GLOBE UNION INDUSTRIAL CORP.

PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED
31 DECEMBER 2020 AND 2019

Notice to readers:
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.

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REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Globe Union Industrial Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Globe Union Industrial Corp. (the "Company") as at 31 December 2020 and 2019, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2020 and 2019, and notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at 31 December 2020 and 2019, and its parent company only 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.

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 Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Impairment evaluation accounted for under equity method (Goodwill impairment test by subsidiary)

The long-term equity investment of Globe Union Industrial Corp. amounted to NT$9,647,868 thousand, accounting for 80% of the total assets. The Company conducts impairment tests on the relevant cash generating units in accordance with the International Financial Reporting Standards (IFRS). The Company was unable to reliably measure the fair value. According to the results of the impairment test, the value in use of the cash generating unit was higher than its book value, so there is no investment loss estimated in this year. As the calculation of the discounted future cash flow of each cash-generating unit to support the value of the investees required significant management judgment with respect to the assumptions for cash flow forecast, we therefore considered this a key audit matter.

The auditor's audit procedures included, but are not limited to, analyzing whether component of cash-generating unit has significant changed, including analyzing its sales pattern and region; analyzing the management's method and assumptions to assess the value in use; inviting internal experts to assist in assessing the reasonableness of management's key assumptions of the growth rate, discount rate and gross margin, including referring to a company of similar size of the cash generation unit to assess the reasonableness of the key assumptions, such as the equity cost of the components of the discount rate, the Company's specific risk premium and market risk premium; interviewing management and analyzing the cash flow, gross margin rate and revenue growth rate of financial forecast, and the reasonableness of the overall market and economic forecasts; comparing the current financial predictions and the results that have achieved so far; analyzing the Company's historical data and performance to assess the rationality of its cash flow forecasts. In addition, we also considered the adequacy of the impairment test results and hypothetical sensitivity disclosures stated in Notes 4 and 6 to the financial statements.

Inventory valuation

The net inventory of the Company (including inventories of the investees accounted for under the equity method) amounted to $3,417,722 thousand, accounting for 28% of the total assets. Due to the uncertainty arising out of product diversification, the allowance for inventory valuation loss and slowing-moving or obsolete inventory required significant management judgement and calculation of inventory cost, including direct labor, direct raw material and allocation of manufacturing cost was complex whose allocation basis had material impact on the financial statements, we therefore considered this key audit matter.

The audit procedures included, but are not limited to: understanding and testing the design and operating effectiveness of internal control over inventory cost and allowance for inventory; performing inventory price testing to verify the allocation of cost, direct labor, and overhead is reasonable; assessing the appropriateness of the policy of provision for excess and obsolete inventory by testing the accuracy of inventory ageing and analyzing movement of the ageing, analyzing the difference between the policy of the current year and the prior year, and analyzing the difference between the historical provisions and the actual write-off amount; verifying that inventories were valued at the lower of cost or net realizable value by comparing the book value of inventories at the balance sheet date with recent sales price on selected samples; verifying the existence and completeness of inventories by tracing items on the final inventory listing to the physical inventory compilation; attending inventory counts to understand the status of the inventories and evaluate the appropriateness of the allowance for damaged or obsolete inventory valuation loss. We also assessed the adequacy of the disclosures related to inventories in Notes 4, 5 and 6.

Responsibilities of Management and Those Charged with Governance for the parent company only Financial Statements

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

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

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

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Auditor's Responsibilities for the Audit of the parent company only Financial Statements

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

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

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

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

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

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

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

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

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

Huang Yu Ting
Huang Tzu Ping
Ernst & Young, Taiwan
11 March 2021

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

GLOBE UNION INDUSTRIAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2020 and 31 December 2019
(Expressed in Thousands of New Taiwan Dollars)

		As at	
Assets	Notes	31 Dec 2020	31 Dec 2019
Current assets			
Cash and cash equivalents	4, 6(1)	$270,874	$666,101
Financial assets at fair value through profit or loss, current	4, 6(2)	31,235	113,097
Accounts receivable, net	4, 6(3)	632,948	910,693
Accounts receivable, net - Related parties	4, 6(3), 7	842,541	53,757
Other receivables	7	224,456	138,155
Inventories, net	4, 5, 6(4)	294,685	255,192
Prepayment	6(5)	62,141	54,006
Other current assets		21,316	21,405
Total current assets		2,380,196	2,212,406
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4, 6(6)	39,000	-
Investments accounted for under the equity method	4, 5, 6(7)	9,647,868	9,442,327
Property, plant and equipment	4, 6(8)	73,182	76,923
Right-of-use assets	4, 6(20)	2,849	3,123
Intangible assets	4, 6(9)	10,939	19,667
Deferred tax assets	4, 6(24)	51,509	38,086
Other non-current assets		2,216	3,095
Total non-current assets		9,827,563	9,583,221
Total assets		$12,207,759	$11,795,627

(The accompanying notes are an integral part of the parent company only financial statements)
(continued)

GLOBE UNION INDUSTRIAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2020 and 31 December 2019
(Expressed in Thousands of New Taiwan Dollars)

		As at	
Liabilities and Equity	Notes	31 Dec 2020	31 Dec 2019
Current liabilities			
Short-term loans	4, 6(10)	$1,335,000	$1,235,000
Financial liabilities at fair value through profit or loss, current	4, 6(11)	145	-
Contract liabilities, current	6(18)	2,117	124,270
Accounts payable		106,068	80,469
Accounts payable - Related parties	7	2,256,952	1,790,370
Other payables	6(12), 7	20,250	100,424
Accrued expenses	6(13), 7	223,020	258,341
Current tax liabilities	4, 6(24)	47,721	63,448
Lease liabilities, current	4, 6(20)	1,130	822
Current portion of long-term loans	4, 6(14)	400,000	100,000
Other current liabilities		12,184	7,173
Total current liabilities		4,404,587	3,760,317
Non-current liabilities			
Long-term loans	4, 6(14)	2,250,000	2,430,000
Deferred tax liabilities	4, 6(24)	15,548	12,854
Lease liabilities, non-current	4, 6(20)	1,682	2,325
Other non-current liabilities		163	128
Net defined benefit obligation, non-current	4, 6(15)	18,502	16,393
Total non-current liabilities		2,285,895	2,461,700
Total liabilities		6,690,482	6,222,017
Equity attributable to the parent company	4, 6(16)		
Capital			
Common stock		3,581,640	3,562,130
Advance receipts for common stock		-	3,847
Total capital		3,581,640	3,565,977
Additional paid-in capital		938,667	995,214
Retained earnings			
Legal reserve		861,006	830,341
Special reserve		728,214	522,707
Retained earnings		260,690	387,585
Total retained earnings		1,849,910	1,740,633
Other components of equity			
Exchange differences on translation of foreign operations		(860,740)	(728,214)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		7,800	-
Total other components of equity		(852,940)	(728,214)
Total equity		5,517,277	5,573,610
Total liabilities and equity		$12,207,759	$11,795,627

(The accompanying notes are an integral part of the parent company only financial statements)

GLOBE UNION INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the Years Ended 31 December 2020	2019
Net sales	4, 6(18), 7	$8,481,882	$8,045,768
Cost of sales	6(4), 7	(7,682,272)	(7,102,626)
Gross profit		799,610	943,142
Unrealized intercompany profit		64,783	(19,583)
Gross profit		864,393	923,559
Operating expenses	6(21), 7		
Selling and marketing		(321,456)	(431,214)
General and administrative		(267,013)	(305,342)
Research and development		(56,107)	(52,463)
Total operating expenses		(644,576)	(789,019)
Operating income		219,817	134,540
Non-operating income and expenses	6(22)		
Other revenue		8,758	16,306
Other gains and losses		36,269	71,282
Financial costs		(50,795)	(37,712)
Share of profit of subsidiaries, associates and joint ventures	4, 6(7)	110,778	201,335
Subtotal		105,010	251,211
Income from continuing operations before income tax		324,827	385,751
Income tax expense	6(24)	(37,340)	(50,578)
Income from continuing operations, net of Tax		287,487	335,173
Other comprehensive income (loss)	6(15), 6(23)		
Items that may not to be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(1,615)	(12,390)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		7,800	-
Share of other comprehensive income (loss) accounted for using the equity method-remeasurements of defined benefit plans		(27,041)	15,493
Income tax related to items that may not to be reclassified subsequently to profit or loss		323	2,478
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(132,526)	(205,507)
Total other comprehensive income (loss), net of tax		(153,059)	(199,926)
Total comprehensive income (loss)		$134,428	$135,247
Earnings per share (NTD)	6(25)		
Earnings per share-basic		$0.81	$0.94
Earnings per share-diluted		$0.81	$0.94

(The accompanying notes are an integral part of the parent company only financial statements)

GLOBE UNION INDUSTRIAL CORP.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the Years Ended 31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		Capital			Retained Earnings			Other components of equity				
	Notes	Common Stock	Advance Receipts for Common Stock	Additional Paid-in Capital	Legal Reserve	Special reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unearned employee salary	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Treasury stock	Total
Balance as at 1 Jan 2019	6(16)	$3,681,600	$635	$1,032,019	$768,519	$470,533	$656,738	$(522,707)	$(3,500)	$ -	$(186,207)	$5,897,630
Appropriations of earnings, 2018:												
Legal reserve					61,822		(61,822)					-
Special reserve						52,174	(52,174)					-
Cash dividends							(461,808)					(461,808)
Net income in 2019							335,173					335,173
Other comprehensive income, net of tax in 2019							5,581	(205,507)				(199,926)
Total comprehensive income							340,754	(205,507)	-	-		135,247
Retirement of treasury stock		(120,000)		(32,104)			(34,103)				186,207	-
Change in ownership of subsidiaries (Note 3)				(3,122)								(3,122)
Share-based payment transactions-Exercise of employee stock option (Note 1)			16,163									16,163
Share-based payment transactions-Conversion of advance receipts for common stock (Note 2)		10,530	(12,951)	2,421								-
Share-based payment transactions-Share-based payment expense									3,500			3,500
Retirement of Share options plan		(10,000)		(4,000)								(14,000)
Balance as at 31 Dec 2019	6(16)	$3,562,130	$3,847	$995,214	$830,341	$522,707	$387,585	$(728,214)	$ -	$ -	$ -	$5,573,610
Balance as at 1 Jan 2020	6(16)	$3,562,130	$3,847	$995,214	$830,341	$522,707	$387,585	$(728,214)	$ -	$ -	$ -	$5,573,610
Appropriations of earnings, 2019:												
Legal reserve					30,665		(30,665)					-
Special reserve						205,507	(205,507)					-
Cash dividends							(149,877)					(149,877)
Cash dividends distributed from additional paid-in capital				(64,232)								(64,232)
Net income in 2020							287,487					287,487
Other comprehensive income, net of tax in 2020							(28,333)	(132,526)		7,800		(153,059)
Total comprehensive income							259,154	(132,526)	-	7,800		134,428
Share-based payment transactions-Exercise of employee stock option (Note 1)			18,517									18,517
Share-based payment transactions-Conversion of advance receipts for common stock (Note 2)		19,510	(22,364)	2,854								-
Share-based payment transactions-Share-based payment expense				4,831								4,831
Balance as at 31 Dec 2020	6(16)	$3,581,640	$ -	$938,667	$861,006	$728,214	$260,690	$(860,740)	$ -	$7,800	$ -	$5,517,277

(The accompanying notes are an integral part of the parent company only financial statements)

Note 1: The Company issued employee share option in 2015. During the year of 2019, employees converted their options into 533,000 shares at NT$12.7 per share, and 796,000 shares at NT$11.8 per share, respectively. Total consideration received was $16,163 thousand. During the year of 2020, employees converted their options into 310,000 shares at NT$11.8 per share, and 1,315,000 shares at NT$11.3 per share, respectively. Total consideration received was $18,517 thousand.

