism assets in 2020 and 2019 amounted to NT$972 thousand and NT$1,078 thousand respectively, booked under non-operating income and expenses – other gain and loss.

The amortization costs of the Group's operating costs and expenses in 2020 and 2019 amounted to NT$10,283 thousand and NT$11,928 thousand, respectively.

12. Short-term borrowings

	Interest Rates (%)	31 Dec. 2020	31 Dec. 2019
Unsecured bank loans	1.15%	$30,000	$103,600

The Group's unused short-term lines of credits amount to NT$266,044 thousand and NT$24,653 thousand as at 31 December 2020 and 2019, respectively.

(Note) Subsidiary - Taiyen Green Energy engaged in borrowing to replenish capital.

13. Long-term borrowings

Debits are as follows:

Creditors	31 Dec. 2020	Rate	Redemption
Taishin International Bank – secured bank loan	$61,656	1.57%	From 16 June 2020 to 16 June 2035, with interest payable monthly from the start date. Principal is repaid in 179 monthly installments in the amount of NT$357 thousand. The remaining principal and interest shall be paid in full by the last installment.
Less: current portion	(4,287)		
Total	$57,369		

Note: Subsidiary - Taiyen Green Energy Co., Ltd engaged in borrowing to replenish capital.

31 Dec. 2019: None

Please refer to Note VIII for aforementioned long-term borrowings' secured and mortgage information.

14. Deferred revenue

	31 Dec. 2020	31 Dec. 2019
Deferred revenue	$345,784	$367,689

Note1: The Group signed a real estate lease contract with Quanhua Investment Co., Ltd. on 19 April 2012 in order to activate the land asset (the lease period was from 25 April 2012 to 25 April 2047, a total of 35 years.) Five parcels of land located in Emei Section 750, 750-1, 751, 752, and Yancheng Section 781 at Taoyuan City were leased to Quanhua Investment Co., Ltd., with the lessee being the builder of the buildings for the Group (the proprietor and the applicant for the first registration of the ownership of the building are both the Group). After the construction was completed, the new building and the underlying property of the lease will be operated by Quanhua Investment Co., Ltd., and Quanhua Investment Co., Ltd. should pay rent and royalties. The construction cost of the new building totaled NT$400,000 thousand (tax included). According to the regulations, it should be regarded as the rental income of the Group and amortized using the residual years after the completion and actual operation. The unamortized amount as of 31 December 2020 was NT$319,000 thousand (tax included).

Note2：The Group and the Tainan Technology Industrial Park Service Center of the Industrial Development Bureau, Ministry of Economic Affairs signed a land lease agreement for the Biotechnology Plant No.1 and the R&D Center. During the lease period, the Group applied to purchase the lease of land of the Biotechnology Plant No.1 under the land leasing regulations of the Tainan Technology Industrial Park. The leased land was acquired at the original price when the lease was approved and the contract was signed, the rent paid during the lease period can be used to offset the payment without interest. Since April 2016, the rent paid has been recognized in deferred income and amortized using the residual service life of Biotechnology Plant No.1. As of 31 December 2020 the unamortized amount was NT$26,784 thousand.

15. Post-employment benefits

Defined contribution plan

The Group adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2020 and 2019 are NT$15,708 thousand and NT$14,464 thousand, respectively.

Defined benefits plan

The Group adopts 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 Group contributes an amount equivalent to 2%～15% 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 end of each year, the Group and subsidiaries make estimates of the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Company will make up the difference in one appropriation before the end of March of 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 a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes control and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate 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 IAS 19. The Company expects to contribute NT$10,297 thousand to its defined benefit plan during the 12 months beginning after 31 December 2020.

The average duration of the defined benefits plan obligation as at 31 December 2020 and 2019 are 12 years.

Pension costs recognized in profit or loss are as follows:

	For the years ended 31 December	
	2020	2019
Current service cost	$10,560	$11,880
Net interest on the net defined benefit liabilities	921	1,590
Total	$11,481	$13,470

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	31 Dec. 2020	31 Dec. 2019	1 Jan. 2019
Defined benefit obligation	$364,232	$369,007	$392,407
Plan assets at fair value	(239,722)	(244,576)	(246,527)
Net defined benefit liabilities	$124,510	$124,431	$145,880

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
As of 1 January 2019	$392,407	$(246,527)	$145,880
Current service cost	11,880	-	11,880
Interest expense (income)	4,277	(2,687)	1,590
Subtotal	408,564	(249,214)	159,350
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	(128)	-	(128)
Actuarial gains and losses arising from changes in financial assumptions	(1,772)	-	(1,772)
Experience adjustments	(4,912)	-	(4,912)
Remeasurements of the defined benefit assets	-	(8,822)	(8,822)
Subtotal	(6,812)	(8,822)	(15,634)
Payment of benefit obligation	(32,745)	32,745	-
Contribution by employer	-	(19,285)	(19,285)
As of 31 December 2019	$369,007	$(244,576)	$124,431
Current service cost	10,560	-	10,560
Interest expenses (income)	2,731	(1,810)	921
Subtotal	382,298	(246,386)	135,912
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	(778)	-	(778)
Actuarial gains and losses arising from changes in financial assumptions	19,123	-	19,123
Experience adjustments	(4,258)	-	(4,258)
Remeasurements of the defined benefit assets	-	(8,623)	(8,623)
Subtotal	14,087	(8,623)	5,464
Payment of benefit obligation	(32,153)	32,153	-
Contribution by employer	-	(16,866)	(16,866)
As of 31 December 2020	$364,232	$(239,722)	$124,510

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	31 Dec. 2020	31 Dec. 2019
Discount Rate	0.28%	0.74%
Rate of future salary increases	3.00%	3.00%

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

	For the years ended 31 December			
	2020		2019	
	Defined benefit obligations increase	Defined benefit obligations decrease	Defined benefit obligations increase	Defined benefit obligations decrease
Discount Rate increase by 0.5%	-	20,636	-	20,546
Discount Rate decrease by 0.5%	22,437	-	22,390	-
Rate of future salary increase by 0.5%	21,710	-	21,767	-
Rate of future salary decrease by 0.5%	-	20,207	-	20,208

The sensitivity analysis 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 analysis 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 analysis compared to the previous period.

