POYA INTERNATIONAL CO., LTD.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020 AND 2019

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of POYA International Co., Ltd.

Opinion

We have audited the accompanying balance sheets of POYA International Co., Ltd. as at December 31, 2020 and 2019, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for POYA International Co., Ltd. financial statements of the current period are stated as follows:

Completeness and accuracy of franchising retail sales revenue

Description

Refer to Note 4(18) "Revenue recognition" for accounting policies on retail franchising.

In retail franchising, merchandise information such as name, cost, retail price, price changes and annual sales discount is first established. The point of sales system (henceforth POS) is used to run the merchandise information automatically. Each store gathers sales transactions by the end of the day. The system will aggregate all the information of transactions and then upload to ERP system to generate sales revenue journal entries. In addition, each store has to file cash report daily including cash, gift vouchers, credit cards, and electronic payment devices and reconcile with system data. Cash collections are deposited with the banks periodically.

Due to numerous transactions with small amount, retail franchising highly relies on POS and ERP system to generate reliable and accurate data. Thus, we identified the completeness and accuracy of retail franchising sales revenue as a key audit matter.

How our audit addressed the matter

Our procedures in relation to the above key audit matter included:

1. Checking randomly whether the merchandise information has been properly approved and attached with relevant evidence whenever merchandise information is created or changed;
2. Checking randomly whether the merchandise information has been transferred to POS system;
3. Checking randomly whether all the sales that were recorded in the POS are periodically transferred to ERP system and recorded in operating revenue journal entry automatically;
4. Reviewing the reasons and the relevant evidences for manual adjusting journal entries that are related to retail franchising sales revenue; and
5. Reviewing whether stores' cash deposits amounts recorded on the daily cash report are in accordance with bank remittance amounts.

Calculation of cost to retail ratio of retail inventory method

Description

Refer to Note 4(6) for accounting policies on inventory and Note 6(3) "Inventory" for related information on inventory and cost of sales.

Due to various kinds of merchandise, retail inventory method is used to estimate cost of inventory and cost of goods sold which are both calculated using the rate of cost of goods purchased to retail value of goods purchased (known as cost to retail ratio). The calculation of cost to retail ratio is generated automatically by the ERP system and highly relies on the goods purchased both at cost and retail price.

Thus, we identified the accuracy and reliability of calculation of cost to retail ratio of retail inventory method as a key audit matter.

How our audit addressed the matter

Our procedures in relation to the above key audit matter included:

1. Conducting interviews with management to obtain an understanding of the calculation of cost to retail ratio in the calculation system of retail inventory method and determining whether it has been consistently applied in the comparative periods of financial statements;
2. Checking randomly whether the merchandise information has been properly approved and attached with relevant evidence whenever merchandise information is created or changed;
3. Confirming whether the records of cost of inventory purchased in POS are transferred to ERP periodically and completely and the records could not be changed manually; and
4. Checking the computation for the correctness of cost to retail ratio.

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

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period 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.

Liu, Tzu-Meng

Independent Accountants

Lin, Tzu-Shu

PricewaterhouseCoopers, Taiwan
Republic of China
February 22, 2021

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

POYA INTERNATIONAL CO., LTD.
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,724,114	7	$ 1,280,186	7
1150	Notes receivable, net	6(2)	10,670	-	4,499	-
1170	Accounts receivable, net	6(2)	964,592	4	844,383	4
1200	Other receivables		4,430	-	1,953	-
130X	Inventories	6(3)	4,076,533	18	3,473,481	18
1410	Prepayments	6(4)	38,566	-	25,940	-
1476	Other current financial assets	8	8,287	-	6,287	-
11XX	**Total current assets**		6,827,192	29	5,636,729	29
	Non-current assets					
1600	Property, plant and equipment, net	6(5)	3,378,801	15	2,948,424	15
1755	Right-of-use assets	6(6) and 7	12,529,061	54	10,630,411	54
1840	Deferred income tax assets	6(20)	22,830	-	41,787	-
1920	Refundable deposits	6(6)	395,834	2	357,190	2
1980	Other non-current financial assets	8	8,000	-	8,000	-
1990	Other non-current assets		15,374	-	14,108	-
15XX	**Total non-current assets**		16,349,900	71	13,999,920	71
1XXX	**Total assets**		$ 23,177,092	100	$ 19,636,649	100

(Continued)