Note 2: As at 31 December 2019, 1,053,000 shares under capital collected in advance in the amount of $12,951 thousand have completed the registration process, and thus increased the common stock and the additional paid-in capital by $10,530 thousand and $2,421 thousand respectively.As at 31 December 2020, 1,951,000 shares under capital collected in advance in the amount of $22,364 thousand have completed the registration process, and thus increased the common stock and the additional paid-in capital by $19,510 thousand and $2,854 thousand respectively.

Note 3: The board of directors approved the sale of 35,162,689 shares of Home Boutique International Co., Ltd. to Singular Point Ltd. on 2 August 2019, and the transaction of 27,422,937 shares was completed on 23 September 2019.

Therefore, the percentage of ownership that the Company held in Home Boutique International Co., Ltd. decreased from 86.319% to 19%. Since the Company lost control over it, the additional paid-in capital and non-controlling interest decreased by $3,122 thousand and $57,546 thousand respectively.

GLOBE UNION INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the Years Ended 31 December 2020	2019
Cash flows from operating activities:			
Net income before tax		$324,827	$385,751
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation		14,207	13,181
Amortization		11,598	12,680
Net gain of financial assets/liabilities at fair value through profit or loss		(131,230)	(38,922)
Interest expense		50,795	37,712
Interest revenue		(3,226)	(8,470)
Share-based payment expense		2,509	3,500
Gain on disposal of financial assets measured at fair value through profit or loss		(20)	(8,903)
Retirement of Share options plan		-	(14,000)
Share of profit of subsidiaries, associates and joint ventures		(110,778)	(201,335)
(Gain) loss of unrealized intercompany profit		(64,783)	19,583
Gain on lease modification		(86)	-
Changes in operating assets and liabilities:			
Financial assets and liabilities at fair value through profit or loss		108,522	-
Accounts receivable		(511,039)	388,499
Other receivables		(86,301)	(118,812)
Inventories, net		(7,399)	43,243
Prepayments		(8,135)	7,667
Other current assets		89	6,648
Other assets-others		799	901
Accounts payable		492,181	(685,976)
Accrued expenses		(35,974)	(16,206)
Other payables		(80,174)	(218,049)
Contract liabilities, current		(122,153)	109,079
Other current liabilities		5,011	(2,756)
Defined benefit obligation		494	388
Other liabilities-others		35	-
Cash used in operations		(150,231)	(284,597)
Interest received		3,226	8,470
Dividend received		-	641,600
Interest paid		(50,142)	(37,689)
Income tax paid		(63,473)	(37,017)
Net cash (used in) generated from operating activities		(260,620)	290,767

(The accompanying notes are an integral part of the parent company only financial statements)
(Continued)

GLOBE UNION INDUSTRIAL CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended 31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the Years Ended 31 December 2020	2019
(Continued)			
Cash flows from investing activities:			
Acquisition of financial assets at fair value through other comprehensive income		(31,200)	-
Acquisition of financial assets measured at fair value through profit or loss		-	(363,000)
Disposal of financial assets measured at fair value through profit or loss		104,735	393,451
Acquisition of property, plant and equipment		(9,415)	(4,858)
Acquisition of intangible assets		(2,870)	(1,104)
Acquisition of investments accounted for under the equity method		(219,319)	(1,516,798)
Disposal of investments accounted for under the equity method		-	335,352
Proceeds from return of capital by investees		-	129,478
Increase in deposits-out		-	(200)
Decrease in deposits-out		80	-
Net cash used in investing activities		(157,989)	(1,027,679)
Cash flows from financing activities:			
Increase in short-term loans		1,661,728	1,351,583
Decrease in short-term loans		(1,561,728)	(1,114,583)
Increase in long-term loans		720,000	1,390,000
Decrease in long-term loans		(600,000)	(255,769)
Cash dividends		(214,109)	(461,808)
Decrease in lease liabilities		(1,026)	(809)
Exercise of employee stock option		18,517	16,163
Net cash generated from financing activities		23,382	924,777
Net (decrease) increase in cash and cash equivalents		(395,227)	187,865
Cash and cash equivalents at beginning of period	6(1)	666,101	478,236
Cash and cash equivalents at end of period		$270,874	$666,101

(The accompanying notes are an integral part of the parent company only financial statements)

GLOBE UNION INDUSTRIAL CORP.
Notes to Parent Company Only Financial Statements
For the Years Ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

GLOBE UNION INDUSTRIAL CORP. ("the Company") was incorporated on 29 October 1979 to manufacture and sell plumbing products. On 1 December 1995, the Company acquired Chen Ling Industrial Co. Ltd., a company operated in manufacturing and sale of plumbing products. The Company applied to be listed on the GreTai Securities Market on 1 June 1998, and was authorized to trade its shares over the counter on 7 May 1999. The Company applied to be listed on Taiwan Stock Exchange on 16 June 2000 and its shares were authorized to be listed on Taiwan Stock Exchange on 11 September 2000. The Company's registered office and the main business location is at No.22, Jianguo Rd., Taichung Export Processing Zone, Tanzi Dist., Taichung, Taiwan (R.O.C.).

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

The Parent Company Only Financial Statements of the Company for the years ended 31 December 2020 and 2019 were authorized for issue by the Company's board of directors (the Board) on 11 March 2021.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2020. The nature and the impact of each new standard and amendment that has a material effect on the Company is described below:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company elected to early apply Covid-19-Related Rent Concessions (Amendment to IFRS 16) which is recognized by FSC for annual periods beginning on or after 1 January 2020, and in accordance with the requirements of the transition. For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted for it as a variable lease payment. Please refer to Note 6(20) for disclosure related to the lessee which was required by the amendment.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company 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 - Amendments to IFRS 9, IAS 39 and IFRS 7

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 reflect the change to the alternative benchmark rate.

B. A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria.

C. A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC at the date of issuance of the Company's financial statements 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 group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

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

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides:

A. A specific adaptation for contracts with direct participation features (the Variable Fee Approach)
B. 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 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 been endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under (c), (d) and (f), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The Parent Company Only Financial Statements of the Company 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 ("the Regulations"), IFRSs, IASs, IFRIC and SIC, which are endorsed by the FSC (collectively referred to as "TIFRSs").

(2) Basis of Preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

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

(3) Foreign Currency Transactions

The parent company only financial statements of the Company are presented in NT$, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currencies 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 foreign currencies 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.

(4) 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.

The following partial disposals are accounted for as disposals:

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and

(b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation

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.

(5) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(6) 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 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

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

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

(a) Financial instruments: Recognition and Measurement

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

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

A. the Company’s business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables 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.
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 Company 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 Company 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 Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   (ii) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

Financial assets 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.

(b) Impairment of financial assets

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

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

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
B. the time value of money

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 measured 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 Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

D. For lease receivables arising from transactions within the scope of IFRS 16 (before 1 January 2020: IAS 17), the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

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

(c) Derecognition of financial assets

A financial asset is derecognized when:

A. The rights to receive cash flows from the asset have expired.
B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(d) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled. For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

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 fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
B. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

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.

(e) Offsetting of financial instruments

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

(8) Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(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 Company.

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

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

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

(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:

Merchandise – Purchase cost on weighted average method.

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) Investments accounted for under the equity method

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The adjustments took into consideration how the subsidiaries should be accounted for in accordance with IFRS 10 and the different extent to each reporting entity IFRS applies. The adjustments are made by debiting or crediting “Investments accounted for under the equity method”, “share of profit or loss of associates and joint ventures accounted for under equity method”, and “share of other comprehensive income of associates and joint ventures accounted for using the equity method”.
The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

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

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

When the associate issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company 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 aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

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

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate 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 Company 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 Company estimates:

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

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

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

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(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 Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

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

Items	Useful Lives
Buildings	5～55 years
Machinery and equipment	3～11 years
Transportation equipment	6 years
Furniture, fixtures and equipment	3～9 years
Other equipment	2～6 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) Leases

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

(a) The right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) The right to direct the use of the identified asset.

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

Company as a lessee

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

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

(a) Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
(b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
(c) Amounts expected to be payable by the lessee under residual value guarantees.
(d) The exercise price of a purchase option if the Company is reasonably certain to exercise that option.
(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

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

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

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

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

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

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

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

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted for it as a variable lease payment. The Company have applied the practical expedient to all rent concessions that meet the conditions for it.

Company as a lessor

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

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

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

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. 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.

A summary of the policies applied to the Company’s intangible assets is as follows:

	Trademarks	Computer software
Useful lives	10 years	3～5 years
Amortization method used	Amortized on a straight-line basis	Amortized on a straight-line basis
Internally generated or acquired	Acquired	Acquired

(15) Impairment of non-financial assets

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

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

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

(16) Post-employment benefits

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

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

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

(a) the date of the plan amendment or curtailment, and
(b) the date that the Company recognizes restructuring-related costs

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

(17) Provisions

Provisions are recognized when the Company 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 Company 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.

(18) Treasury shares

The parent company's own shares which are reacquired by the Company (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(19) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

The Company 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 Company are faucets and plumbing products 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. So the Company 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 Company 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 for in accordance with IAS 37.

The credit period of the Company's sale of goods is from 7 to 150 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

Some rendering of services contracts of the Company, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component arises.

(20) Borrowing cost

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.

(21) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(22) Share-based payment transactions

The cost of equity-settled transactions between the Company 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 Company'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 Company 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.

(23) Income Tax

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 at the shareholders' meeting.

Deferred tax

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

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

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint 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:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent company only 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.

Estimates and assumptions

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

(a) Fair value of financial instruments

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

(b) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the discount rate and expected salary raise/cut or changes. Please refer to Note 6(15) for more details.

(c) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6(17).

(d) Revenue recognition – sales returns and allowance

The Company 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 aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6(18) for more details.

(e) 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 Company 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 company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6(24) for unrecognized deferred tax assets.

(f) Accounts receivables–estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6(19) for more details.

(g) Inventories 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. Please refer to Note 6(4) for more details.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at 31 December	
	2020	2019
Cash on hand	$328	$326
Demand deposits	40,646	602,245
Time deposits	229,900	63,530
Total	$270,874	$666,101

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

	As at 31 December	
	2020	2019
Mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Fund beneficiary certificate	$-	$10,081
Unlisted company stocks	-	94,648
Forward foreign exchange contracts	31,235	8,368
Total	$31,235	$113,097

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

Please refer to Note 12 for more details on forward foreign exchange contracts.

(3) Trade receivables and trade receivables-related parties

	As at 31 December	
	2020	2019
Trade receivables - non related parties	$708,797	$1,041,639
Less: allowance for sales returns and discounts	(75,849)	(130,946)
Less: allowance for doubtful debts	-	-
Subtotal	$632,948	$910,693
Accounts receivable - related parties	842,541	53,757
Accounts receivable, net	$1,475,489	$964,450

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Trade receivables are generally on 7-150 day terms. The total carrying amount as at 31 December 2020 and 2019 were $1,551,338 and $1,095,396 respectively. Please refer to Note 6 (19) for more details on loss allowance of trade receivables for the years ended 31 December 2020 and 2019. Please refer to Note 12 for more details on credit risk management.

Trade receivables and trade receivables-related parties were not pledged.

(4) Inventories

(a) Details as follows

	As at 31 December	
	2020	2019
Merchandise, net	$294,685	$255,192

(b) For the years ended 31 December 2020 and 2019, the Company recognized $7,682,272 and $7,102,626 for costs of inventories in expenses.

No inventories were pledged.

(5) Prepayments

	As at 31 December	
	2020	2019
Offset against VAT	$27,991	$26,113
Other prepayments	34,150	27,893
Total	$62,141	$54,006

No prepayments were pledged.

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

	As at 31 December	
	2020	2019
Equity instrument investments measured at fair value through other comprehensive income-non current:		
Listed companies stocks	$39,000	$-

No financial assets at fair value through other comprehensive income were pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Investments accounted for using the equity method

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

	As at 31 December			
	2020		2019	
Investees	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investments in subsidiaries:				
Globe Union Industrial (B.V.I.) Corp.	$3,688,633	100%	$3,456,308	100%
Globe Union (Bermuda) Ltd.	3,549,114	100%	3,444,385	100%
Globe Union Cayman Corp.	1,290,036	100%	1,182,817	100%
GU PLUMBING de MEXICO S.A. de C.V.	1,120,085	100%	1,358,817	100%
Total	$9,647,868		$9,442,327	

The Company's investment in its subsidiary is accounted for using the equity method.