16. Equity

(1) Common stock

As of 31 December 2020 and 2019 the Group's authorized common stock both amounted to NT$8,000,000 thousand. The outstanding common stocks were both NT$2,000,000 thousand, divided into 200,000 thousand shares and at NT$10 par value.

(2) Capital surplus

	31 Dec. 2020	31 Dec. 2019
Additional paid-in capital	$2,477,486	$2,477,486
Donated assets received	8,775	8,775
Changes in ownership interests in subsidiaries	15,317	-
Other	75	59
Total	$2,501,653	$2,486,320

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.

(3) Retained earnings and dividend policies

The Company's Articles of Incorporation provide that the current year's earnings shall be reserve for tax payments and deducting the accumulated losses in previous years firstly, then appropriate 10% of leftover profits as legal reserve. However, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock. Thirdly, allocated or reverse of special reserves as required by law or government authorities. The remaining net profits will be allocated as shareholders' dividend by a resolution of shareholders' meeting. The distribution of dividends to shareholders can be combined with all or part of the retained earnings, of which the cash portion should not be less than 50%.

The Company's dividend distribution policy must be based on the Company's current and future investment environment, capital needs, domestic and foreign competition conditions, capital budgets and other factors, taking into account the interests of shareholders, balancing dividends and the company's long-term financial planning, etc.. The distribution shall be proposed by the board of directors every year in accordance with the law and be submitted to the shareholders meeting.

According to the R.O.C. Company Act, the Company's net income, after deducting previous years' losses, if any, is appropriated as legal reserve prior to any distribution until such reserve is equal to the Company's paid-in capital. The Company Act provides that where legal reserve may be distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gain and cumulative translation adjustments (gains) recorded to shareholders' equity that the Company elects to transfer to retained earnings by application of the exemption under IFRS 1, the Company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve based on the difference between the amount already set aside and the total debit balance of other shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed.

As of 31 December 2020 and 2019, the Company adopted the IFRS for the first time that the special reserve amounted to both both $45,420 thousand.

Details of the 2020 earnings distribution and dividends per share as resolved by the board's meeting on 23 March 2021 and 2019 earnings distribution and dividends per share as resolved by the general shareholders' meeting on 19 June 2019.

	For the years ended 31 December			
	Appropriation of earnings		Cash dividend per share	
	2020	2019	2020	2019
Legal reserve	$36,071	$39,424		
Cash dividends	270,000	300,000	$1.35	$1.5

Please refer to Note VI (20) for relevant information about estimation basis and recognized amounts for employees' compensation and remuneration to directors.

(4) Non-controlling interest

	For the years ended 31 December	
	2020	2019
Beginning balance	$-	$-
Profit attributable to non-controlling interests	9,504	-
Changes in ownership interests in subsidiaries	125,243	-
Ending balance	$134,747	$-

17. Sales

	For the years ended 31 December	
	2020	2019
Revenue from contracts with customers		
Sale of goods	$2,798,262	$2,706,830
Revenue arising from rendering of services	238,444	192,627
Construction contract revenue	83,397	6,364
Electricity sales revenue	10,244	794
Total	$3,130,347	$2,906,615

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

(1) Disaggregation of revenue

For the year ended 31 December 2020:

	Dept. of Salt products and packaged water	Dept. of Biotech cleaning and maintenance	Other Dept	Total
Sales of goods	$2,262,310	$485,625	$60,571	$2,808,506
Services revenues	-	-	321,841	321,841
Total	$2,262,310	$485,625	$382,412	$3,130,347
Timing of revenue recognition :				
At a point in time	$2,262,310	$485,625	$60,571	$2,808,506
Satisfies the performance obligation over time	-	-	321,841	321,841
Total	$2,262,310	$485,625	$382,412	$3,130,347

For the year ended 31 December 2019:

	Dept. of Salt products and packaged water	Dept. of Biotech cleaning and maintenance	Other Dept	Total
Sales of goods	$2,214,374	$429,466	$63,784	$2,707,624
Services revenues	-	-	198,991	198,991
Total	$2,214,374	$429,466	$262,775	$2,906,615
Timing of revenue recognition :				
At a point in time	$2,214,374	$429,466	$63,784	$2,707,624
Satisfies the performance obligation over time	-	-	198,991	198,991
Total	$2,214,374	$429,466	$262,775	$2,906,615

(2) Contract balances

A. Contract assets - current

	31 Dec. 2020	31 Dec. 2019	1 Jan. 2019
Services revenues	$372,131	$159,746	$63,314

The significant changes in the Group's balances of contract assets for the years ended 31 December 2020 and 2019 are as follows:

	For the years ended 31 December	
	2020	2019
The opening balance transferred to accounts receivable	$(45,890)	$(15,879)
Change in the measure of progress	258,275	112,311

B. Contract liabilities - current

	31 Dec. 2020	31 Dec. 2019	1 Jan. 2019
Sales of goods	$28,390	$20,300	$19,027
Services revenues	4,792	1,953	13,649
Total	$33,182	$22,253	$32,676

The significant changes in the Group's balances of contract liabilities for the years ended 31 December 2020 and 2019 are as follows:

	For the years ended 31 December	
	2020	2019
The opening balance transferred to revenue	$(17,023)	$(27,875)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	27,952	17,452

(3) Transaction price allocated to unsatisfied performance obligations

As of 31 December 2020 and 2019, the transaction prices for the allocation of unsatisfied performance obligations (including partially unsatisfied) were NT$2,341,941 thousand and NT$532,025 thousand, respectively. Revenue was recognized using the degree of completion of performance obligations.