POYA INTERNATIONAL CO., LTD.
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2020 AMOUNT	%	December 31, 2019 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(13)	$ 33,079	-	$ 31,231	-
2150	Notes payable		54,218	-	53,959	-
2170	Accounts payable		2,372,431	10	2,026,329	11
2200	Other payables	6(7)	690,696	3	621,273	3
2230	Current income tax liabilities	6(20)	298,696	2	278,553	2
2280	Current lease liabilities	6(6) and 7	1,413,632	6	1,194,653	6
2310	Receipts in advance		6	-	191	-
2320	Long-term liabilities, current portion	6(8)	1,171,728	5	647,284	3
21XX	**Total current liabilities**		6,034,486	26	4,853,473	25
	Non-current liabilities					
2540	Long-term borrowings	6(8)	1,214,908	5	1,011,635	5
2570	Deferred income tax liabilities	6(20)	5,051	-	4,696	-
2580	Non-current lease liabilities	6(6) and 7	11,074,245	48	9,361,042	48
2640	Net defined benefit liabilities-non-current	6(9)	7,218	-	5,501	-
2645	Guarantee deposits received		13,232	-	9,268	-
25XX	**Total non-current liabilities**		12,314,654	53	10,392,142	53
2XXX	**Total liabilities**		18,349,140	79	15,245,615	78
	Equity					
	Share capital					
3110	Common stock	6(10)	976,850	4	976,850	5
3200	Capital surplus	6(11)	640,419	3	640,419	3
	Retained earnings	6(12)				
3310	Legal reserve		1,069,392	5	883,463	4
3350	Unappropriated retained earnings		2,141,291	9	1,890,302	10
3XXX	**Total equity**		4,827,952	21	4,391,034	22
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
3X2X	**Total liabilities and equity**		$ 23,177,092	100	$ 19,636,649	100

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

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	Year ended December 31 2020 AMOUNT	%	2019 AMOUNT	%
4000	Operating revenue	6(13)	$ 17,538,838	100	$ 15,787,694	100
5000	Operating costs	6(3)(6)(9)(18)(19)	(9,966,051)	(57)	(8,963,459)	(57)
5900	Net operating margin		7,572,787	43	6,824,235	43
	Operating expenses	6(6)(9)(18)(19) and 7				
6100	Selling expenses		(4,372,012)	(25)	(3,895,378)	(25)
6200	General and administrative expenses		(550,556)	(3)	(499,683)	(3)
6000	Total operating expenses		(4,922,568)	(28)	(4,395,061)	(28)
6900	Operating profit		2,650,219	15	2,429,174	15
	Non-operating income and expenses					
7100	Interest income	6(14)	2,817	-	2,821	-
7010	Other income	6(15)	63,791	1	52,659	1
7020	Other gains and losses	6(6)(16)	21,327	-	(12,758)	-
7050	Finance costs	6(5)(6)(17) and 7	(131,921)	(1)	(113,165)	(1)
7000	Total non-operating income and expenses		(43,986)	-	(70,443)	-
7900	**Profit before income tax**		2,606,233	15	2,358,731	15
7950	Income tax expense	6(20)	(496,110)	(3)	(472,004)	(3)
8200	**Net income for the year**		$ 2,110,123	12	$ 1,886,727	12
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit obligation	6(9)	($ 3,489)	-	($ 2,414)	-
8349	Income tax relating to the components of other comprehensive income that will not be reclassified to profit or loss	6(20)	698	-	483	-
8300	**Total other comprehensive loss for the year**		($ 2,791)	-	($ 1,931)	-
8500	**Total comprehensive income for the year**		$ 2,107,332	12	$ 1,884,796	12
	Earnings per share (in dollars)	6(21)				
9750	Basic		$ 21.60		$ 19.31	
9850	Diluted		$ 21.54		$ 19.24	

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

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

			Capital Surplus	Retained Earnings		
	Notes	Common stock	Additional paid-in capital	Legal reserve	Unappropriated retained earnings	Total equity
Year ended December 31, 2019						
Balance at January 1, 2019		$ 976,850	$ 640,419	$ 712,549	$ 1,740,468	$ 4,070,286
Effects of retrospective application		-	-	-	(25,509)	(25,509)
Adjusted balance at January 1, 2019		976,850	640,419	712,549	1,714,959	4,044,777
Net income for the year ended December 31, 2019		-	-	-	1,886,727	1,886,727
Other comprehensive loss for the year ended December 31, 2019		-	-	-	(1,931)	(1,931)
Total comprehensive income for the year ended December 31, 2019		-	-	-	1,884,796	1,884,796
Distribution of 2018 net income:						
Legal reserve		-	-	170,914	(170,914)	-
Cash dividends	6(12)	-	-	-	(1,538,539)	(1,538,539)
Balance at December 31, 2019		$ 976,850	$ 640,419	$ 883,463	$ 1,890,302	$ 4,391,034
Year ended December 31, 2020						
Balance at January 1, 2020		$ 976,850	$ 640,419	$ 883,463	$ 1,890,302	$ 4,391,034
Net income for the year ended December 31, 2020		-	-	-	2,110,123	2,110,123
Other comprehensive loss for the year ended December 31, 2020		-	-	-	(2,791)	(2,791)
Total comprehensive income for the year ended December 31, 2020		-	-	-	2,107,332	2,107,332
Distribution of 2019 net income:						
Legal reserve		-	-	185,929	(185,929)	-
Cash dividends	6(12)	-	-	-	(1,670,414)	(1,670,414)
Balance at December 31, 2020		$ 976,850	$ 640,419	$ 1,069,392	$ 2,141,291	$ 4,827,952