On 31 December 2020, the company assessed and did not identify any indication that its investments accounted for using the equity method may be impaired.

(b) For the years ended 31 December 2020 and 2019, The Company recognized share of profit or loss of subsidiaries, associates and joint ventures, exchange differences on translation of foreign operations, remeasurements of defined benefit plans, unrealized gain (loss) on available-for-sale financial assets, and share-based payment transactions, the details as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. For the year ended 31 December 2020:

Investees	Share of profit or loss of subsidiaries, associates and joint ventures	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Share-based payment transactions
Investments in associates:				
Globe Union (Bermuda) Ltd.	$195,072	$(116,841)	$(7,737)	$1,546
Globe Union Cayman Corp.	113,750	9,990	(17,279)	758
Globe Union Industrial (B.V.I.) Corp.	188,041	44,266	-	18
GU PLUMBING de MEXICO S.A. de C.V.	(386,085)	(69,941)	(2,025)	-
Total	$110,778	$(132,526)	$(27,041)	$2,322

B. For the year ended 31 December 2019:

Investees	Share of profit or loss of subsidiaries, associates and joint ventures	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Share-based payment transactions
Investments in associates:				
Globe Union (Bermuda) Ltd.	$78,183	$(83,647)	$(8,912)	$-
Globe Union Cayman Corp.	167,093	4,860	25,237	-
Globe Union Industrial (B.V.I.) Corp.	78,048	(97,120)	-	-
Home Boutique International Co., Ltd.	5,560	-	-	-
GU PLUMBING de MEXICO S.A. de C.V.	(127,549)	(29,600)	(832)	-
Total	$201,335	$(205,507)	$15,493	$-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Property, plant and equipment

	31 Dec. 2020	31 Dec. 2019
Owner occupied property, plant and equipment	$73,182	$76,923

(a) Owner occupied property, plant and equipment

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
Cost:						
As at 1 Jan. 2020	$132,844	$17,534	$4,650	$69,829	$15,117	$239,974
Additions	-	339	-	1,483	7,593	9,415
Disposals	-	(733)	-	(20,144)	(805)	(21,682)
As at 31 Dec. 2020	$132,844	$17,140	$4,650	$51,168	$21,905	$227,707
As at 1 Jan. 2019	$133,425	$19,006	$4,650	$68,070	$12,103	$237,254
Additions	-	-	-	1,844	3,014	4,858
Disposals	(581)	(1,472)	-	(85)	-	(2,138)
As at 31 Dec. 2019	$132,844	$17,534	$4,650	$69,829	$15,117	$239,974
Depreciation and impairment:						
As at 1 Jan. 2020	$67,274	$17,420	$4,650	$61,782	$11,925	$163,051
Depreciation	3,968	98	-	4,791	4,299	13,156
Disposals	-	(733)	-	(20,144)	(805)	(21,682)
As at 31 Dec. 2020	$71,242	$16,785	$4,650	$46,429	$15,419	$154,525
As at 1 Jan. 2019	$63,330	$18,595	$4,650	$57,000	$9,266	$152,841
Depreciation	4,525	297	-	4,867	2,659	12,348
Disposals	(581)	(1,472)	-	(85)	-	(2,138)
As at 31 Dec. 2019	$67,274	$17,420	$4,650	$61,782	$11,925	$163,051
Net carrying amount:						
31 Dec. 2020	$61,602	$355	$-	$4,739	$6,486	$73,182
31 Dec. 2019	$65,570	$114	$-	$8,047	$3,192	$76,923

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Property, plant and equipment were not pledged.

(c) There is no occurrence of capitalization of interest due to purchasing property, plant and equipment for the years ended 31 December 2020 and 2019.

(9) Intangible assets

	Computer software	Trademarks	Total
Cost:			
As at 1 Jan. 2020	$76,181	$90,421	$166,602
Addition-acquired separately	2,870	-	2,870
As at 31 Dec. 2020	$79,051	$90,421	$169,472
As at 1 Jan. 2019	$75,078	$90,421	$165,499
Addition-acquired separately	1,103	-	1,103
As at 31 Dec. 2019	$76,181	$90,421	$166,602
Amortization and impairment:			
As at 1 Jan. 2020	$73,845	$73,090	$146,935
Amortization	2,556	9,042	11,598
As at 31 Dec. 2020	$76,401	$82,132	$158,533
As at 1 Jan. 2019	$70,207	$64,048	$134,255
Amortization	3,638	9,042	12,680
As at 31 Dec. 2019	$73,845	$73,090	$146,935
Net carrying amount:			
As at 31 Dec. 2020	$2,650	$8,289	$10,939
As at 31 Dec. 2019	$2,336	$17,331	$19,667

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Amortization expense of intangible assets under the statement of comprehensive income:

	2020	2019
Operating costs	$-	$-
Operating expenses	$11,598	$12,680

(10) Short-term loans

		As at 31 December	
	Interest Rates (%)	2020	2019
Unsecured bank loans	0.83%-1.10%	$1,335,000	$1,235,000

The Company's unused short-term lines of credits amounted to $1,369,400 and $1,071,400 as at 31 December 2020 and 2019, respectively.

(11) Financial liabilities at fair value through profit or loss – current

	As at 31 December	
	2020	2019
Derivatives not designated as hedging Instruments		
Forward foreign exchange contracts	$145	$-

Please refer to Note 12 for more details on forward foreign exchange contracts.

(12) Other payables

	As at 31 December	
	2020	2019
Other payables – related parties	$18,565	$98,152
Others	1,685	2,272
Total	$20,250	$100,424

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13) Accrued expenses

	As at 31 December	
	2020	2019
Accrued payroll and bonus	$64,278	$60,291
Accrued pension	-	26,602
Accrued freight	34,206	20,781
Others	124,536	150,667
Total	$223,020	$258,341

(14) Long-term loans

Details of long-term loans as at 31 December 2020 and 2019 are as follows:

(a) As at 31 Dec. 2020

Lenders	Type	As at 31 Dec. 2020	Maturity date and terms of repayment
CTBC Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	$900,000	2018/07-2023/07 Interest is paid monthly; repayable annually starting from 2 years after the drawdown of the loan. The annual payment of each year is 100 million, 200 million, 300 million, and 400 million.
CTBC Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	350,000	2019/10-2023/07 Interest is paid monthly.
CTBC Bank	Credit	100,000	2020/04-2022/12 Interest is paid monthly.
Yuanta Bank	Credit	300,000	2020/06-2022/03 Interest is paid monthly.
Taipei Fubon Commercial Bank	Credit	240,000	2020/10-2023/11 Interest is paid monthly.
KGI Bank	Credit	180,000	2020/09-2022/09 Interest is paid monthly.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	Type	As at 31 Dec. 2020	Maturity date and terms of repayment
Cathay United Bank	Credit	130,000	2020/06-2022/04 Interest is paid monthly.
Bank SinoPac	Credit	100,000	2020/04-2022/06 Interest is paid monthly.
The Shanghai Commercial & Savings Bank, Ltd.	Credit	100,000	2019/06-2021/06 Interest is paid monthly.
Taishin International Bank	Credit	100,000	2020/11-2022/11 Interest is paid monthly.
O-Bank	Credit	100,000	2019/09-2021/06 Interest is paid monthly.
Shin Kong Bank	Credit	50,000	2020/07-2023/03 Interest is paid monthly.
Subtotal		$2,650,000	
Less: current portion		(400,000)	
Total		$2,250,000	
Interest rate		0.950%-1.797%	

(b) As at 31 Dec. 2019

Lenders	Type	As at 31 Dec. 2019	Maturity date and terms of repayment
CTBC Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	$1,000,000	2018/07-2023/07 Interest is paid monthly; repayable annually starting from 2 years after the drawdown of the loan. The annual payment of each year is 100 million, 200 million, 300 million, and 400 million.
CTBC Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	350,000	2019/10-2023/07 Interest is paid monthly.
Yuanta Bank	Credit	300,000	2019/04-2022/03 Interest is paid monthly.
CTBC Bank	Credit	200,000	2019/10-2021/12 Interest is paid monthly.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	Type	As at 31 Dec. 2019	Maturity date and terms of repayment
KGI Bank	Credit	180,000	2019/09-2021/09 Interest is paid monthly.
The Shanghai Commercial & Savings Bank, Ltd.	Credit	100,000	2019/06-2021/06 Interest is paid monthly.
Taishin International Bank	Credit	100,000	2019/11-2021/11 Interest is paid monthly.
Bank SinoPac	Credit	100,000	2019/10-2022/05 Interest is paid monthly.
Taipei Fubon Commercial Bank	Credit	100,000	2019/12-2022/11 Interest is paid monthly.
O-Bank	Credit	100,000	2019/09-2021/09 Interest is paid monthly.
Subtotal		$2,530,000	
Less: current portion		(100,000)	
Total		$2,430,000	
Interest rate		1.230%-1.797%	

Long-term loans were not pledged. Please refer to Note 9(3) for further details of syndicated bank loans.

(15) Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has 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 were $8,078 and $7,561 respectively.

Defined benefits plan

The Company 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 Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is managed by the in-house managers or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute $0 to its defined benefit plan in the next year starting from 31 December 2020.

The average duration of the defined benefits plan obligation as at 31 December 2020 and 2019, were 14 years and 15 years.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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

	For the years ended 31 December	
	2020	2019
Current period service costs	$363	$437
Interest income or expense	131	39
Total	$494	$476

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

	As at		
	31 December 2020	31 December 2019	1 January 2019
Defined benefit obligation	$100,349	$97,686	$81,350
Plan assets at fair value	(81,847)	(81,293)	(77,735)
Defined benefit obligation	$18,502	$16,393	$3,615
Other non-current liabilities	-	-	-
Other non-current liabilities - the Company expects to contribute in the coming year	-	-	(88)
Other non-current liabilities - defined benefit obligation	$18,502	$16,393	$3,527

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 1 January 2019	$81,350	$(77,735)	$3,615
Current period service costs	437	-	437
Net interest expense (income)	876	(837)	39
Subtotal	82,663	(78,572)	4,091

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	731	-	731
Actuarial gains and losses arising from changes in financial assumptions	16,068	-	16,068
Experience adjustments	(1,776)	(2,633)	(4,409)
Subtotal	15,023	(2,633)	12,390
Payments from the plan	-	-	-
Contributions by employer	-	(88)	(88)
As at 31 December 2019	$97,686	$(81,293)	$16,393
Current period service costs	363	-	363
Net interest expense (income)	781	(650)	131
Subtotal	98,830	(81,943)	16,887
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	163	-	163
Actuarial gains and losses arising from changes in financial assumptions	5,811	-	5,811
Experience adjustments	(1,624)	(2,735)	(4,359)
Subtotal	4,350	(2,735)	1,615
Payments from the plan	(2,831)	2,831	-
Contributions by employer	-	-	-
As at 31 December 2020	$100,349	$(81,847)	$18,502

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

	As at 31 December	
	2020	2019
Discount rate	0.37%	0.80%
Expected rate of salary increases	3.00%	3.00%

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

	Effect on the defined benefit obligation			
	2020		2019	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	$-	$6,734	$-	$6,792
Discount rate decrease by 0.5%	7,330	-	7,414	-
Future salary increase by 0.5%	7,099	-	7,212	-
Future salary decrease by 0.5%	-	6,599	-	6,684

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

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

(16) Equities

(a) Common stock

The Company's authorized capital was $6,000,000 as at 1 January 2019, divided into 600,000,000 shares with par value of NT$10 each. The paid-in capital amounted to $3,681,600 with 368,209,962 shares issued. Among the issued and outstanding shares, 50,000 shares have not completed the registration process and were booked as collection in advance in the amount of $635. Each share has one voting right and a right to receive dividends. The above share options executed amounted to 50,000 shares which have completed the registration process in the first quarter of 2019 and have converted into common stock.