18. Expected credit losses / (gains)

	For the years ended 31 December	
	2020	2019
Operating Expense- Expected credit losses		
Contract assets	$-	$-
Notes Receivable	-	-
Accounts Receivable	-	-
Total	$-	$-

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

The credit risk for measured at amortized cost is assessed as low (the same as the assessment result in the beginning of the period). Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses. As the Group transacts with are financial institutions with good credit, no allowance for losses has been provided in 2020 and 2019.

The Group measures the loss allowance of its Contract Assets and Accounts Receivable (including note receivables and accounts receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 December 2020 and 2019 is as follows:

(1) The total book value of contract asset was NT$372,131 thousand and NT$159,746 thousand, respectively, and the amount of loss allowance measured by the expected credit loss rate 0% is NT$0 thousand.
(2) Accounts receivable considers the counterparty's credit rating, region and industry characteristics, using a provision matrix to measure the loss allowance, which was booked at 0.08% at 31 December 2020 and 0.07% at 31 December 2019 of loss allowance, respectively. The relevant information is as follows:

As at 31 December 2020

	Not yet due (Note)	Overdue <=90 days	Overdue 90-180 days	Overdue >=180 days	Total
Gross carrying amount	$164,127	$1,744	$-	$-	$165,871
Loss ratio					0.08%
Lifetime expected credit losses					(132)
Carrying amount					$165,739

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

As at 31 December 2019

	Not yet due (Note)	Overdue <=90 days	Overdue 90-180 days	Overdue >=180 days	Total
Gross carrying amount	$187,559	$330	$-	$-	$187,889
Loss ratio					0.07%
Lifetime expected credit losses					(132)
Carrying amount					$187,757

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

The movement in the provision for impairment of contract assets, note receivables and accounts receivables for the years ended 31 December 2020 and 2019 is as follows:

	Contract assets	Notes receivable	Accounts receivable
Bal. as at 1 Jan. 2020	$-	$-	$132
Addition/(reversal) for the current period	-	-	-
Write off	-	-	-
Bal. as at 31 Dec. 2020	$-	$-	$132

	Contract assets	Notes receivable	Accounts receivable
Bal. as at 1 Jan. 2019	$-	$-	$132
Addition/(reversal) for the current period	-	-	-
Write off	-	-	-
Bal. as at 31 Dec. 2019	$-	$-	$132

19. Leases

(1) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, transportation equipment, and other equipment. The lease terms range from 1 to 20 years.

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

A. Amounts recognized in the balance sheet

(a) Right-of-use assets

The carrying amount of right-of-use assets

	31 Dec. 2020	31 Dec. 2019
Land	$115,253	$116,123
Buildings	7,649	8,845
Transportation equipment	7,033	3,983
Other equipment	151	-
Total	$130,086	$128,951

For the years ended 31 December 2020 and 2019, the Group's additions to right-of-use assets amounting to NT$9,048 thousand, and NT$2,333 thousand, respectively.

(b) Lease liabilities

	31 Dec. 2020	31 Dec. 2019
Lease liabilities	$115,695	$121,786
Current	$15,163	$13,153
Non-current	100,532	108,633
Total	$115,695	$121,786

Please refer to Note VI(21) for the interest on lease liabilities recognized for the years ended 31 December 2020 and 2019 and refer to Note XII(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at 31 December 2020 and 2019.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2020	2019
Land	$1,963	$1,975
Buildings	2,190	1,973
Transportation equipment	3,746	3,198
Other equipment	14	-
Total	$7,913	$7,146

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2020	2019
The expenses relating to short-term leases	$2,456	$3,122

D. Cash outflow relating to leasing activities

For the years ended 31 December 2020 and 2019, the Group's total cash outflows for leases amounting to NT$19,919 thousand and NT$19,703 thousand.

(2) Group as a lessor

Please refer to Note VI(10) for details on the Group's owned investment properties. 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 31 December	
	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	$31,122	$30,558

Please refer to Note VI(10) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as at 31 December 2020 and 2019 are as follow:

	31 Dec. 2020	31 Dec. 2019
Not later than one year	$27,152	$26,821
Later than one year but not later than two years	19,777	21,811
Later than two years but not later than three years	19,790	18,154
Later than three years but not later than four years	19,086	18,154
Later than four years but not later than five years	18,278	17,384
Later than five years	370,532	378,292
Total	$474,615	$480,616

20. Employee benefit, depreciation, and amortization expense are summarized as follows:

	For the years ended 31 December					
	2020			2019		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$185,539	$319,672	$505,211	$189,913	$294,265	$484,178
Labor and health insurance	16,117	24,568	40,685	16,437	23,787	40,224
Pension	12,529	14,660	27,189	13,473	14,461	27,934
Other personnel expenses	9,146	13,431	22,577	9,213	12,116	21,329
Depreciation	117,632	55,421	173,053	102,002	55,062	157,064
Amortization	9,311	3,644	12,955	10,949	3,335	14,284

According to Article 35 of the Company’s Articles of Incorporation, 2.25~3.75% of profit of the current year is distributable as employees’ compensation and no higher than 1.5% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. 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 employees’ compensation and remuneration to directors and supervisors can be obtained from the “Market Observation Post System” on the website of the TWSE.

Based on the profit level, the Company estimated the employees' compensation and remuneration to directors and supervisors for year ended 31 December 2020 to be 3.75% of profit of the year and 1.5% of profit of the year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2020 amounted to NT$17,932 thousand and NT$7,173 thousand, respectively. A resolution was passed at a Board of Directors meeting held on 23 March 2021 to distribute employees' compensation and remuneration to directors and supervisors of 2020, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2020.