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

POYA INTERNATIONAL CO., LTD.
STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 2,606,233	$ 2,358,731
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(5)(6)(18)	2,001,145	1,751,958
Loss on disposal of property, plant and equipment	6(16)	3,933	12,740
Gain from leases modification	6(6)(16)	(28,660)	(13)
Interest income	6(14)	(2,817)	(2,821)
Interest expense	6(17)	131,921	113,165
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(6,171)	1,234
Accounts receivable		(120,209)	(30,840)
Other receivables		(2,477)	894
Inventories		(603,052)	(437,170)
Prepayments		(12,626)	(9,499)
Changes in operating liabilities			
Current contract liabilities		1,848	2,605
Notes payable		259	(7,714)
Accounts payable		346,102	197,788
Other payables		42,306	56,220
Receipts in advance		(185)	63
Net defined benefit liabilities-non-current		(1,772)	(1,727)
Cash inflow generated from operations		4,355,778	4,005,614
Interest received		2,817	2,821
Interest paid		(131,921)	(113,165)
Income tax paid		(455,957)	(500,997)
Net cash flows from operating activities		3,770,717	3,394,273
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in other current financial assets		(2,000)	11,690
Acquisition of property, plant and equipment	6(22)	(994,827)	(711,311)
Interest paid for acquisition of property, plant and equipment	6(5)(17)(22)	(761)	(949)
Proceeds from disposal of property, plant and equipment		3,242	2,000
Acquisition of right-of-use assets	6(6)	(70,672)	(60,788)
Increase in refundable deposits		(38,644)	(51,761)
Increase in other non-current financial assets		-	(3,000)
Increase in other non-current assets		(1,266)	(660)
Net cash flows used in investing activities		(1,104,928)	(814,779)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings	6(23)	1,940,000	1,875,184
Repayment of long-term borrowings	6(23)	(1,212,283)	(1,775,898)
Repayment of lease principal	6(23)	(1,283,128)	(1,109,642)
Increase in guarantee deposits received	6(23)	3,964	2,490
Cash dividends paid	6(12)	(1,670,414)	(1,538,539)
Net cash flows used in financing activities		(2,221,861)	(2,546,405)
Net increase in cash and cash equivalents		443,928	33,089
Cash and cash equivalents at beginning of year	6(1)	1,280,186	1,247,097
Cash and cash equivalents at end of year	6(1)	$ 1,724,114	$ 1,280,186

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

POYA INTERNATIONAL CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019
(Expressed in thousands of New Taiwan dollars, expect as otherwise indicated)

1. HISTORY AND ORGANIZATION

(1) POYA International Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in selling fashion accessories, arts and crafts, food, stationery, hardware and a variety of products.

(2) The common shares of the Company have been listed on the Taipei Exchange since September 2002.

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

These financial statements were authorized for issuance by the Board of Directors on February 22, 2021.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

Amendment to IFRS 16, 'Covid-19-related rent concessions'

This amendment provides a practical expedient for lessees from assessing whether a rent concession related to COVID-19, and that meets all of the following conditions, is a lease modification:

(a) Changes in lease payments result in the revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) Any reduction in lease payments affects only payments originally due on or before June 30, 2021; and

(c) There is no substantive change to other terms and conditions of the lease.

Any lease payment changes caused by the rent concessions will be accounted for as variable lease payments during the concession period.

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

Defined benefit liabilities are recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements requires in conformity with IFRSs the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

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

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

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

D. In the statement of comprehensive income, all foreign exchange gains and losses are presented in "Other gains and losses".

(4) Classification of current and non-current items

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

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

b. Assets held mainly for trading purposes;

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

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

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

a. Liabilities that are expected to be paid off within the normal operating cycle;

b. Liabilities arising mainly from trading activities;

c. Liabilities that are to be paid off within twelve months from the balance sheet date;

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

(5) Cash equivalents

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

(6) Accounts and notes receivable

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

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

(7) Inventories

Inventories are initially recognized at cost and at the end of the year, all inventories are stated at the lower of cost and net realizable value.

(8) Impairment of financial assets

At each reporting date, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for lifetime expected credit losses (ECLs).

(9) Derecognition of financial assets

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

(10) Property, plant and equipment

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

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

C. Property, plant and equipment apply the cost model. Except for land, other property, plant and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.

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

Asset	Useful lives
Transportation equipment	5 years
Office equipment	2~15 years
Leasehold improvements	3~50 years
Other equipment	5~20 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

a. The amount of the initial measurement of lease liability;
b. Any lease payments made at or before the commencement date;
c. Any initial direct costs incurred by the lessee.

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize the difference between remeasured lease liability in profit or loss.

(12) Impairment of non-financial assets

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

(13) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

(14) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

(15) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(16) Employee benefits

A. Short-term employee benefits

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

B. Pensions

a. Defined contribution plan

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

b. Defined benefit plan

I. The liability recognized in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds (at the balance sheet date).

II. Remeasurement arising on defined benefit plan is recognized in other comprehensive income in the period in which they arise, and presented in retained earnings.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(17) Income tax

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

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

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(18) Dividends

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

(19) Revenue recognition

A. The Company operates a chain of retail stores selling daily supplies. Revenue from the sale of goods is recognized when the Company sells a product to the customer.