The Company resolved at its board meeting held on 11 March 2019 to retire 12,000,000 shares of treasury stock. The record date of capital decrease was 14 March 2019. The abovementioned transaction was approved by the competent authority on 22 March 2019.

The Company resolved at its board meeting held on 8 November 2019 to retire 1,000,000 shares of share options plan in the amount of $10,000. The record date of capital decrease was 27 November 2019. The abovementioned transaction was approved by the competent authority on 27 November 2019.

During 2019, the employees converted their options into 533,000 shares at NT$12.7 per share and 796,000 shares at NT$11.8 per share. The above share options executed amounted to 1,329,000 shares, among them, 1,053,000 shares have completed the registration process while 326,000 shares have not and were booked as collection in advance.

As at 31 December 2019, the Company's authorized capital was $6,000,000, divided into 600,000,000 shares with par value of NT$10 each. The paid-in capital amounted to $3,562,130, divided into 356,538,962 shares. Among the issued and outstanding shares, 326,000 shares have not completed the registration process and were booked as collection in advance in the amount of $3,847. Each share has one voting right and a right to receive dividends. The above share options executed amounted to 326,000 shares which have completed the registration process in the first quarter of 2020 and have converted into common stock.

During 2020, the employees converted their options into 310,000 shares at NT$11.8 per share and 1,315,000 shares at NT$11.3 per share. The above share options executed amounted to 1,625,000 shares, among them, 1,625,000 shares have completed the registration process.

As at 31 December 2020, the Company's authorized capital was $6,000,000, divided into 600,000,000 shares with par value of NT$10 each. The paid-in capital amounted to $3,581,640, divided into 358,163,962 shares. Each share has one voting right and a right to receive dividends.

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(b) Capital surplus

	As at	
	31 Dec. 2020	31 Dec. 2019
Additional paid-in capital	$893,555	$954,933
Share of changes in net assets of associates and joint ventures accounted for using the equity method	6,005	6,005
Premium from merger	1,895	1,895
Share-based payment transactions	37,212	32,381
Total	$938,667	$995,214

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

(c) Treasury stock

	Buying back to write off the stock (in thousand shares)	Total (in thousand dollars)
1 Jan. 2019	12,000	$186,207
Decrease	(12,000)	(186,207)
30 Sep. 2019	-	$-

According to Securities and Exchange Act, the treasury stock held by the Company cannot be pledged and has no voting right nor right to receive dividends.

(d) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

A. Payment of all taxes and dues
B. Offset prior years' operation losses
C. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve
D. Set aside or reverse special reserve in accordance with law and regulations
E. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting

The policy of dividend distribution should reflect factors such as the current and future development plan, investment environment, fund requirements and domestic and international competition; as well as the interest of the shareholders. At least 30% of the dividends must be distributed to shareholders annually. The Company seeks sustainable development based on capital expenditure, business expansion and financial planning. Earnings distribution can be made in the form of stock dividends or cash dividends. However, cash dividends must be greater than 60% of the current year bonus distributed to shareholders. The dividend distribution policy may depend on the company's business needs, reinvestment or merger and acquisition capital requirements, and major regulatory requirement changes. The board of directors shall submit a proposal to the shareholders meeting to adjust the cash dividend distribution ratio appropriately.

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

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains 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

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TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to “other net deductions from shareholders’ equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed.

The Company did not have any special reserve due from first-time adoption of the TIFRS.

Details of the 2019 and 2018 earnings distribution and dividends per share as approved and resolved by the board of directors’ meeting and the shareholders’ meeting on 29 May 2020 and 31 May 2019, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2019	2018	2019	2018
Legal reserve	$30,665	$61,822		
Special reserve	205,507	52,174		
Common stock - cash dividend	149,877	461,808	$0.42	$1.30
Capital surplus - cash	64,232	-	$0.18	$-

Please refer to Note 6(21) for further details on employees’ compensation and remuneration to directors.

(e) Unearned employee salary

Restricted stocks for employees issuance as approved and resolved by the shareholder’s meeting. Please refer to Note 6 (17) for details.

	For the years ended 31 December	
	2020	2019
Beginning balance	$-	$(3,500)
Recognized shared-based payment expense	-	3,500
Ending balance	$-	$-

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(17) Share-based payment plans

(a) On 2 October 2015, the Company was authorized by the Financial Supervisory Commission Republic of China (Taiwan), Executive Yuan, to issue non-compensatory employee share options with a total number of 10,500 units. Each unit entitles an optionee to subscribe for 1,000 shares of the Company's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

A. For the 1,800 units firstly issued, the optionee may exercise 50% of the options starting two years and three years from the grant date. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

B. For the 8,700 units secondly issued, the optionee may exercise 100% of the options starting two years from the grant date. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

As at 31 December 2020, the Company has not cancelled or modified the share-based payment plan proposed for employees. The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (unit)	Total number of share options outstanding (unit)	Shares to be subscribed (unit)	Exercise price of share options (NT$)
29 Oct 2015	10,500	-	-	$11.30

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C. The following table contains further details on the aforementioned share-based payment plan:

	As at 31 December			
	2020		2019	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT$)	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	3,055	$11.80	4,534	$12.70
Converted	(1,625)	11.40	(1,329)	12.16
Forfeited	(1,430)	11.30	(150)	11.80
Outstanding at end of period	-		3,055	$11.80
Weighted average fair value of share options (NT$)	$-		$-	

D. The following table contains further details on the aforementioned share-based payment plan as at 31 December 2020:

		Share options outstanding				Share options exercisable	
Share options	Range of exercise price (NT$)	Number (unit)	Maturity date	Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT$)	Number (unit)	Weighted average exercise price of share options (NT$)
2015/10/29 Share options plan- 1,800 units firstly issued	$11.30	-	2020/10/28	-	$-	-	$-
2015/10/29 Share options plan- 8,700 units secondly issued	11.30	-	2020/10/28	-	-	-	-

Note: If there are changes in the common shares of the Company (such as capital increase by cash or capitalization of retained earnings), the exercise price of share options will be adjusted according to the employee share options plan.

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The compensation cost is accounted for under the fair value method. The fair value of the share options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The Company recognized compensation expense of $0 and $0 in 2020 and 2019. The following table lists the inputs to the model used for the plan:

For the 1,800 units first issued:

	Share-based payment plan
Dividend yield (%)	0%
Expected volatility (%)	33.42%；33.99%
Risk-free interest rate (%)	0.6227%；0.6769%
Expected option life (Years)	3.5 years；4 years

For the 8,700 units secondly issued:

	Share-based payment plan
Dividend yield (%)	0%
Expected volatility (%)	33.42%
Risk-free interest rate (%)	0.6227%
Expected option life (Years)	3.5 years

(b) The Company issued restricted stocks for employees in the amount of $10,000, up to 1,000,000 shares in total. The Company will issue these shares at one time within one year following shareholder's meeting.

A. The vesting condition of restricted stocks for employees is as follows:
   i. Employees must remain in service for 3 years or more after being vested
   ii. Performance period is from 2016 to 2018
   iii. Employees could be vested 50% of the shares when the average return on equity is more than 10% in performance period; 100%, when average return on equity is more than 10% in performance period.

B. The restricted rights before being vested shares are as follows:
   i. Employees may not sell, pledge (as collateral or security), assign, give away, or in any other manner dispose of the restricted stocks.
   ii. The restricted stocks are not entitled to receive cash or stock dividends, cash or stocks from capital reserves and participate in cash capital increase.
   iii. Employees are not entitled to attend shareholders' meetings, propose, speak, vote and engage in any other matters related to shareholders' rights and interests.

If employees do not meet the vesting condition, the Company will withdraw the shares without compensation and then cancel them.

The price of the restricted stock for employees at grant date was NT$14 per share. The record date of capital increase was 6 October 2016. The Company will issue restricted stocks and grant to employees 1,000,000 shares, each at par value of NT$10 totaling $10,000.

In November 2019, the Company withdrew 1,000,000 shares of restricted stock for employees for those who did not meet the established conditions, and reduced the capital reserve of restricted stock for employees by $ 4,000 and reversed salary in the amount of $ 14,000.

(c) On 10 August 2020, the Company was authorized by the Financial Supervisory Commission Republic of China (Taiwan), Executive Yuan, to issue non-compensatory employee share options with a total number of 10,200 units. Each unit entitles an optionee to subscribe for 1,000 shares of the Company's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. The optionee may exercise 50% and 100% of the options starting two years and three years, respectively, from the grant date by the plan. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

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The contractual term of each option granted is five years. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement for these employee share options.

As at 31 December 2020, the Company has not cancelled or modified the share-based payment plan proposed for employees. The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (unit)	Total number of share options outstanding (unit)	Shares to be subscribed (unit)	Exercise price of share options (NT$)
10 Aug. 2020	10,200	10,200	-	$12.75

A. The following table contains further details on the aforementioned share-based payment plan:

	For the years ended 31 December 2020	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	-	$-
Additions	10,200	12.75
Converted	-	-
Forfeited	-	-
Outstanding at end of period	10,200	$12.75
Weighted average fair value of share options (NT$)	$3.1	

B. The following table contains further details on the aforementioned share-based payment plan as at 31 December 2020:

		Share options outstanding				Share options exercisable	
Share options	Range of exercise price (NT$)	Number (unit)	Maturity date	Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT$)	Number (unit)	Weighted average exercise price of share options (NT$)
2020/8/10 Share options plan - 10,200 units issued	$12.75	10,200	2025/8/9	4.61	$12.75	-	$12.75

Note: If there are changes in the common shares of the Company (such as capital increase by cash or capitalization of retained earnings), the exercise price of share options will be adjusted according to the employee share options plan.

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The compensation cost is accounted for under the fair value method. The fair value of the share options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The Company recognized compensation expense for the year ended 31 December 2020 in the amount of $2,509. The following table lists the inputs to the model used for the plan:

For the 10,200 units issued:

	Share-based payment plan
Dividend yield (%)	0%
Expected volatility (%)	28.51%
Risk-free interest rate (%)	0.31%
Expected option life (Years)	5 years

(18) Operating revenue

	For the years ended 31 December	
	2020	2019
Revenue from contracts with customers		
Sale of goods	$8,610,757	$8,261,344
Less: Sales returns, discounts and allowances	(128,875)	(215,576)
Total	$8,481,882	$8,045,768

(a) Disaggregation of revenue

2020.1.1~2020.12.31

	Vitreous china	Faucets and showerheads	Total
Sale of goods	$4,010,865	$4,471,017	$8,481,882

2019.1.1~2019.12.31

	Vitreous china	Faucets and showerheads	Total
Sale of goods	$3,541,132	$4,504,636	$8,045,768

The Company recognizes revenue when transferring the goods to customers, so the contract performance obligation is satisfied at a point in time.

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(b) Contract balances

Contract liabilities - current

	2020.12.31	2019.12.31	2019.01.01
Sales of goods	$2,117	$124,270	$15,191

The significant changes in the Company'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	$(124,270)	$(15,095)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	2,117	124,174

(19) Expected credit losses

	For the years ended 31 December	
	2020	2019
Operating expenses – Expected credit losses/(gains)		
Notes receivables	$-	$-
Accounts receivables	-	-
Total	$-	$-

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

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company considers the grouping of trade receivables by the counterparties' credit ratings, the geographical region and industry sector and its loss allowance is measured by using a provision matrix. The details are as follows:

2020.12.31

	Not yet due	Overdue				
		1-90 days	90-180 days	181-365 days	Upon 366 days	Total
Gross carrying amount	$1,354,374	$121,115	$-	$-	$-	$1,475,489
Loss ratio	0.00%	0.00%	0.00%	0.00%	0.00%	
Lifetime Expected credit losses	-	-	-	-	-	-
Carrying amount	$1,354,374	$121,115	$-	$-	$-	$1,475,489

2019.12.31

	Not yet due	Overdue				
		1-90 days	90-180 days	181-365 days	Upon 366 days	Total
Gross carrying amount	$908,525	$55,925	$-	$-	$-	$964,450
Loss ratio	0.00%	0.00%	0.00%	0.00%	0.00%	
Lifetime Expected credit losses	-	-	-	-	-	-
Carrying amount	$908,525	$55,925	$-	$-	$-	$964,450

The Company measures the loss allowance of its trade receivables at an amount equal to lifetime expected credit losses. The trade receivables as at 31 December 2020 and 2019 were not overdue. Therefore, the assessment of the Company's loss allowance as at 31 December 2020 and 2019 was measured at 0%, the amount equal to $0.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(20) Leases

(a) Company as a lessee

The Company leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment and other equipment. The lease terms range from 2 to 10 years. There are no restrictions placed upon the Company by entering into these leases.