The Company actual the amounts of the employees' compensation and remuneration to directors and supervisors for year ended 31 December 2019 to be 3.75% of profit of the year and 1% of profit of the year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors and supervisors for the year ended 31 December 2019 amount to NT$16,743 thousand and NT$4,465 thousand, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors and supervisors for the year ended 31 December 2019.

21. Non-operating income and expenses

(1) Other income

	For the years ended 31 December	
	2020	2019
Rental income	$31,122	$30,558
Interest income		
Financial assets measured at amortized cost	15,188	22,304
Others	41,217	44,771
Total	$87,527	$97,633

Other income－Mainly tourism income and parking fees of Ciqu Salt Mountain

(2) Other gains and losses

	For the years ended 31 December	
	2020	2019
(Losses) on disposal of property, plant and equipment	$(2,546)	$(872)
Gains on disposal of investment property	787	-
Foreign exchange losses (gains), net	(16,644)	(18,415)
Gains on financial assets at fair value through profit or loss	2,342	6,625
(Losses) on disaster	-	(477)
Gain on disposal of investments	4,124	3,208
(Losses) on disposal of investment accounted for using the equity method	(3,292)	-
Other	(67,421)	(74,762)
Total	$(82,650)	$(84,693)

Other expenses－Mainly depreciation expenses of Ciqu Salt Mountain's property, plant and equipment, maintenance expenses, and currency remittance commissions.

(3) Finance costs

	For the years ended 31 December	
	2020	2019
Interest expenses	$(3,605)	$(2,395)

22. Components of other comprehensive income

For the year ended 31 December 2020:

	Arising during the period	Reclassification	Tax Benefit (Expense)	Net of Tax
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit pension plans	$(5,464)	$-	$1,093	$(4,371)
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	390	-	-	390
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	255	-	-	255
Total other comprehensive income	$(4,819)	$-	$1,093	$(3,726)

For the year ended 31 December 2019:

	Arising during the period	Reclassification	Tax Benefit (Expense)	Net of Tax
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of defined benefit pension plans	$15,635	$-	$(3,127)	$12,508
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	(263)	-	-	(263)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(582)	-	-	(582)
Total other comprehensive income	$14,790	$-	$(3,127)	$11,663

23. Income tax

The major components of income tax expense are as follows:

Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2020	2019
Current income tax expense :		
Current income tax charge	$91,762	$86,506
Adjustments in respect of current income tax of prior periods	(2,250)	(2,304)
Deferred tax (income):		
Deferred tax (income) relating to origination and reversal of temporary differences	(62)	(1,158)
Total income tax expense	$89,450	$83,044

Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2020	2019
Deferred tax expense (income):		
Remeasurements of the defined benefit plan	$(1,093)	$3,127
Income tax relating to components of other comprehensive income	$(1,093)	$3,127

A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	For the years ended 31 December	
	2020	2019
Accounting profit before tax from continuing operations	$464,039	$428,547
Tax at the domestic rates applicable to profits in the country concerned	$92,036	$88,308
Tax effect of revenues exempt from taxation	(379)	(2,990)
Tax effect of expenses not deductible for tax purposes	21	30
Corporate income surtax on undistributed retained earnings	22	-
Adjustments in respect of current income tax of prior periods	(2,250)	(2,304)
Total income tax expense recognized in profit or loss	$89,450	$83,044

Significant components of deferred income tax assets and liabilities are as follows:

<u>For the year ended 31 December 2020</u>

	As of 1 Jan. 2020	Recognized in income	Recognized in other comprehensive income	As of 31 Dec. 2020
Temporary differences				
Unrealized allowance for inventory valuation losses	$4,177	$546	$-	$4,723
Unrealized exchange (gain)	9,628	3,470	-	13,098
Unrealized sales returns and discounts	7,335	(1,393)	-	5,942
Unallocated fixed manufacturing expenses	1,327	(50)	-	1,277
Land appreciation tax preparation	(33,339)	-	-	(33,339)
Unrealized impairment loss	5,117	(186)	-	4,931
Compensated absence	2,745	545	-	3,290
Deferred income	407	(133)	-	274
Net defined benefit liability, non-current.	24,925	(1,077)	1,093	24,941
Affiliate transaction	1,511	(1,511)	-	-
Other	5,506	(149)	-	5,357
Deferred income tax (expenses)		$62	$1,093	
Deferred tax assets and liability net	$29,339			$30,494
As presented on the financial statement:				
Deferred tax assets	$63,125			$64,428
Deferred tax liabilities	$(33,786)			$(33,934)

For the year ended 31 December 2019

	As of 1 Jan. 2019	Recognized in income	Recognized in other comprehensive income	As of 31 Dec. 2019
Temporary differences				
Unrealized allowance for inventory valuation losses	$4,977	$(800)	$-	$4,177
Unrealized exchange (gain)	7,227	2,401	-	9,628
Unrealized sales returns and discounts	5,754	1,581	-	7,335
Unallocated fixed manufacturing expenses	1,278	49	-	1,327
Land appreciation tax preparation	(33,339)	-	-	(33,339)
Unrealized impairment loss	5,340	(223)	-	5,117
Compensated absence	2,726	19	-	2,745
Deferred income	278	129	-	407
Net defined benefit liability, non-current.	29,215	(1,163)	(3,127)	24,925
Affiliate transaction	1,813	(302)	-	1,511
Others	5,654	(148)	-	5,506
change in value of current financial assets at fair value through profit or loss	385	(385)	-	-
Deferred income tax (expenses)		$1,158	$(3,127)	
Deferred tax assets and liability net	$31,308			$29,339
As presented on the financial statement:				
Deferred tax assets	$64,945			$63,125
Deferred tax liabilities	$(33,637)			$(33,786)