B. Payment of the transaction price is due immediately when the customer purchases the product. It is the Company's policy to sell its products to the end customer with a right of return within a period. Therefore, a refund liability and a right to the returned goods (included in other current assets) are recognized for the products expected to be returned. Accumulated experience is used to estimate such returns using the expected value method. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

C. The Company operates a loyalty programme where retail customers accumulate points for purchases made which entitle them to discount on future purchases. The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. The stand-alone selling price per point is estimated on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The stand-alone selling price of the product sold is estimated on the basis of the retail price. A contract liability is recognized for the transaction price which is allocated to the points and revenue is recognized when the points are redeemed or expire.

D. Commission revenue

In accordance with IAS 15 ‘Revenue’, revenue is recognized when the counters sell its goods. The Company’s transactions are not subject to significant risks and rewards associated with the sale of goods or the rendering of service and conform to the definition of an agent. Accordingly, the counter’s net revenue is recognized representing commissions earned.

(20) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

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

(1) Critical judgments in applying the Company’s accounting policies

Revenue recognition on a net/gross basis

The Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent) based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Company recognizes revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Company recognizes revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Company controls the good or service before it is provided to a customer include the following:

A. The Company is primarily responsible for the provision of goods or services;

B. The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

C. The Company has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

None.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash:		
Cash on hand	$ 38,290	$ 34,205
Checking deposits and demand deposits	1,672,401	1,245,981
	1,710,691	1,280,186
Cash equivalents:		
Triple stimulus voucher	13,423	-
	$ 1,724,114	$ 1,280,186

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

B. As of December 31, 2020 and 2019, details of the Company's cash and cash equivalents pledged to others as collateral are provided in Note 8, "Pledged assets".

(2) Notes and accounts receivable, net

	December 31, 2020	December 31, 2019
Notes receivable	$ 10,670	$ 4,499
Accounts receivable - sponsorship	$ 922,385	$ 819,692
Accounts receivable - customers	42,207	24,691
	$ 964,592	$ 844,383

A. The Company has no past due accounts receivable as of December 31, 2020 and 2019.

B. As of December 31, 2020 and 2019, accounts receivable and notes receivable were all from contracts with customers. As of January 1, 2020 and 2019, the balance of receivables (including notes receivable) from contracts with customers amounted to $848,882 and $819,276, respectively.

C. As at December 31, 2020 and 2019, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's notes and accounts receivable was its book value.

D. The Company did not hold any collateral as security as of December 31, 2020 and 2019.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2), "Financial instruments".

(3) Inventories

	December 31, 2020		
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	$ 4,076,533	$ -	$ 4,076,533

	December 31, 2019		
	Cost	Allowance for price decline of inventories	Carrying amount
Merchandise	$ 3,473,481	$ -	$ 3,473,481

The cost of inventories recognized as expense for the year:

	Years ended December 31,	
	2020	2019
Cost of inventories sold	$ 9,898,162	$ 8,920,817
Loss on physical inventory	67,889	42,642
	$ 9,966,051	$ 8,963,459

(4) Prepayments

	December 31, 2020	December 31, 2019
Overpaid value-added tax	$ 17,550	$ 13,291
Other prepaid expenses	21,016	12,649
	$ 38,566	$ 25,940

(5) Property, plant and equipment

	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment before acceptance inspection	Total
At January 1, 2020						
Cost	$ 27,761	$ 1,143,288	$ 3,043,066	$ 377,471	$ 26,434	$ 4,618,020
Accumulated depreciation	(9,196)	(479,606)	(1,068,449)	(112,345)	-	(1,669,596)
	$ 18,565	$ 663,682	$ 1,974,617	$ 265,126	$ 26,434	$ 2,948,424
For the year ended December 31, 2020						
At January 1	$ 18,565	$ 663,682	$ 1,974,617	$ 265,126	$ 26,434	$ 2,948,424
Additions	-	-	-	-	1,022,705	1,022,705
Transferred after acceptance inspection	11,110	265,676	646,883	112,129	(1,035,798)	-
Depreciation	(6,020)	(227,983)	(319,944)	(31,206)	-	(585,153)
Disposal-Cost	(5,527)	(164,314)	(169,484)	(50,784)	-	(390,109)
-Accumulated depreciation	4,440	164,306	163,768	50,420	-	382,934
At December 31	$ 22,568	$ 701,367	$ 2,295,840	$ 345,685	$ 13,341	$ 3,378,801
At December 31, 2020						
Cost	$ 33,344	$ 1,244,650	$ 3,520,465	$ 438,816	$ 13,341	$ 5,250,616
Accumulated depreciation	(10,776)	(543,283)	(1,224,625)	(93,131)	-	(1,871,815)
	$ 22,568	$ 701,367	$ 2,295,840	$ 345,685	$ 13,341	$ 3,378,801