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

A. Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As at 31 December	
	2020	2019
Land	$2,086	$3,123
Buildings	763	-
	$2,849	$3,123

Statement of Right-of-use assets

	Land	Buildings	Total
Cost:			
2020.1.1	$3,956	$-	$3,956
Additions	-	1,049	1,049
Contracts Modification	(353)	-	(353)
2020.12.31	$3,603	$1,049	$4,652
Depreciation:			
2020.1.1	$833	$-	$833
Depreciation	765	286	1,051
Contracts Modification	(81)	-	(81)
2020.12.31	$1,517	$286	$1,803
Net carrying amount:	$2,086	$763	$2,849

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Total
Cost:			
2019.1.1	$3,956	$-	$3,956
Additions	-	-	-
2019.12.31	$3,956	$-	$3,956
Depreciation:			
2019.1.1	$-	$-	$-
Depreciation	833	-	833
2019.12.31	$833	$-	$833
Net carrying amount:	$3,123	$-	$3,123

The Company's additions to right-of-use assets for the years ended 31 December 2020 and 2019 amounted to $1,049 and $0.

ii. Lease liabilities

	As at 31 December	
	2020	2019
Lease liabilities	$2,812	$3,147
Current	$1,130	$822
Non-current	$1,682	$2,325

Statement of Lease liabilities

Item	Period	Discount rates	As at 31 December 2020
Land	2013/10/1-2023/9/30	1.53%	$2,054
Buildings	2020/04/01-2022/12/31	1.37%	$758

Please refer to Note 6(23)(c) for the interest on lease liabilities recognized during the year ended 31 December 2020 and 2019, and refer to Note 12(1)(e) Liquidity Risk Management for the maturity analysis for lease liabilities as at 31 December 2020 and 2019.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	As at 31 December	
	2020	2019
Land	$765	$833
Buildings	286	-
	$1,051	$833

C. Income and costs relating to leasing activities

	As at 31 December	
	2020	2019
The expenses relating to short-term leases	$1,638	$1,511
Low-value assets (Not including the expenses relating to short-term leases of low-value assets)	-	-
Payments not included in the measurement of lease liabilities	475	-
Total	$2,113	$1,511

As at the year ended at December 31 2020, the related rent reductions of $43 directly resulted from Covid-19 were recognized in other income to reflect changes in lease payment caused by relevant expedient practices.

D. Cash outflow relating to leasing activities

The Company's total cash outflows for leases for the year ended 31 December 2020 and 2019 amounted to $3,186 and $2,375.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(21) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2020 and 2019:

Function / Nature	2020			2019		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$-	$221,329	$221,329	$-	$213,324	$213,324
Labor and health insurance	-	15,974	15,974	-	15,637	15,637
Pension	-	8,572	8,572	-	8,037	8,037
Directors’ remuneration	-	9,140	9,140	-	9,343	9,343
Other employee benefits expense	-	6,576	6,576	-	6,097	6,097
Depreciation	-	14,207	14,207	-	13,181	13,181
Amortization	-	11,598	11,598	-	12,680	12,680

The number of employees of the Company for the years ended 31 December 2020 and 2019 were 205 and 197, respectively. There were 7 and 7 non-employee directors for both years.

The average employee benefits expense for the year ended 31 December 2020 and 2019 were $1,275 and $1,279, respectively.

The average salary and bonus for the year ended 31 December 2020 and 2019 were $1,118 and $1,123, respectively. The average salary and bonus decreased by (0.45%) year over year.

The Company has set up an audit committee to replace the supervisor. Therefore, no supervisor compensation was recognized.

The Company’s compensation policy is to regularly evaluate and review the compensation of directors and executive officers by the remuneration committee, and the compensation policy for employees is reviewed annually to provide employees with market-competitive compensation.

According to the Company's Articles of Incorporation, when there is profit in current year, the Company shall set no less than 2% as employees' compensation and no higher than 2% as directors' remuneration. However, profit should be used to offset against any accumulated deficit prior to the aforementioned compensation and remuneration. 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 cash. Such distribution shall be reported at the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and directors' remuneration can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended 31 December 2020, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2020 to be 4% and 0% of profit of the current year, respectively, recognized as salary expense. As such, employees' compensation and remuneration to directors for the year ended 31 December 2020 amount to $13,534 and $0, respectively. The Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2019 to be 3.37% and 0.63% of profit of the current year, respectively. The employees' compensation and remuneration to directors for the year ended 31 December 2019 amount to $13,528 and $2,542, respectively, recognized as salary expense.

A resolution was passed at a board meeting held on 11 March 2021 to distribute $13,215 and $0 in cash as 2020 employees' compensation and remuneration to directors, respectively. The difference of $(319) between the actual employee bonuses and the estimated amount of $13,534 was recognized as an adjustment to current income in 2021.

A resolution was passed at a board meeting held on 5 March 2020 to distribute $13,459 and $2,530 in cash as 2019 employees' compensation and remuneration to directors, respectively. The difference of $(81) between the actual employee bonuses and the estimated amount of $16,070 was recognized as an adjustment to current income in 2020.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(22) Non-operating income and expenses

(a) Other income

	For the years ended 31 December	
	2020	2019
Interest income		
Financial assets measured at amortized cost	$3,226	$8,470
Others	5,532	7,836
Total	$8,758	$16,306

(b) Other gains and losses

	For the years ended 31 December	
	2020	2019
Foreign exchange (losses) gains, net	$(95,067)	$23,457
Gains on financial assets and liabilities at fair value through profit or loss	131,230	38,922
Gains on disposal of Investment	20	8,903
Gains on leases modification, net	86	-
Total	$36,269	$71,282

(c) Finance costs

	For the years ended 31 December	
	2020	2019
Interest on loans from bank	$50,748	$37,657
Interest on lease liabilities	47	55
Total	$50,795	$37,712

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(23) Components of other comprehensive income

For the year ended 31 December 2020:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(1,615)	$-	$(1,615)	$323	$(1,292)
Unrealized gains and losses from equity instrument investments at fair value through other comprehensive income	7,800	-	7,800	-	7,800
Share of other comprehensive income/loss of subsidiaries using equity method - remeasurements of defined benefit plans	(27,041)	-	(27,041)	-	(27,041)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(132,526)	-	(132,526)	-	(132,526)
Total of other comprehensive income	$(153,382)	$-	$(153,382)	$323	$(153,059)

For the year ended 31 December 2019:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(12,390)	$-	$(12,390)	$2,478	$(9,912)
Share of other comprehensive income/loss of subsidiaries using equity method - remeasurements of defined benefit plans	15,493	-	15,493	-	15,493
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(205,507)	-	(205,507)	-	(205,507)
Total of other comprehensive income	$(202,404)	$-	$(202,404)	$2,478	$(199,926)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(24) Income tax

The major components of income tax expense are as follows:

(a) Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2020	2019
Current income tax expense:		
Current income tax charge	$38,502	$58,595
Adjustments in respect of current income tax of prior periods	9,244	-
Deferred tax expense (income):		
Deferred tax expense relating to origination and reversal of temporary differences	(10,406)	(8,017)
Total income tax expense	$37,340	$50,578

(b) Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2020	2019
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$(323)	$(2,478)
Income tax relating to components of other comprehensive income	$(323)	$(2,478)

(c) 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	$324,827	$385,751
Tax at the domestic rates applicable to profits in the country concerned	$64,965	77,150
Tax effect of revenues exempt from taxation	(44,369)	(34,636)
Tax effect of expenses not deductible for tax purposes	7,500	4,153
Deferred tax effect of tax rate change or the imposition of new taxes	9,244	-
Additional income tax on unappropriated earnings	-	3,911
Total income tax expenses recorded in profit or loss	$37,340	$50,578

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d) Deferred tax assets (liabilities) relate to the following:

(a) For the year ended 31 December 2020:

Items	Beginning balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income(loss)	Exchange differences	Ending balance as at 31 December
Temporary difference					
Non-current liability – Defined benefit Liability	$2,497	$(99)	$(323)	$-	$2,919
Allowance for sales discounts	26,189	11,020	-	-	15,169
Unrealized exchange gain or loss	(1,778)	(12,358)	-	-	10,580
Revaluations of financial assets and liabilities at fair value through profit or loss	(1,676)	4,542	-	-	(6,218)
Unrealized payables	-	(13,511)	-	-	13,511
Deferred tax expense/ (income)		$(10,406)	$(323)	$-	
Net deferred tax assets/ (liabilities)	$25,232				$35,961
Reflected in balance sheet as follows:					
Deferred tax assets	$38,086				$51,509
Deferred tax liabilities	$(12,854)				$(15,548)

(b) For the year ended 31 December 2019:

Items	Beginning balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income(loss)	Exchange differences	Ending balance as at 31 December
Temporary difference					
Non-current liability – Defined benefit Liability	$(59)	$(78)	$(2,478)	$-	$2,497
Allowance for sales discounts	27,207	1,018	-	-	26,189
Unrealized exchange gain or loss	(10,451)	(8,673)	-	-	(1,778)
Revaluations of financial assets and liabilities at fair value through profit or loss	(1,960)	(284)	-	-	(1,676)
Deferred tax expense/ (income)		$(8,017)	$(2,478)	$-	
Net deferred tax assets/ (liabilities)	$14,737				$25,232
Reflected in balance sheet as follows:					
Deferred tax assets	$36,625				$38,086
Deferred tax liabilities	$(21,888)				$(12,854)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Unrecognized deferred tax assets

As at 31 December 2020 and 2019, deferred tax assets that have not been recognized amount to $139,541 and $217,322 respectively.

(d) Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Company's overseas subsidiaries, as the Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As at 31 December 2020 and 2019, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to $3,620,967 and $3,235,185 respectively.

(e) The assessment of income tax returns

As at 31 December 2020, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2018

(25) Earnings per share

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

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

	For the years ended 31 December	
	2020	2019
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$287,487	$335,173
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	355,892	354,782
Basic earnings per share (NT$)	$0.81	$0.94
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands of NT$)	$287,487	$335,173
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$287,487	$335,173
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	355,892	354,782
Effect of dilution:		
Employee compensation－stock (in thousands)	1,035	775
Employee stock options (in thousands)	-	1,453
Weighted average number of ordinary shares outstanding after dilution (in thousands)	356,927	357,010
Diluted earnings per share (NT$)	$0.81	$0.94

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

7. RELATED PARTY TRANSACTIONS

The persons who have transactions with the company during the financial reporting period are as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Gerber Plumbing Fixtures LLC	Indirect holding subsidiary
Danze Inc.	Indirect holding subsidiary
Globe Union (Canada) Inc.	Indirect holding subsidiary
GU PLUMBING DE MEXICO SA DE CV.	Direct holding subsidiary
PJH Group Ltd.	Indirect holding subsidiary
Globe Union Germany GmbH & Co.KG	Indirect holding subsidiary
Globe Union Services, Inc.	Indirect holding subsidiary
Shenzhen Globe Union Enterprise Co., Ltd.	Indirect holding subsidiary
Milim G&G Ceramics Co., Ltd.	Indirect holding subsidiary
Qingdao Globe Union Technology Industrial Corp.	Indirect holding subsidiary
Chengxinzhao (Zhangzhou)	Associate

(1) Sales

	For the years ended 31 December	
	2020	2019
Gerber Plumbing Fixtures LLC	$4,602,108	$2,961,823
Globe Union (Canada) Inc.	274,127	237,637
Danze Inc.	992	19,759
Total	$4,877,227	$3,219,219

A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Purchases

	For the years ended 31 December	
	2020	2019
Shenzhen Globe Union Enterprise Co., Ltd.	$3,910,695	$3,725,202
Milim G&G Ceramics Co., Ltd.	1,926,251	2,109,534
GU PLUMBING DE MEXICO SA DE CV.	910,260	-
Total	$6,747,206	$5,834,736

A small portion of the purchase prices between related parties were not significantly different from that with the third parties. For the other purchase prices, there were no comparable goods bought from third party suppliers.