The assessment of income tax returns

As of 31 December 2020, the Company and subsidiaries' income tax filings are as follows:

	The assessment of income tax returns
The Company	2018
Subsidiary - Taiyen Green Energy Co., Ltd	2018

24. Earnings per share

Basic earnings per share amounts are calculated by dividing the 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 (after adjusting for interest on the convertible bonds payable) by the weighted average number of ordinary shares outstanding during the period 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 31 December	
	2020	2019
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$365,085	$345,503
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	200,000	200,000
Basic earnings per share (NT$)	$1.83	$1.73
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$365,085	$345,503
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	200,000	200,000
Effect of dilution:		
Employee bonus－stock (in thousands)	548	515
Weighted average number of ordinary shares outstanding after dilution (in thousands)	200,548	200,515
Diluted earnings per share (NT$)	$1.82	$1.72

During the reporting date and the date the financial statement was prepared, no other transactions affected the common shares and dilutive potential ordinary shares.

25. Changes in parent's interest in subsidiaries

Acquisition of new shares in a subsidiary not in proportionate to ownership interest

Subsidiary – Taiyen Green Energy Co., Ltd. issued new shares on 16 June 2020, however the Group did not purchase the new shares according to its ownership ratio, consequently the ownership interest in Taiyen Green Energy was reduced to 66.75%. The Group received additional cash from the issuance of new shares in the amount of NT$140,560,000. The carrying amount of Taiyen Green Energy's net assets (from the original acquisition excluding goodwill) was NT$380,339,000. Following is a schedule of interest disposed in Taiyen Green Energy including changes in non-controlling interests and adjustments to accumulated other comprehensive income:

Additional cash received from the issuance of new shares	$140,560
Increase to non-controlling interests	(125,243)
Difference recognized in capital surplus or retained earning within equity	$15,317

VII. RELATED PARTIES TRANSACTIONS

Information of the related parties that had transactions with the Group 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
Henan Tianjian Rihua	Associate

Significant related party transactions

1. Sales

	For the years ended 31 December	
	2020	2019
Associates industries	$115	$130

The prices and payment conditions are the same between associates industries and non-related parties.

2. Key management personnel compensation

	For the years ended 31 December	
	2020	2019
Short-term employee benefits	$24,251	$28,996
Post-employment benefits	590	590
Total	$24,841	$29,586

VIII. ASSETS PLEDGED AS COLLATERAL

	Amount		
Item	31 Dec. 2020	31 Dec. 2019	Purpose of pledge
Financial assets measured at amortized costs	$35,960	$35,960	Guarantee Deposits, Long-tern borrowings
Property, plant and equipment-machine equipment	76,439	-	
Total	$112,399	$35,960	

IX. Significant Contingencies and Unrecognized Contract

1. The Group signed a contract with a salt company and a shipping company in Australia on 22 October 2019 to purchase and import industrial sun-dried salt and agreed on related transportation terms. The contract period was 2 years (From 1 January 2020 to 31 December 2021). According to this contract, the Company can acquire a fixed amount of sun-dried salt for industrial and food processing purpose in accordance with the agreed price each year. The annual purchase amount (including transportation costs) is about NT$300 million. After the contract expires, the Company will reopen the bid.

2. The Group signed a natural gas sales contract for industrial fuel use with CPC Corporation, Taiwan (hereinafter referred to as CPC) on 26 June 2019. The contract period was 3 years (From 1 July 2019 to 30 June 2022). According to this contract, the Group agrees to purchase a quantity of 800 thousand cubic meters of gas from CPC in accordance with the CPC natural gas price list each month, and the Group will base its use on this amount evenly.

3. The Group signed a property purchase contract with Far Eastern New Century Co., Ltd. (hereinafter referred to as FENC) on 21 September 2020. The Company purchased PET bottles from FENC for approximately NT$210 million. According to this contract, after the Company signs the contract, the contracted goods will be delivered to the designated place in batches according to the notice of Tung-Hsiao Fine Salt Factory to complete the transaction until the contract volume is reached (at least 700,000 pieces per day).

4. As of 31 December 2020, the Company was involved in the following activities that were not shown in the financial statements:

(1) Unused letters of credit (in thousands)

Currency	31 Dec. 2020
USD	USD1,830

(2) Subsidiary-Taiyen Green Energy issued guaranteed notes for guarantee of contract performance amounted to NT$51,626 thousand.

(3) The guaranteed notes issued by firms due to the outsourcing labor and construction, are received by subsidiary-Taiyen Green Energy, which amounted to NT$35,749 thousand.

(4) The guarantee issued by subsidiary -Taiyen Green Energy for performance of contract labor and engineering amounted to NT$53,956 thousand.

5. As of 31 December 2020, the Group still has major contracts as follows:

Project	Contract amount	Amount paid	Unpaid amount
Replacement project of cogeneration equipment	$601,700	$134,054	$467,646

6. Subsidiary – Taiyen Green Energy signed a contract, Chiayi Yizhu fishery and electricity symbiosis EPC turnkey project, with TCC Green Energy Corporation, with a total cost of NT$1,398,000,000.

X. SIGNIFICANT DISASTER LOSS

None.

XI. SIGNIFICANT SUBSEQUENT EVENTS

Taiyan’s former chairman, Qiyu Chen, resigned on 1 February 2021, due to his personal career plan. Therefore, Wensheng Tseng, undersecretary of the Ministry of Economic Affairs, will temporarily replaced to be the chairman.