	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment before acceptance inspection	Total
At January 1, 2019						
Cost	$ 21,853	$ 1,019,978	$ 2,775,960	$ 391,529	$ 73,916	$ 4,283,236
Accumulated depreciation	(8,581)	(451,734)	(870,533)	(147,503)	-	(1,478,351)
	$ 13,272	$ 568,244	$ 1,905,427	$ 244,026	$ 73,916	$ 2,804,885
For the year ended December 31, 2019						
At January 1	$ 13,272	$ 568,244	$ 1,905,427	$ 244,026	$ 73,916	$ 2,804,885
Additions	-	-	-	-	694,844	694,844
Transferred after acceptance inspection	11,371	304,392	366,146	60,417	(742,326)	-
Depreciation	(4,988)	(208,143)	(285,405)	(38,029)	-	(536,565)
Disposal-Cost	(5,463)	(181,082)	(99,040)	(74,475)	-	(360,060)
-Accumulated depreciation	4,373	180,271	87,489	73,187	-	345,320
At December 31	$ 18,565	$ 663,682	$ 1,974,617	$ 265,126	$ 26,434	$ 2,948,424
At December 31, 2019						
Cost	$ 27,761	$ 1,143,288	$ 3,043,066	$ 377,471	$ 26,434	$ 4,618,020
Accumulated depreciation	(9,196)	(479,606)	(1,068,449)	(112,345)	-	(1,669,596)
	$ 18,565	$ 663,682	$ 1,974,617	$ 265,126	$ 26,434	$ 2,948,424

A. The property, plant and equipment were all owner-occupied as of December 31, 2020 and 2019.

B. Amount of borrowing costs capitalized as part of property, plant and equipment and the range of interest rates for such capitalization are as follows:

	Years ended December 31,	
	2020	2019
Amount capitalized	$ 761	$ 949
Interest rate range	0.89%～1.20%	0.89%～1.25%

C. As of December 31, 2020 and 2019, no property, plant and equipment were pledged to others.

(6) Leasing arrangements-lessee

A. The Company leases various assets including buildings and structures, machinery and other equipment. Rental contracts are typically made for periods of 3 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The Company has lease contracts with the key management and non-related parties. The lease terms are between 3 to 20 years. As of December 31, 2020 and 2019, the amount of deposits paid in accordance with the lease contracts was $390,414 and $345,886, respectively and was classified as refundable deposits.

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

	December 31, 2020	December 31, 2019
	Carrying amount	Carrying amount
Buildings and structures	$ 12,514,200	$ 10,614,423
Machinery and equipment	8,237	9,915
Other equipment	6,624	6,073
	$ 12,529,061	$ 10,630,411

	Years ended December 31,	
	2020	2019
	Depreciation charge	Depreciation charge
Buildings and structures	$ 1,410,967	$ 1,210,173
Machinery and equipment	4,091	4,350
Other equipment	934	870
	$ 1,415,992	$ 1,215,393

D. For the years ended December 31, 2020 and 2019, the additions to right-of-use assets were $70,672 and $60,788, respectively, and the additions from remeasurement of right-of-use assets were $3,243,970 and $3,032,924, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Years ended December 31,	
	2020	2019
Items affecting profit or loss		
Interest expense on lease liabilities	$ 120,923	$ 106,500
Expense on short-term lease contracts	7,706	19,967
Expense on leases of low-value assets	83	83
Expense on variable lease payments	33,631	20,903
Gain from leases modification	(28,660)	(13)

F. For the years ended December 31, 2020 and 2019, the Company's total cash outflow for leases were $1,516,143 and $1,317,883, respectively.

G. Variable lease payments

Some of the Company's lease contracts contain variable lease payment terms that are linked to sales generated from a store. For individual stores, up to 3% ~10% of lease payments are on the basis of variable payment terms and are accrued based on the sales amount. Variable payment terms are used for a variety of reasons, including minimizing the fixed costs for newly established stores. Various lease payments that depend on sales are recognized in profit or loss in the period in which the event or condition that triggers those payments occurs.

H. Extension and termination options

(a) Extension options are included in approximately 81.96% of the Company's lease contracts pertaining to retail stores. These terms and conditions aim to maximize optional flexibility in terms of managing contracts.

(b) In determining the lease term, the Group takes into consideration all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. The assessment of lease period is reviewed if a significant event occurs which affects the assessment.

I. The Company has applied the practical expedient to "Covid-19-related rent concessions", and recognized the gain from changes in lease payments arising from the rent concessions (listed as "Other gains and losses") amounting to $28,861 for the year ended December 31, 2020.

(7) Other payables

	December 31, 2020	December 31, 2019
Salaries and bonuses payable	$ 270,309	$ 243,739
Rent payable	5,439	4,267
Accrued employees' remuneration and directors' remuneration	145,765	129,702
Equipment payable	89,764	62,647
Labor and health insurance payable	31,069	29,234
Others	148,350	151,684
	$ 690,696	$ 621,273

(8) Long-term borrowings

Nature	Borrowing period	Range of interest rates	Collateral	December 31, 2020
Long-term bank borrowings				
Unsecured bank borrowings	7.1.2019～12.18.2023	0.87%～1.16%	None	$ 2,386,636
Less: Current portion of long-term borrowings				(1,171,728)
				$ 1,214,908

Nature	Borrowing period	Range of interest rates	Collateral	December 31, 2019
Long-term bank borrowings				
Unsecured bank borrowings	8.16.2017～9.9.2022	1.15%～1.20%	None	$ 1,658,919
Less: Current portion of long-term borrowings				(647,284)
				$ 1,011,635

For more information about interest expenses recognized by the Company for the years ended December 31, 2020 and 2019, please refer to Note 6(17), 'Finance costs'.