(3) Accounts receivable, net – related parties

	As at 31 December	
	2020	2019
Gerber Plumbing Fixtures LLC	$755,465	$-
Globe Union (Canada) Inc.	87,076	53,736
Danze Inc.	-	21
Total	$842,541	$53,757

(4) Other receivables – related parties

	As at 31 December	
	2020	2019
GU Plumbing de Mexico SA de CV.	$206,480	$60,278
Gerber Plumbing Fixtures LLC	15,596	13,128
Chengxinzhao (Zhangzhou)	1,692	1,692
Globe Union (Canada) Inc.	55	54
Globe Union Germany GmbH & Co.KG	18	-
Danze Inc.	-	28
Total	$223,841	$75,180

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Accounts payable, net – related parties

	As at 31 December	
	2020	2019
Shenzhen Globe Union Enterprise Co., Ltd.	$2,152,191	$1,781,285
Milim G&G Ceramics Co., Ltd.	70,879	9,085
GU Plumbing de Mexico SA de CV.	33,882	-
Total	$2,256,952	$1,790,370

(6) Other payables – related parties

	As at 31 December	
	2020	2019
Globe Union (Canada) Inc.	$8,623	$34,163
Shenzhen Globe Union Enterprise Co., Ltd.	6,157	10,140
Gerber Plumbing Fixtures LLC	3,785	1,256
Globe Union (Bermuda) Ltd.	-	45,121
Globe Union Services, Inc.	-	5,526
Danze Inc.	-	1,946
Total	$18,565	$98,152

(7) Accrued expenses

	As at 31 December	
	2020	2019
Globe Union (Canada) Inc.	$23,516	$11,547
Gerber Plumbing Fixtures LLC	1,828	103
Globe Union Germany GmbH & Co.KG	44	-
Globe Union Services, Inc.	-	9,337
Danze Inc.	-	445
PJH Group Ltd.	-	57
Total	$25,388	$21,489

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Management service expenses

	For the years ended 31 December	
	2020	2019
Globe Union Services, Inc.	$78,850	$117,072
Globe Union (Canada) Inc.	71,153	74,446
Total	$150,003	$191,518

(9) Key management personnel compensation

	For the years ended 31 December	
	2020	2019
Short-term employee benefits	$53,612	$15,519
Post-Employment Benefits	472	429
Share-based payment	2,509	-
Total	$56,593	$15,948

8. ASSETS PLEDGED AS SECURITY

None.

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) On 1 October 2013, the Company has entered into a land lease agreement with the Taichung Branch of the Export Processing Zone Administration. The lease term is ten years, starting from 1 October 2013 to 30 September 2023. The rent is adjusted based on the land price, and current monthly rent is $64.

(2) The Company and its subsidiaries provided endorsement/guarantee to related parties. Please refer to Note 13(1) (b) for more details.

(3) In June 2018, the Company has entered into a syndicated loan agreement with CTBC Bank and ten other lending institutions of syndicated credits, such as O-Bank, E.SUN Commercial Bank, and Taipei Fubon Commercial Bank. The agreement contains the following restrictive covenants:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) The current ratio shall not be lower than 100%.
(b) The liability ratio shall not be higher than 180%.
(c) The interest coverage ratio shall not be lower than 2.

The Company should review these ratios every half year based on the audited annual and semi-annual consolidated financial statements.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None

12. OTHERS

(1) Financial instruments

(a) Categories of financial instruments

Financial assets	As at 31 December	
	2020	2019
Financial assets at fair value through profit or loss:		
Held for trading		
Mandatorily measured at fair value through profit or loss	$31,235	$113,097
Financial assets measured at amortized cost (Note)	1,746,035	1,630,225
Financial assets at fair value through other comprehensive income	39,000	-
Financial liabilities		
Financial liabilities at amortized cost:		
Short-term borrowings	$1,335,000	$1,235,000
Notes and accounts payable	2,363,020	1,870,839
Long-term loans (including current portion with maturity less than 1 year)	2,650,000	2,530,000
Leases liabilities (including current portion with maturity less than 1 year)	2,812	3,147
Financial liabilities at fair value through profit or loss:		
Held for trading	145	-

Note: Including cash and cash equivalents (exclude cash on hand), financial assets measured at amortized cost, notes receivable, trade receivables.

(b) Financial risk management objectives and policies

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

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

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk and interest rate risk.

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

A. Foreign currency risk

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

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period.

The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY.

i. When NTD strengthens against USD by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2020	$-	$14,000
For the year ended 31 December 2019	$-	$10,827

ii. When NTD strengthens against CNY by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2020	$-	$(19,464)
For the year ended 31 December 2019	$-	$(14,317)

For a 1% weakening of NTD against the relevant currencies when all the other factors remain the same, there would be a comparable impact on the pre-tax profit or equity, and the balances above would be negative.

B. Equity price risk

The fair value of the Company's listed and unlisted equity securities and conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are classified under fair value through profit or loss or fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 5% 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 $1,950 and $0 on the equity attributable to the Company for the years ended 31 December 2020 and 2019, respectively.

Please refer to Note 12(1)(i) 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.

C. Interest rate risk

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

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings and entering into interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2020 and 2019 to decrease/increase by $3,985 and $3,765 respectively.

(d) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade 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 Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, ratings from credit rating agencies, historical experiences, prevailing economic condition and the Company's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As at 31 December 2020 and 31 December 2019, amounts receivables from top ten customers represented 91.83% and 80.29% of the total trade receivables of the Company, 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 Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. The Company makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company used simplified approach (Note) to assess the expected credit losses of accounts receivables. As at 31 December 2020 and 2019, the Company's note receivables are not overdue, and the loss allowances was measured at $0 with the Company's expected credit loss estimated at 0%.

Note: By using simplified approach (loss allowance is measured at lifetime expected credit losses), including accounts and notes receivables.

Financial assets are written off when there is no realistic prospect of future recovery (such as when the issuer or the debtor is in financial difficulties or bankruptcy).

(e) Liquidity risk management

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

Non-derivative financial liabilities

	Less than 1year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 Dec. 2020					
Short-term borrowings	$1,338,203	$-	$-	$-	$1,338,203
Notes and accounts payable	2,363,020	-	-	-	2,363,020
Long-term borrowings (including current portion with maturity less than 1 year)	435,335	2,285,620	-	-	2,720,955
Other payables	20,250	-	-	-	20,250
Leases liabilities	1,164	1,703	-	-	2,867

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Less than 1year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 Dec. 2019					
Short-term borrowings	$1,237,824	$-	$-	$-	$1,237,824
Notes and accounts payable	1,870,839	-	-	-	1,870,839
Long-term borrowings (including current portion with maturity less than 1 year)	138,516	1,731,365	756,739	-	2,626,620
Other payables	100,424	-	-	-	100,424
Leases liabilities	864	1,728	648	-	3,240

Derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 Dec. 2020					
Inflows	$-	$-	$-	$-	$-
Outflows	(145)	-	-	-	(145)
Net	$(145)	$-	$-	$-	$(145)

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 Dec. 2019					
Inflows	$-	$-	$-	$-	$-
Outflows	-	-	-	-	-
Net	$-	$-	$-	$-	$-

The table above contains the undiscounted net cash flows of derivative financial liabilities.

(f) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2020:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Total liabilities from financing activities
As at 1 Jan. 2020	$1,235,000	$2,530,000	$3,147	$3,768,147
Cash flows	100,000	120,000	(1,026)	218,974
Non-cash flows (Note)	-	-	691	691
As at 31 December. 2020	$1,335,000	$2,650,000	$2,812	$3,987,812

Note: The Company’s right-of-use assets and lease liabilities increased by $1,049, while right-of-use assets and lease liabilities decreased by $272 and $358, respectively, due to lease termination.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liabilities for the year ended 31 December 2019:

	Short-term borrowings	Long-term borrowings	Leases liabilities	Total liabilities from financing activities
As at 1 Jan. 2019	$998,000	$1,395,769	$3,956	$2,397,725
Cash flows	237,000	1,134,231	(809)	1,370,422
As at 31 December. 2019	$1,235,000	$2,530,000	$3,147	$3,768,147

(g) Fair value of financial instruments

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

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

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

ii. 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.

iii. 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).

iv. 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 Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

v. 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).

B. Fair value of financial instruments measured at amortized cost

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

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(1)(i) for fair value measurement hierarchy for financial instruments of the Company.

(h) Derivative financial instruments

The Company’s derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2020 and 2019 is as follows:

Forward currency contracts

The Company entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Items	Notional Amount (in thousands)	Contract Period
As at 31 Dec. 2020		
Forward currency contract	Sell USD 50,785	From Jan. 2021 to Apr. 2021
As at 31 Dec. 2019		
Forward currency contract	Sell USD 28,900	From Jan. 2020 to Mar. 2020

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

(i) Fair value measurement hierarchy

A. 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 Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company's assets and liabilities

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

As at 31 Dec. 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$31,235	$-	$31,235
Stocks	-	-	-	-
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	39,000	-	-	39,000
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	145	-	145

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As at 31 Dec. 2019

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$10,081	$-	$-	$10,081
Forward foreign exchange contracts	-	8,368	-	8,368
Stocks	-	-	94,648	94,648

Transfers between Level 1 and Level 2 during the period

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

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

None.

(j) Significant assets and liabilities denominated in foreign currencies

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

Unit: Thousands

	As at 31 Dec. 2020			As at 31 Dec. 2019		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
USD	$65,966	28.48	$1,878,712	$54,663	30.08	$1,644,263
CNY	9,634	4.38	42,197	43,921	4.32	189,739
CAD	4,695	22.37	105,027	2,605	23.07	60,097

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As at 31 Dec. 2020			As at 31 Dec. 2019		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial liabilities						
Monetary items:						
USD	$16,809	28.48	$478,720	$18,670	30.08	$561,594
CNY	454,009	4.38	1,988,559	375,339	4.32	1,621,464
CAD	1,437	22.37	32,146	1,981	23.07	45,702
GBP	-	39.43	-	658	39.54	26,017

The Company is unable to disclose foreign exchange gains or losses on significant assets and liabilities denominated in foreign currencies because the Company entities have too many functional currencies. The exchange gains (losses) for the years ended 31 December 2020 and 2019 were $(95,067) and $23,457, respectively.

(k) Capital management

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

(2) The board of directors of the Company resolved on 17 June 2020 to enter into a joint venture with Thai Kin Co., Ltd. to subscribe for 51% shares of its existing subsidiary Paokin Co., Ltd. The investment limit is USD 14,768 thousand or equivalent in Thai baht. As at 31 December 2020, the equity subscription has not yet completed.

13. OTHER DISCLOSURE

The detail information of the Company about the significant transactions, investees and investments in mainland China.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(1) Information at significant transactions

(a) Financing provided to others for the year ended 31 December 2020:

No	Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 3)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Globe Union Industrial Corp.	PJH Group Limited	Other receivable	Yes	$157,720 (GBP 4,000,000)	$157,720 (GBP 4,000,000)	$- GBP -	-	2	$-	For operating	$-	-	$-	$551,728 (Note 2)	$2,206,911 (Note1)
2	Globe Union Industrial Corp.	GU PLUMBING DE MEXICO SA DE CV	Other receivable	Yes	$243,445 (USD 8,450,000)	$240,656 (USD 8,450,000)	$206,480 (USD 7,250,000)	1.8%	2	$-	For operating	$-	-	$-	$551,728 (Note 2)	$2,206,911 (Note1)

Note 1: Total financing was limited to 40% of net equity of the lender as at 31 December 2020.