XII. OTHER

1. Categories of financial instruments

Financial Assets

	31 Dec. 2020	31 Dec. 2019
Financial assets at fair value through profit or loss:		
Mandatorily measured at Fair value through profit or loss	$381,044	$368,702
Financial assets at fair value through other comprehensive income	1,930	1,540
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	1,504,456	1,597,891
Financial assets measured at amortized cost	35,960	35,960
Notes receivable	2,994	1,668
Accounts receivable	165,739	187,757
Other receivable	33,958	10,523
Guarantee deposits paid	7,625	6,931
Subtotal	1,750,732	1,840,730
Total	$2,133,706	$2,210,972

Financial liabilities

	31 Dec. 2020	31 Dec. 2019
Financial liabilities at amortized cost:		
Short-term borrowings	$30,000	$103,600
Accounts and other payables	523,808	507,103
Long-term borrowings (current portion included)	61,656	-
Guarantee deposit received	73,241	66,135
Lease liability	115,695	121,786
Total	$804,400	$798,624

2. Financial risk management objectives and policies

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

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

3. Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise currency risk, interest rate risk, and other price risk (such as equity instruments related risks).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is 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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group's foreign currency risk is mainly affected by USD, AUD and CNY. Sensitivity analysis is as follows:

(1) When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2020 and 2019 decreases/increases by NT$4,931 thousand and NT$3,188 thousand, respectively
(2) When NTD strengthens/weakens against AUD by 1%, the profit for the years ended 31 December 2020 and 2019 decreases/increases by NT$596 thousand and NT$563 thousand, respectively.
(3) When NTD strengthens/weakens against CNY by 1%, the profit for the years ended 31 December 2020 and 2019 decreases/increases by NT$2,722 thousand and NT$2,608 thousand, respectively.

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 Group mainly invests in fixed interest rate financial assets and borrowings, therefore, the impact interest rate risk has on the Group is insignificant.

Equity price risk

The Group's unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities are classified under held for trading financial assets or available-for-sale financial assets, while unlisted equity securities are classified as available-for-sale. The Group 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 Group's senior management on a regular basis. The Group's board of directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT$19 thousand and NT$15 thousand on the equity attributable to the Group for the years ended 31 December 2020 and 2019, respectively.

Please refer to Note XII(8) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

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 Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

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

As of 31 December 2020 and 2019, accounts receivables from top ten customers represented 87% and 81% of the total accounts receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group 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.

5. Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and convertible bonds. The table below summarizes the maturity profile of the Group'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 instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
31 Dec. 2020					
Loans	$35,251	$10,244	$9,977	$43,204	$98,676
Payables	523,808	-	-	-	523,808
Lease liability(Note)	17,497	29,804	57,259	25,920	130,480
31 Dec. 2019					
Loans	$103,600	$-	$-	$-	$103,600
Payables	507,103	-	-	-	507,103
Lease liability(Note)	15,418	27,838	66,669	28,683	138,608

Note: The following table provides further information on the maturity analysis of lease liabilities:

	Maturities				
	Less than 5 year	6 to 10 years	11 to 15 years	> 15 years	Total
31 Dec. 2020	$104,560	$10,800	$10,800	$4,320	$130,480
31 Dec. 2019	109,925	11,403	10,800	6,480	138,608

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2020:

	Short-term borrowings	Leases liabilities	Long-term borrowings	Total liabilities from financing activities
As at 1 Jan. 2020	$103,600	$121,786	$-	$225,386
Cash flows	(9,800)	(17,463)	(2,144)	(29,407)
Non-cash changes	(63,800)	11,372	63,800	11,372
As at 31 Dec 2020	$30,000	$115,695	$61,656	$207,351

Reconciliation of liabilities for the year ended 31 December 2019:

	Short-term borrowings	Leases liabilities
As at 1 Jan. 2019	$-	$133,765
Cash flows	103,600	(16,581)
Non-cash changes	-	4,602
As at 31 Dec 2019	$103,600	$121,786

7. Fair values of financial instruments

(1) 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 Group to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, accounts receivable, 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).

d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(2) Fair value of financial instruments measured at amortized cost

The Group's book value of financial assets and liabilities measured by amortized cost reasonably approximated their fair value.

(3) Fair value measurement hierarchy for financial instruments

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

8. Fair value measurement hierarchy

(1) Fair value measurement hierarchy

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) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

Level 3 – Unobservable inputs for the asset or liability

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

(2) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As at 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$381,044	$-	$-	$381,044
Financial assets at fair value through other comprehensive income	1,930	-	-	1,930

As at 31 December 2019

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$368,702	$-	$-	$368,702
Financial assets at fair value through other comprehensive income	1,540	-	-	1,540

<u>Transfers between Level 1 and Level 2 during the period</u>

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

(3) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As at 31 December 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	$-	$-	$1,326,351	$1,326,351

As at 31 December 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	-	-	1,340,051	1,340,051
Investments accounted for using equity method	-	-	9,567	9,567

9. Significant assets and liabilities denominated in foreign currencies

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

	As at 31 December 2020		
Financial assets	Foreign currencies	Foreign exchange rate	NTD
Monetary items:			
USD	$17,315	28.480	$493,131
AUD	2,714	21.950	59,572
CNY	62,197	4.377	272,236

	As at 31 December 2019		
Financial assets	Foreign currencies	Foreign exchange rate	NTD
Monetary items:			
USD	$10,633	29.980	$318,777
AUD	2,681	21.005	56,314
CNY	60,590	4.305	260,840

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Group has various functional currencies, no information about the foreign exchange gains or losses by a specific currency is available. For the years ended 31 December 2020 and 2019, the foreign exchange gains or losses on monetary financial assets and financial liabilities were NT$16,644 thousand and NT$18,415 thousand, respectively.