(9) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March. Information on the Company's aforementioned pension plan is as follows:

a. The amounts recognized in the balance sheet are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	($ 71,714)	($ 66,030)
Fair value of plan assets	64,496	60,529
Net defined benefit liability	($ 7,218)	($ 5,501)

b. Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2020			
Balance at January 1	($ 66,030)	$ 60,529	($ 5,501)
Current service cost	(177)	-	(177)
Interest (expense) income	(528)	484	(44)
	(66,735)	61,013	(5,722)
Remeasurements:			
Return on plan assets	-	1,997	1,997
Change in financial assumptions	(3,678)	-	(3,678)
Experience adjustments	(1,808)	-	(1,808)
	(5,486)	1,997	(3,489)
Pension fund contribution	-	1,993	1,993
Paid pension	507	(507)	-
Balance at December 31	($ 71,714)	$ 64,496	($ 7,218)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2019			
Balance at January 1	($ 60,855)	$ 56,041	($ 4,814)
Current service cost	(171)	-	(171)
Interest (expense) income	(669)	616	(53)
	(61,695)	56,657	(5,038)
Remeasurements:			
Return on plan assets	-	1,921	1,921
Change in financial assumptions	(2,683)	-	(2,683)
Experience adjustments	(1,652)	-	(1,652)
	(4,335)	1,921	(2,414)
Pension fund contribution	-	1,951	1,951
Balance at December 31	($ 66,030)	$ 60,529	($ 5,501)

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

d. The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2020	2019
Discount rate	0.40%	0.80%
Future salary increases	2.50%	2.50%

Assumptions regarding future mortality experience are set based on the fifth experience life table of Taiwan life insurance industry.

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

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2020				
Effect on present value of defined benefit obligation	($ 2,328)	$ 2,428	$ 2,191	($ 2,117)
December 31, 2019				
Effect on present value of defined benefit obligation	($ 2,246)	$ 2,347	$ 2,135	($ 2,059)

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

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

e. Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2021 amount to $1,936.

f. As of December 31, 2020, the weighted average duration of the retirement plan is 13 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	$	1,523
2-5 years		8,617
Over 5 years		13,337
	$	23,477

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2020 and 2019 were $88,773 and $78,217, respectively.

(10) Common stock

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

	Years ended December 31,	
	2020	2019
Balance as at January 1 and December 31	97,685	97,685

B. As of December 31, 2020, the Company's total authorized capital was $1,200,000 (including $20,000 reserved for employee stock options) and the paid-in capital was $976,850 (97,685 thousand shares) with par value of $10 (in dollars) per share.

(11) Capital surplus

Pursuant to the Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is used.

(12) Retained earnings

A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital.

B. As the Company operates in a volatile business environment and is in stable growth stage, the appropriation of earnings should consider fund requirements and capital budget in determining how much earnings will be kept or distributed and how much cash dividends will be distributed. Under the Company's Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve. The remaining net income is the distributable net profit of this period, which is added to the unappropriated retained earnings from prior years to arrive at the accumulated distributable net profit. After considering business environment, future operations, the need for reinvestment, etc., the Board of Directors will propose a resolution for the distribution of earnings which will be approved at the shareholders' meeting. The distributable net profit shall be appropriated as: 50%~100% of accumulated distributable net profit will be appropriated as dividends and bonuses to shareholders, with cash dividends being at least 1% of the total dividends. Amounts shall be distributed as stock dividends when the cash dividend per share is less than $0.5 (in dollars).

C. In accordance with the regulations, the Company shall set aside special reserve arising from the debit balance in other equity items at the balance sheet date before distributing earnings. When debit balance in other equity items is reversed subsequently, an equal amount could then be used for distribution.

D. The Company recognized dividends distributed to owners in 2020 and 2019 amounting to $1,670,414 ($17.10 dollars per share) and $1,538,539 ($15.75 dollars per share), respectively. During its meeting on February 22, 2021, the Board of Directors proposed for the distribution of dividends from 2020 earnings of $1,826,710 ($18.7 dollars per share) for cash dividends and $29,306 ($0.3 dollars per share) for stock dividends, respectively.

(13) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services at a point in time as follows:

	Years ended December 31,	
	2020	2019
Merchandise sales	$ 17,388,948	$ 15,640,141
License income	149,890	147,553
	$ 17,538,838	$ 15,787,694

B. Contract assets and liabilities

As of December 31, 2020, January 1, 2020 (December 31, 2019) and January 1, 2019, the Company has no revenue-related contract assets, and the Company has recognized the following revenue-related contract liabilities:

	December 31, 2020	January 1, 2020 (December 31, 2019)	January 1, 2019
Contract liabilities:			
– Customer loyalty programmes	$ 31,813	$ 29,645	$ 24,824
– Unearned receipts	1,266	1,586	3,802
	$ 33,079	$ 31,231	$ 28,626

a. Significant changes in contract assets and liabilities

The Company has no significant changes in contract assets and liabilities for the years ended December 31, 2020 and 2019.