Note 2: Financing to individual counterparty was limited to 10% of the net equity of the lender as at 31 December 2020.

Note 3: Code 1 represents an intercompany transaction calls for a loan arrangement; code 2 represents short-term financing

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2020:

No	Endorser/ Guarantor	Counterparty		Guarantee Limited Amount for each Counterparty	Maximum balance for the period	Guarantee Amount for the nine-month period ended 30 September 2020	Amount drawn	Value of Collaterals Properties	Ratio of Accumulated Amount of Guarantee Provided to Net Equity of the Latest Financial Statements	Guarantee Limited Amount	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee from Mainland China
		Company Name	Relationship (Note 3)										
1	Globe Union Industrial Corp.	PJH Group Limited	2	$1,655,183 (Note 1)	$31,544	$31,544	$31,544	$-	0.57%	$2,758,639 (Note 2)	Y	-	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note 1: The amount of guarantees/endorsements shall not exceed 30% of net equity of the guarantor as at 31 December 2020.

Note 2: The amount of guarantees/endorsements shall not exceed 50% of net equity of the guarantor as at 31 December 2020.

Note 3: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

(1) A company that has a business relationship with the provider.

(2) A subsidiary in which the provider holds directly over 50% of equity interest.

(3) An investee in which the provider and its subsidiaries hold over 50% of equity interest.

(4) An investee in which the provider holds directly and indirectly over 50% of equity interest.

(5) A company that has provided guarantees to the provider, and vice versa, due to contractual requirements.

(6) An investee in which the provider conjunctly invests with other shareholders, and for which the provider has provided endorsement/guarantee in proportion to its shareholding percentage.

(c) Securities held as at 31 December 2020 (excluding subsidiaries, associates and joint venture):

Company Name	Securities Held	Relationship between Issuer and the Company (Note 1)	Account Stated	As at 31 December 2020			
				Number of shares	Book Value	Ratio(%)	Fair Value
Globe Union Industrial Corp.	Stocks Tai Kin Co., Ltd.	-	Financial assets at fair value through other comprehensive income	600,000	$39,000	1.69%	$39,000

Note 1: The column is not required, if the securities issuer is not related party.

(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.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(g) Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended 31 December 2020:

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd.	Sub-subsidiary	Purchase	$3,910,695	32.16%	180 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(2,152,191)	(77.82%)	-
Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	Sub-subsidiary	Purchase	$1,926,251	15.84%	30 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(70,879)	(2.56%)	-
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Sub-subsidiary	Purchase	$910,260	7.49%	14 days after invoice date	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(33,882)	(1.23%)	-
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsidiary	Sales	$(4,602,108)	(27.43%)	7 days after invoice date	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$755,465	25.15%	-
Globe Union Industrial Corp.	Globe Union (Canada) Inc.	Sub-subsidiary	Sales	$(274,127)	(1.63%)	90 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$87,076	2.90%	-

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as at the year ended 31 December 2020:

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	collection status		
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsidiary	$755,465	12.18 times	$-	-	$755,465	$-

(i) Financial instruments and derivative transactions:

Please refer to Note 6(2), 6(11) and 12(1)(h) for more details on forward foreign exchange contracts.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(j) Significant intercompany transactions between consolidated entities are as follows:
(amount exceeding the lower of NT$100 million or 20 percent of the capital stock)

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
0	Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd	1	Purchases	$3,910,695	Note 4 (1)	23.31%
0	Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd	1	Accounts payable	(2,152,191)	Note 4 (3)	(12.79%)
0	Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	1	Purchases	1,926,251	Note 4 (1)	11.48%
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Purchases	910,260	Note 4 (1)	5.43%
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Other receivables	206,480	Note 4 (4)	1.23%
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Sales	(4,602,108)	Note 4 (2)	(27.43%)
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Accounts receivable	755,465	Note 4 (3)	4.49%
0	Globe Union Industrial Corp.	Globe Union (Canada) Inc.	1	Sales	(274,127)	Note 4 (2)	(1.63%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	2	Sales	(3,910,695) RMB (1,006,192,939)	Note 4 (2)	(23.31%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	2	Accounts receivable	2,152,191 RMB 492,887,904	Note 4 (3)	12.79%
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Germany GmbH & Co.KG	3	Sales	(403,418) RMB (93,757,198)	Note 4 (2)	(2.40%)
2	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Purchases	4,602,108 USD 156,714,292	Note 4 (1)	27.43%
2	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Accounts payable	(755,465) USD (26,526,159)	Note 4 (3)	(4.49%)
3	Milim G&G Ceramics Co., Ltd	Globe Union Industrial Corp.	2	Sales	(1,926,251) RMB (448,218,707)	Note 4 (2)	(11.48%)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
4	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Sales	(910,260) USD (30,829,474)	Note 4 (2)	(5.43%)
4	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Other payables	(206,480) USD (7,250,000)	Note 4 (4)	(1.23%)
5	Globe Union Germany GmbH & Co.KG	Shenzhen Globe Union Enterprise Co., Ltd	3	Purchases	403,418 EUR 11,906,875	Note 4 (1)	2.40%
6	Globe Union (Canada) Inc.	Globe Union Industrial Corp.	2	Purchases	274,127 CAD 12,488,510	Note 4 (1)	1.63%

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: (1) represents the transactions from the parent company to a subsidiary.
(2) represents the transactions from a subsidiary to the parent company.
(3) represents the transaction between subsidiaries.

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

Note 4: (1) A small portion of the purchase prices were different from the general purchase price due to technical and quality differences. The other products were purchased solely from related parties and thus the purchase price can’t be compared with other goods purchased from the third parities.
(2) A small portion of the selling prices between related parties were the same as the general selling price. For the other selling prices, there were no comparable goods sold to the third parties.
(3) Assets and liabilities were offset against each other.
(4) Financing, ratio 1.8%.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Information on investees

(a) Names, locations, main businesses and products, original investment amount, investment as at 31 December 2020, net income (loss) of investee company and investment income (loss) recognized as at 31 December 2020 (excluding investees in Mainland China):

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment Amount		Investment as at 31 December 2020			Net income (loss) of investee company	Investment income (loss) recognized	Note
				31 December 2020	31 December 2019	Number of shares	Percentage of ownership (%)	Book value			
Globe Union Industrial Corp.	Globe Union Industrial (B.V.I.)Corp.	P.O. Box 3340, Road Town, Tortola, British Virgin Islands	Holding company	$1,434,538	$1,434,538	44,427,680	100%	$3,688,633	$203,218	$188,041	Note 1
Globe Union Industrial Corp.	Globe Union (Bermuda) Ltd.	21 Laffan Street, Hamilton HM09, Bermuda	Holding company	$3,098,447	$3,098,447	93,449,027	100%	$3,549,114	$201,623	$259,855	Note 1
Globe Union Industrial Corp.	Globe Union Cayman Corp.	Scotia Center, 4th Floor ,P.O. Box 2804, GerogeTown, Grand Cayman, Cayman Islands	Holding company	$2,590,324	$2,590,324	81,555,901	100%	$1,290,036	$113,750	$113,750	
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Blvd. Isidro López Zertuche No. 3745 La Salle, Saltillo, Coahuila, 25240 Mexico	Manufacturing and selling sanitary ceramic wares	$1,736,117	$1,516,798	1,078,362,220	100%	$1,120,085	$(386,085)	$(386,085)	Note 2

Note 1: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from upstream/downstream transactions.

Note 2: The Company established a subsidiary, GU PLUMBING de MEXICO S.A. de C.V., in Mexico in August 2019.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Information on significant transactions of investees on which the Company exercises significant influence:

A. Financing provided:

No	Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 3)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Globe Union Industrial Corp.	PJH Group Limited	Other receivable	Yes	$157,720 (GBP 4,000,000)	$157,720 (GBP 4,000,000)	$- GBP -	-	2	$-	For operating	$-	-	$-	$551,728 (Note 2)	$2,206,911 (Note1)
2	Globe Union Industrial Corp.	GU PLUMBING DE MEXICO SA DE CV	Other receivable	Yes	$243,445 (USD 8,450,000)	$240,656 (USD 8,450,000)	$206,480 (USD 7,250,000)	1.8%	2	$-	For operating	$-	-	$-	$551,728 (Note 2)	$2,206,911 (Note1)

Note 1: Total financing was limited to 40% of net equity of the lender as at 31 December 2020.

Note 2: Financing to individual counterparty was limited to 10% of the net equity of the lender as at 31 December 2020.

Note 3: Code 1 represents an intercompany transaction calls for a loan arrangement; code 2 represents short-term financing

B. Endorsement/Guarantee provided:

No	Endorser/ Guarantor	Counterparty		Guarantee Limited Amount for each Counterparty	Maximum balance for the period	Guarantee Amount for the nine-month period ended 30 September 2020	Amount drawn	Value of Collaterals Properties	Ratio of Accumulated Amount of Guarantee Provided to Net Equity of the Latest Financial Statements	Guarantee Limited Amount	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee from Mainland China
		Company Name	Relationship (Note 3)										
1	Globe Union Industrial Corp.	PJH Group Limited	2	$1,655,183 (Note 1)	$31,544	$31,544	$31,544	$-	0.57%	$2,758,639 (Note 2)	Y	-	-

Note 1: The amount of guarantees/endorsements shall not exceed 30% of net equity of the guarantor as at 31 December 2020.

Note 2: The amount of guarantees/endorsements shall not exceed 50% of net equity of the guarantor as at 31 December 2020.

Note 3: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

(1) A company that has a business relationship with the provider.

(2) A subsidiary in which the provider holds directly over 50% of equity interest.

(3) An investee in which the provider and its subsidiaries hold over 50% of equity interest.

(4) An investee in which the provider holds directly and indirectly over 50% of equity interest.

(5) A company that has provided guarantees to the provider, and vice versa, due to contractual requirements.

(6) An investee in which the provider conjunctly invests with other shareholders, and for which the provider has provided endorsement/guarantee in proportion to its shareholding percentage.

C. Securities held as at 31 December 2020 (excluding subsidiaries, associates and joint venture): None.

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

G. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended 31 December 2020:

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	$(3,910,695) RMB (1,006,192,939)	(23.31%)	180 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$2,152,191 RMB 492,887,904	71.65%	-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Germany GmbH & Co.KG	Associate	Sales	$(403,418) RMB (93,757,198)	(2.40%)	120 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$85,457 RMB 19,510,760	2.84%	-
Globe Union (Canada) Inc.	Globe Union Industrial Corp.	Group direct parent company	Purchase	$274,127 CAD 12,488,510	2.25%	90 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(87,076) CAD (3,892,514)	(3.15%)	-
Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	Group direct parent company	Purchase	$4,602,108 USD 156,714,292	37.85%	7 days after invoice date	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(755,465) USD (26,526,159)	(27.32%)	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Milim G&G Ceramics Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	$(1,926,251) RMB (448,218,707)	(11.48%)	30 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$70,879 RMB 16,182,330	2.36%	-
Globe Union Germany GmbH & Co.KG	Shenzhen Globe Union Enterprise Co., Ltd.	Associate	Purchase	$403,418 EUR 11,906,875	3.32%	120 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(85,457) EUR (2,445,877)	(3.09%)	-
GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	Group direct parent company	Sales	$(910,260) USD (30,829,474)	(5.43%)	14 days after invoice date	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$33,882 USD 1,189,668	1.13%	-

H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as at 31 December 2020:

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	collection status		
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	$2,152,191 RMB 492,887,904	2.22 times	$-	-	$365,704 RMB 83,493,959	$-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