10. Financial Asset Transfer Information

Derecognize transferred financial asset entirely

Part of the Group's accounts receivable has signed non-recourse transfer contracts with financial institutions. In addition to the transfer of the rights of these accounts receivable to the cash flow contracts, the Group is also not required to bear the credit risk of the inability to recover these accounts receivable according to the contract (except for commercial disputes), which met the conditions for derecognizing financial assets. Transaction related information is as follows:

As at 31 December 2020

Purchaser	Factoring Amount	Advanced Amount	Transfer to other Receivables	Credit
Bank SinoPac	$565	$-	$565	$10,000

As at 31 December 2019

Purchaser	Factoring Amount	Advanced Amount	Transfer to other Receivables	Credit
Bank SinoPac	$838	$-	$838	$10,000

11. Capital management

The primary objective of the Group'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 Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

XIII. ADDITIONAL DISCLOSURES

(1) The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau:

(a) Financing provided to others for the year ended 31 December 2020: None.

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2020: None.

(c) Securities held as of 31 December 2020 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 1.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2020: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2020: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2020: None.

(g) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock f for the year ended 31 December 2020: None.

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as of 31 December 2020: None.

(i) Financial instruments and derivative transactions: None.

(j) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 2.

(2) Information on investees:

(a) The investee Group has significant influence or controller directly or indirectly: Please refer to Attachment 3.

(b) If the investee Group has direct or indirect control, it must disclose the information of the invested Group engaged in the first to ninth transactions of the preceding paragraph: None.

(3) Investment in Mainland China:

(a) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 4.

(b) Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: None.

(4) Information on major shareholders:

Name of major shareholders, number of shares held and proportion of shares held: Please refer to Attachment 5.

XIV. OPERATING SEGMENT INFORMATION

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

1. Salt products and packaged water department
2. Biotech cleaning and maintenance department
3. Other department

No operating segments have been aggregated to form the above reportable operating segments.

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 based on accounting policies consistent with those in the consolidated financial statements. However income taxes are managed on a group basis and are not allocated to operating segments.

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

2020	Salt products and packaged water	Biotech cleaning and maintenance	Others	Adjustments and eliminations	Total
Revenue					
External customers	$2,262,310	$485,625	$382,412	$-	$3,130,347
Inter-segment	-	-	16,243	(16,243)	-
Total revenue	$2,262,310	$485,625	$398,655	$(16,243)	$3,130,347
Profit and loss by department (Note)	$369,890	$84,463	$9,686	$-	$464,039

2019	Salt products and packaged water	Biotech cleaning and maintenance	Others	Adjustments and eliminations	Total
Revenue					
External customers	$2,214,374	$429,466	$262,775	$-	$2,906,615
Inter-segment	-	-	15,424	(15,424)	-
Total revenue	$2,214,374	$429,466	$278,199	$(15,424)	$2,906,615
Profit and loss by department (Note)	$313,694	$97,421	$17,432	$-	$428,547

Note: Inter-segment revenue are eliminated on consolidation and recorded under the "adjustment and elimination" column, all other adjustments and eliminations are disclosed below.

2. Geographic information:

(1) From outside client revenue:

	For the years ended 31 December	
	2020	2019
Taiwan	$3,128,725	$2,904,884
China	1,622	1,731
Total	$3,130,347	$2,906,615

Revenue is classified based on the country where the customer is located.

(2) Non-current assets:

	31 Dec. 2020	31 Dec. 2019
Taiwan	$4,791,265	$4,778,958
China	11	17
Total	$4,791,276	$4,778,975

The non-current assets of the Group excludes financial assets, investment accounted for under the equity method, deferred tax asset and guarantee deposits paid.

3. Product information:

	For the years ended 31 December	
Product	2020	2019
Various salt products	$1,377,583	$1,356,906
Beverage and drinking water	884,727	857,468
Cosmetics manufacturing.	321,841	209,516
Services	180,919	198,991
Cleaning supplies	173,446	114,184
Food, food additives and Pharmaceuticals	131,260	105,766
Others	60,571	63,784
Total	$3,130,347	$2,906,615

4. Important client information:

	For the years ended 31 December	
	2020	2019
Client A	$790,554	$794,468

Attachment 1

Securities held as of December 31, 2020

Holding Company	Type and name of securities(note)	Relations with securities issuer	Account	As of 31 December, 2020				Note
				Number of shares or units	Amount	Holding ratio	Fair Value	
The Company	Currency Fund－JIH SUN currency market	-	Financial assets at fair value through profit or loss - current	2,094,435.14	$31,312	-	$31,312	
	Currency Fund－First Financail Holding currency market	-	〃	2,039,641.60	31,479	-	31,479	
	Currency Fund－Eastspring Investments Well Pool Money Market Fund	-	〃	2,250,170.60	30,856	-	30,856	
	Currency Fund－Yuanta Wan Tai currency	-	〃	684,186.40	10,437	-	10,437	
	Currency Fund－Yuanta De-Li currency	-	〃	615,695.30	10,121	-	10,121	
	Currency Fund－Nomura Taiwan currency market	-	〃	3,181,374.36	52,314	-	52,314	
	Currency Fund－Shin Kong Chi-Shin currency market	-	〃	1,969,750.74	30,741	-	30,741	
	Currency Fund－Franklin Templeton Sinoam currency market	-	〃	2,959,309.49	30,861	-	30,861	
	Currency Fund－Taishin 1699 currency market	-	〃	2,241,886.69	30,593	-	30,593	
	Currency Fund－Cathay Taiwan currency market	-	〃	2,432,059.50	30,484	-	30,484	
	Currency Fund－Fubon Chi-Hsiang currency market	-	〃	1,278,422.10	20,204	-	20,204	
	Currency Fund－Union Money Market Fund	-	〃	764,198.81	10,171	-	10,171	
	Currency Fund－SinoPac TWD Money Market Fund	-	〃	724,653.40	10,162	-	10,162	
	Currency Fund－Prudential Financial Money Market Fund	-	〃	1,275,006.10	20,343	-	20,343	
	Bond Fund－PineBridge US Dual Core Income Fund-A	-	〃	827,869.40	10,420	-	10,420	
	Bond Fund－ PineBridge Frontier Emerging Markets High Yield Bond Fund A	-	〃	1,981,479.57	20,546	-	20,546	
				Subtotal	$381,044		$381,044	
	Listed Stock－Walsin Lihwa Corporation	-	Financial assets at fair value through other comprehensive income - current	100,000	$1,930		$1,930	

Note: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items mentioned in IFRS No. 9 "Financial Instruments".