b. Revenue recognized that was included in the contract liability balance at the beginning of the year is shown below:

	Years ended December 31,			
	2020		2019	
Revenue recognized that was included in the contract liability balance at the beginning of the year				
Customer loyalty programmes	$	26,401	$	24,824
Unearned receipts		1,586		3,802
	$	27,987	$	28,626

(14) Interest income

	Years ended December 31,			
	2020		2019	
Interest income from bank deposits	$	1,145	$	1,362
Other interest income		1,672		1,459
	$	2,817	$	2,821

(15) Other income

	Years ended December 31,			
	2020		2019	
Rental income	$	32,263	$	29,668
Other income		31,528		22,991
	$	63,791	$	52,659

(16) Other gains and losses

	Years ended December 31,			
	2020		2019	
Loss on disposal of property, plant and equipment	($	3,933)	($	12,740)
Gain from lease modification		28,660		13
Other losses	(	3,400)	(	31)
	$	21,327	($	12,758)

(17) Finance costs

	Years ended December 31,			
	2020		2019	
Interest expense:				
Bank borrowings	$	23,805	$	18,941
Others		108,877		95,173
Less: Capitalization of qualifying assets	(	761)	(	949)
	$	131,921	$	113,165

(18) Expenses by nature

	Year ended December 31, 2020		
	Operating expenses	Operating costs	Total
Employee benefit expense	$ 2,050,600	$ 205,745	$ 2,256,345
Depreciation	$ 1,873,557	$ 127,588	$ 2,001,145

	Year ended December 31, 2019		
	Operating expenses	Operating costs	Total
Employee benefit expense	$ 1,823,399	$ 200,419	$ 2,023,818
Depreciation	$ 1,650,812	$ 101,146	$ 1,751,958

(19) Employee benefit expenses

	Year ended December 31, 2020		
Full time employees	Operating expenses	Operating costs	Total
Wages and salaries	$ 1,507,090	$ 82,875	$ 1,589,965
Labor and health insurance expense	140,667	8,182	148,849
Pension costs	68,110	3,932	72,042
Other personnel expenses	9,531	-	9,531
	$ 1,725,398	$ 94,989	$ 1,820,387

	Year ended December 31, 2020		
Part time employees	Operating expenses	Operating costs	Total
Wages and salaries	$ 269,974	$ 4,082	$ 274,056
Labor and health insurance expense	38,276	-	38,276
Pension costs	16,952	-	16,952
Other personnel expenses	-	106,674	106,674
	$ 325,202	$ 110,756	$ 435,958

	Year ended December 31, 2019		
Full time employees	Operating expenses	Operating costs	Total
Wages and salaries	$ 1,297,193	$ 64,948	$ 1,362,141
Labor and health insurance expense	121,362	6,475	127,837
Pension costs	58,334	3,050	61,384
Other personnel expenses	8,464	-	8,464
	$ 1,485,353	$ 74,473	$ 1,559,826

	Year ended December 31, 2019		
Part time employees	Operating expenses	Operating costs	Total
Wages and salaries	$ 282,626	$ 3,966	$ 286,592
Labor and health insurance expense	38,363	-	38,363
Pension costs	17,057	-	17,057
Other personnel expenses	-	121,980	121,980
	$ 338,046	$ 125,946	$ 463,992

A. The number of full time employees were 3,381 and 2,943, while part time employees were 1,374 and 1,382 on average for the years ended December 31, 2020 and 2019, respectively, and both included 4 directors.

The employee benefit expenses were $39,582 and $39,033, while the employee wages and salaries were $32,700 and $31,799 on average for the years ended December 31, 2020 and 2019, respectively. The employee wages and salaries for the year ended December 31, 2020 increased by approximately 2.83% compared to the year ended December 31, 2019.

B. According to the salary and compensation policy of the Company, the salary levels vary depending on positions, job requirements and job substitution. At the same time, employees' skills, experience and education are considered as the main basis for salary assessment. The company understands the industry salary standard and adjusts the salary levels and salary structure in time through regular salary surveys, which as the salary evaluation basis for special talents or newly added positions.

C. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 6% for directors' remuneration.

D. For the years ended December 31, 2020 and 2019, employees' compensation was accrued at $139,500 and $124,422, respectively; while directors' remuneration was accrued at $5,280 and $5,280, respectively. The aforementioned amounts were recognized in salary expenses that were estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company's Articles of Incorporation. The actual amount approved at the board of directors' meeting for employees' compensation and directors' remuneration for 2019 were $124,422 and $5,280, respectively, which were the same as the estimated amount recognized in the 2019 financial statements. The employees' compensation will be distributed in the form of cash.