I. Transactions of derivative financial instruments:

Company Name	Item	Transaction	Nominal Amount	Contract Period	Fair Value
PJH Group LTD	Forward currency contract	Sell	GBP 760 thousand	2020/11-2021/01	$(842)
	Forward currency contract	Sell	GBP 1,757 thousand	2020/12-2021/01	(1,257)
	Forward currency contract	Sell	GBP 743 thousand	2020/12-2021/02	(372)
	Forward currency contract	Sell	GBP 11 thousand	2020/12-2021/03	(2)
				Subtotal	$(2,473)
Shenzhen Globe Union Enterprise Co., Ltd.	Forward currency contract	Sell	EUR 2,000 thousand	2021/01-2021/01	$(155)
	Forward currency contract	Sell	EUR 1,000 thousand	2021/02-2021/02	(288)
	Forward currency contract	Sell	USD 1,000 thousand	2021/01-2021/01	(47)
				Subtotal	$(490)

(3) Information on investments in mainland China

(a) Information on investments in mainland China from the Company through Globe Union Industrial (B.V.I) Corp. and Globe Union (Bermuda) Ltd. as at 31 December 2020:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as at 1 January 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as at 31 December 2020	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as at 31 December 2020	Accumulated Inward Remittance of Earnings as at31 December 2020
					Outflow	Inflow						
Shenzhen Globe Union Enterprise Co., Ltd.	Manufacturing and selling plumbing products	$1,666,414 (RMB 380,459,896)	Investment in Mainland China companies through a company invested and established in a third region	$-	$-	$-	$-	$174,398	100%	$174,398 (Note 1)	$2,966,476	$188,508

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as at 1 January 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as at 31 December 2020	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as at 31 December 2020	Accumulated Inward Remittance of Earnings as at31 December 2020
					Outflow	Inflow						
Milim G&G Ceramics Co., Ltd.	Manufacturing and selling sanitary ceramic wares	$1,067,879 (RMB 243,808,100)	Investment in Mainland China companies through a company invested and established in a third region	$478,015 (USD 16,784,252)	$-	$-	$478,015 (USD 16,784,252)	$68,251	100%	$68,251 (Note 1)	$1,382,739	$-

Accumulated Investment in Mainland China as at 31 December 2020 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$478,015 (USD 16,784,252)	$1,580,194 (USD 55,484,324)	Not applicable (Note 2)

Note 1: Based on the financial statements reviewed by the certified accountants of the parent company in Taiwan.

Note 2: According to Letter No. Shen-Zi-09704604680 issued by Ministry of Economic Affairs, R.O.C., the Company's investment in Mainland China is not limited to 60% of net worth or consolidated net worth specified by the Investment Commission.

Note 3: The accumulated investment amount in Mainland China as at 31 December 2020 was USD16,784,252. the information of the existing investee companies is as follows:

i. The accumulated investment in Mainland China subsidiaries that were disposed of by the Company (Shenzhen Globe Union Industrial Corp., Qingdao Lin Hong Precision Industrial Corp., and Qingdao Globe Union Technology Industrial Corp.) in the amount of USD 22,441,000 has not been included.

ii. The accumulated amount of dividends distributed by mainland subsidiaries that were not included in the above amount is as the following: Shenzhen Globe Union Industrial Corp.: USD 2,666,816; Shenzhen Globe Union Enterprise Co., Ltd.: USD 5,374,001.

(b) Please refer to Note 13(1) and (2) for more details on the significant transactions between the Company and investees in Mainland China.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Information on major shareholders:

31 December 2020

Shares / Name	Shareholding	Shareholding ratio
Yue Feng International Co., Ltd. Investment account under the custody of Taishin Bank	26,159,515	7.30%
Ming-Ling Co., Ltd. (Representative: Scott Ouyoung)	23,366,692	6.52%
Su-Hsiang Ou Young Chang	21,637,899	6.04%
Trust property account of Scott Ouyoung at the Taipei Branch of the United Bank of Switzerland	20,558,787	5.74%
Lei Ouyang	20,373,132	5.68%
Scott Ouyoung	20,000,000	5.58%
Hsien Ou Yang	19,999,772	5.58%

Note:

1. The main shareholder information in the table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The information included the total number of ordinary shares and special shares held by the shareholders, which have completed the delivery and registration of dematerialized shares (including treasury shares) that reached 5%. The share capital stated in the Company's financial report and the number of dematerialized shares actually delivered and registered by the Company may differ because the calculation bases were different.

2. If the above information included the shareholder's shares transferred to the trust, it will be disclosed by the trustee who opened the trust account individually. As for shareholders who declared insider equity holding for more than 10% of shareholding in accordance with the Securities Exchange Act, such shareholdings shall include their shareholdings plus their shares that have been delivered to the trust and shares of the trust that they have control of. Please refer to the information on insider equity declaration in the “Market Observation Post System” on the website of the TWSE.

GLOBE UNION INDUSTRIAL CORP.

STATEMENTS OF MAJOR ACCOUNTING ITEMS
For the Year Ended 31 December 2020

GLOBE UNION INDUSTRIAL CORP.

1. Statement of Cash and Cash Equivalents

31 December 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Item		Description	Amount	Note
Cash on hand			$328	
Cash in banks				
Demand deposits			$40,512	
Checking accounts			5	
Foreign currency deposits			230,029	
	RMB	9,634,366.83		
	USD	6,552,932.58		
	HKD	121,799.02		
	CAD	18,887.66		
	GBP	6,987.67		
	EUR	1,778.32		
	AUD	3.92		
Subtotal			270,546	
Total			$270,874	

GLOBE UNION INDUSTRIAL CORP.

2. Statement of Accounts Receivable, Net

31 December 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Client Name	Description	Amount		Note
		Subtotal	Total	
Non-related Parties				
Client A		$302,972		
Client B		89,901		
Client C		81,367		
Client D		54,418		
Client E		38,048		
Others (Note)		142,091	$708,797	
Less: Allowance for sales returns and discounts			(75,849)	
Subtotal			632,948	
Related Parties				
Gerber Plumbing Fixtures LLC		755,465		
Globe Union (Canada) Inc.		87,076		
Subtotal			842,541	
Total			$1,475,489	

(Note) The amount of individual client included in others does not exceed 5% of the account balance of accounts receivable- non related parties.

GLOBE UNION INDUSTRIAL CORP.

3. Statement of Inventories

31 December 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Item	Cost			Net Realizable Value		Note
	Normal inventory	Obsolete inventory	Total	Normal inventory	Obsolete inventory	
Merchandise	$294,685	$-	$294,685	$321,442	$-	Please refer to Note 4(10) for more details on net realizable value.
Total	$294,685	$-	294,685	$321,442	$-	
Less: Allowance for inventory valuation			-			
Net			$294,685			

GLOBE UNION INDUSTRIAL CORP.

4. Statement of Changes in Investments Accounted for Using Equity Method

31 December 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Name of Company	Balance as at 1 January 2020		Additions		Decrease		Share of profit or loss of associates and joint ventures	Unrealized Profit (Note 3)	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Share of changes in net assets of associates and joint ventures accounted for using the equity method	Balance as at 31 December2020			Market Value or Net Assets Value		Method of valuation	Guarantee	Note
	Shares	Amount	Shares	Amount	Shares	Amount						Shares	%	Amount of Money	Unit Price	Total Amount			
Globe Union Industrial (B.V.I.) Corp.	44,427,680	$3,456,308	-	(Note 1) $18		$-	188,041	$-	$44,266	$-	$-	44,427,680	100%	$3,688,633		$3,717,707	Equity Method	None	
Globe Union (Bermuda) Ltd.	93,449,027	3,444,385	-	(Note 1) 1,546		-	195,072	32,689	(116,841)	(7,737)	-	93,449,027	100%	3,549,114		3,803,841	Equity Method	None	
Globe Union Cayman Corp.	81,555,901	1,182,817	-	(Note 1) 758		-	113,750	-	9,990	(17,279)	-	81,555,901	100%	1,290,036		1,290,036	Equity Method	None	
GU PLUMBING de MEXICO S.A. de C.V.	941,942,420	1,358,817	136,419,800	(Note 2) 219,319		-	(386,085)	-	(69,941)	(2,025)	-	1,078,362,220	100%	1,120,085		1,120,085	Equity Method	None	
Total		$9,442 327		$221,641		$-	$110,778	$32,689	$(132,526)	$(27,041)	$-			$9,647,868		$9,931,669			

Note 1：The Company issued employee stock options to subsidiaries- Globe Union Industrial (B.V.I.) Corp., Globe Union (Bermuda) Ltd. and Globe Union Cayman Corp.

Note 2：The Company increased cash capital of $219,319 in subsidiary: GU PLUMBING de MEXICO S.A. de C.V..

Note 3：Adjustments in prior periods were included in unrealized gross profit.

GLOBE UNION INDUSTRIAL CORP.

5. Statement of Short-term Loans

31 December 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Type	Lenders	As at 31 December 2020	Contract Period	Range of Interest Rates (%)	Line of credit (in thousands)	Guarantee	Note
Credit	Taipei Fubon Commercial Bank	$335,000	2020/8/31~2021/2/25		USD 12,000	None	
Credit	HSBC	350,000	2020/9/4~2021/3/19	0.83%-1.10%	USD 13,000	None	
Credit	E.SUN Commercial Bank	300,000	2020/12/18~2021/1/15		NTD 300,000	None	
Credit	Bangkok Bank	190,000	2020/10/23~2021/3/29		NTD 300,000	None	
Credit	Mega Bank	60,000	2020/11/19~2021/5/18		USD 5,000	None	
Credit	Chang Hwa Bank	50,000	2020/12/25~2021/3/4		NTD 400,000	None	
Credit	Taishin Bank	50,000	2020/12/23~2021/1/22		NTD 50,000	None	
	Total	$1,335,000					

GLOBE UNION INDUSTRIAL CORP.

6. Statement of Accounts Payable, Net

31 December 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Item	Description	Amount	Note
Supplier A		$24,679	
Supplier B		21,015	
Supplier C		17,885	
Supplier D		10,997	
Supplier E		8,950	
Supplier F		7,495	
Supplier G		6,916	
Others (Note)		8,131	
Total		$106,068	

(Note) The amount of individual supplier included in others does not exceed 5% of the account balance of accounts payable, net.

GLOBE UNION INDUSTRIAL CORP.

7. Statement of Accrued Income Tax

31 December 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Item	Description	Amount	Note
Beginning balance		$63,448	
Add: provision for income tax		47,746	
Add：Additional income tax on unappropriated earnings		-	
Less: income tax paid		(63,473)	
Ending balance		$47,721	

GLOBE UNION INDUSTRIAL CORP.

8. Statement of Other Payables

31 December 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Item	Description	Amount		Note
		Subtotal	Total	
Other payables - related parties				
Globe Union (Canada) Inc.		$8,623		
Shenzhen Globe Union Enterprise Co., Ltd.		6,157		
Gerber Plumbing Fixtures Corp		3,785	$18,565	
Others			1,685	
Total			$20,250	

GLOBE UNION INDUSTRIAL CORP.

9. Statement of Net Sales

31 December 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Item	Quantity	Amount	Note
Goods purchased	21,697,883 PCS	$8,481,882	

GLOBE UNION INDUSTRIAL CORP.

10. Statement of Cost of Sales

31 December 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Item	Amount	Note
(1) Cost of sales		
Beginning balance of inventory	$255,192	
Add: goods purchased	7,474,054	
Freight	248,638	
Less: transferred to sample expenses	(927)	
Ending balance of inventory	(294,685)	
Cost of sales of goods purchased	7,682,272	
(2) Adjustments	-	
(3) Write-down of excess and obsolete inventory	-	
Total cost of sales	$7,682,272	

GLOBE UNION INDUSTRIAL CORP.

11. Statement of Operating Expenses

31 December 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Item	Selling expenses	General and Administrative Expense	Research and development expenses	Total	Note
Payroll and related expense	$44,790	$154,264	$39,588	$238,642	
Labor and health insurance	3,807	8,684	3,483	15,974	
Insurance	16,027	900	18	16,945	
Professional service fees	69,541	45,335	1,403	116,279	
Management fees	150,003	-	-	150,003	
Others (Note)	37,288	57,830	11,615	106,733	
Total	$321,456	$267,013	$56,107	$644,576	

(Note) The amount of each item in others does not exceed 5% of the account balance.