Attachment 2

The business relationship, significant transactions and amounts between parent company and subsidiaries

No. (Note 1)	Related-party	Counter-party	Relationship with the Company (Note 2)	Transactions				
				Account	Amount	Terms	Percentage of consolidated operating revenues or consolidated total assets (Note 3)	Note
0	The Company	TAIYEN (XIAMEN)	1	Purchase	$15,095	Paid by contract price after acceptance	0.48%	(Note 4)

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

1. The holding company to subsidiary.
2. Subsidiary to holding company.
3. Subsidiary to subsidiary.

Note 3: The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.

For profit or loss items, interim cumulative balances are used as basis.

Note 4: Has been written off when preparing consolidated financial report.

Attachment 3

The investee Company has significant influence or controller directly or indirectly

Name of investment company	Investee company name	Location	Main Business	Original investment amount		Held at the end of the period			Net income (loss) of investee company	Investment income (loss)	Note
				31-Dec-20	31-Dec-19	Number of shares	Ratio	Amount			
The Company	TAIYEN GREEN ENERGY	No. 48, Section 2, Zhongzheng South Road, Guiren District, Tainan City	Energy-related business	$235,616	$200,000	24,741,970	66.75%	$270,507	$5,647	$(3,857)	(Note)
The Company	TAIYEN SAMOA	Novasage Chambers,PO Box 3018,Level 2 CCCS Building,Beach Road,Apia,Samoa	Reinvestment Business	$49,541	$49,541	1,600,000	100%	$15,459	$199	$7,752	(Note)
TAIYEN SAMOA	Taiyen Hong Kong	Room 2701,27/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong	Reinvestment Business	$49,541 (USD1,600 thousand)	$49,541 (USD1,600 thousand)	1,600,000	100%	$15,459	$199	$199	(Note)

Note : Has been eliminated when preparing consolidated financial report.

Attachment 4

Investment in Mainland China

Name of Investee company in Mainland China	Main business	Total Amount of Capital	Method of Investment (Note 1)	Outflow of investments from Taiwan at beginning of the period	Accumulated inflow and outflow of investments from Taiwan		Accumulated outflow of investments from Taiwan at the end of the period	Net income (loss) of investee company	Percentage of direct(indirect) ownership by the Company	Investment income (loss) (Note 2)	Carrying amount of investments at the end of the period (Note 2)	Cumulated inward remittance of earnings and limits on investment in Mainland China	Note
					Outflow	Inflow							
Taiyen Xiamen	Operating various commodity sales and import and export business	USD1,600 thousand	2	USD1,600 thousand	-	-	USD1,600 thousand	$199	100%	$199	$15,459	-	(Note 6)
Henan Tianjian Daily Chemical Co., Ltd of Pingmei Shenma Group	Operating various commodity trading and daily necessities manufacturing etc.	RMB20,000 thousand	3	- (Note 3)	-	-	- (Note 3)	$-	0%	$(554)	$-	-	(Note 7)

Accumulated outflow of investments in Mainland China from Taiwan at the end of the period	The amount of investment approved by the Investment Commision, MOEA	According to the regulations of the Investment Commision, MOEA, about investments to Mainland China
$45,568 (USD1,600 thousand) (Note 4)	$45,568 (USD1,600 thousand) (Note 4)	Equity $6,229,481*60%=$3,737,689 (Note 5)

Note 1: Method of investments are divided ito following three types; the table can be only noted with type number:

1.Direct investment in Mainland China.

2.Through the third region-TAIYEN SAMOA invested in the establishment of TAIYEN HONG KONG and then invested in the mainland.

3.Other methods.

Note 2:The financial statements of the investee company has been audited by independent auditors of EY.

Note 3: The company invested Henan Tianjian Daily Chemical Co., Ltd of Pingmei Shenma Group. through the mainland invested business's reinvestment.

Since the investment business in mainland area is not a holding company, the reinvestment doesn't need to be approved by the Investment Committee.

Note 4: The amount of NTD in the table is calculated with exchange rate 28.48 at the end of December 2020.

Note 5: According to 97.8.22 "Licensing Measures for Engagement in the Mainland Area or Technology Cooperation", "Investment or Technology Cooperation Review Principles in the Mainland Area" Amendments,

investors' upper limit ratio of the investment cumulative amount in Mainland Area is : 60% of the net value or net value of the merger, whichever is higher.

Note 6: Has been eliminated when preparing consolidated financial report.

Note 7: The equity of Henan Tianjian Daily Chemical Co., Ltd has been disposed, and the equity has been transfered in October, 2020.

Attachment 5

Information of major shareholders

Shares / Name of major shareholder	Number of shares	Ratio
Ministry of Economic Affairs, R.O.C.	77,768,272	38.88%

Note 1: The information of major shareholders in this table is based on the last business day of the end of each quarter by China National Security Corporation, which calculates that shareholders hold more than 5% of the company's ordinary shares and special shares that have completed unregistered delivery (including treasury shares). As for the share capital recorded in the company's financial report and the company's actual number of shares delivered without physical registration, there may be differences or differences due to different calculation bases.

Note 2: In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in individual accounts by the trustee who opened the trust account by the trustee. As for shareholders' declarations for insider equity holdings exceeding 10% in accordance with the Securities and Exchange Act, its shareholding includes my own shareholding plus the shares delivered to the trust and the right to use the trust property, etc. shareholding declarations. Please refer to the Public Information Observatory for information on insider.