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

(20) Income tax

A. Income tax expense

a. Components of income tax expense:

	Years ended December 31, 2020	Years ended December 31, 2019
Current income tax:		
Current tax on profits for the period	$ 501,462	$ 494,636
Tax on undistributed surplus earnings	147	46
Prior year income tax (over) under estimation	(25,509)	37
Total current tax	476,100	494,719
Deferred tax:		
Origination and reversal of temporary differences	20,010	(22,715)
Income tax expense	$ 496,110	$ 472,004

b. The income tax charged to components of other comprehensive income during the period is as follows:

	Years ended December 31, 2020	Years ended December 31, 2019
Remeasurements of defined benefit obligations	($ 698)	($ 483)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2020	Years ended December 31, 2019
Tax calculated based on profit before tax and statutory tax rate	$ 521,246	$ 471,746
Expenses disallowed by tax regulation	226	175
Tax on undistributed earnings	147	46
Prior year income tax (over) under estimation	(25,509)	37
Income tax expense	$ 496,110	$ 472,004

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

	Year ended December 31, 2020			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
－Deferred tax assets:				
Unrealized expense	$ 8,212	$ 1,061	$ -	$ 9,273
Leases	21,150	(21,150)	-	-
Pension	6,496	-	698	7,194
Unearned revenue	5,929	434	-	6,363
	$ 41,787	($ 19,655)	$ 698	$ 22,830
－Deferred tax liabilities:				
Pension	($ 4,696)	($ 355)	$ -	($ 5,051)
	$ 37,091	($ 20,010)	$ 698	$ 17,779

	Year ended December 31, 2019				
	January 1	Effects of retrospective application	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:					
－Deferred tax assets:					
Unrealized expense	$ 32,775	($ 25,509)	$ 946	$ -	$ 8,212
Leases	-	-	21,150	-	21,150
Pension	6,013	-	-	483	6,496
Unearned revenue	4,965	-	964	-	5,929
	$ 43,753	($ 25,509)	$ 23,060	$ 483	$ 41,787
－Deferred tax liabilities:					
Pension	($ 4,351)	$ -	($ 345)	$ -	($ 4,696)
	$ 39,402	($ 25,509)	$ 22,715	$ 483	$ 37,091

D. As of February 22, 2021, the Company's income tax returns through 2018 have been assessed by the Tax Authority, and there were no disputes existing between the Company and the Tax Authority.

(21) Earnings per share

	Year ended December 31, 2020		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 2,110,123	97,685	$ 21.60
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 2,110,123	97,685	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	282	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 2,110,123	97,967	$ 21.54

	Year ended December 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 1,886,727	97,685	$ 19.31
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 1,886,727	97,685	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	354	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 1,886,727	98,039	$ 19.24

(22) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31, 2020	Years ended December 31, 2019
Purchase of property, plant and equipment	$ 1,022,705	$ 694,844
Add: Beginning balance of payable on equipment (Other payables)	62,647	80,063
Less: Ending balance of payable on equipment (Other payables)	(89,764)	(62,647)
Capitalization of interest	(761)	(949)
Cash paid for acquisition of property, plant and equipment	$ 994,827	$ 711,311

(23) Changes in liabilities from financing activities

	Long-term borrowings (Including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2020	$ 1,658,919	$ 10,555,695	$ 9,268	$ 12,223,882
Changes in cash flow from financing activities	727,717	(1,283,128)	3,964	(551,447)
Changes in other non-cash items	-	3,215,310	-	3,215,310
At December 31, 2020	$ 2,386,636	$ 12,487,877	$ 13,232	$ 14,887,745

	Long-term borrowings (Including current portion)	Lease liabilities	Guarantee deposits received	Liabilities from financing activities-gross
At January 1, 2019	$ 1,559,633	$ -	$ 6,778	$ 1,566,411
Effects of retrospective application	-	8,646,641	-	8,646,641
Changes in cash flow from financing activities	99,286	(1,109,642)	2,490	(1,007,866)
Changes in other non-cash items	-	3,018,696	-	3,018,696
At December 31, 2019	$ 1,658,919	$ 10,555,695	$ 9,268	$ 12,223,882

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Chen Chien Tsao	Key management of the Company

(2) Significant related party transactions

Lease transactions－lessee

A. The Company leases office from the key management of the Company. Rental contracts are typically made for 3 years. Rents are paid at the end of the month.

B. Acquisition of right-of-use assets

	December 31, 2020	December 31, 2019
Key management of the Company	$ 2,948	$ 5,896

On January 1, 2019 (the date of initial application of IFRS 16), the Company increased right-of-use assets by $8,844.

C. Lease liabilities

a. Outstanding balance

	December 31, 2020	December 31, 2019
Key management of the Company	$ 2,984	$ 5,932

Classified as “Current lease liabilities” and “Non-current lease liabilities”.

b. Interest expense

	Years ended December 31,	
	2020	2019
Key management of the Company	$ 52	$ 87

(3) Key management compensation

	Years ended December 31,	
	2020	2019
Salaries and other short-term employee benefits	$ 20,242	$ 20,059

8. PLEDGED ASSETS

The Company’s assets pledged as collateral are as follows:

Assets	December 31, 2020	December 31, 2019	Purpose of collateral
Demand deposits (Note)	$ 7,237	$ 5,237	Performance guarantee
Certificate of deposit (Note)	9,050	9,050	Refundable deposits
	$ 16,287	$ 14,287	

(Note) Classified as “Other current financial assets” and “Other non-current financial assets”.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

Capital expenditures contracted for but not yet incurred

	December 31, 2020	December 31, 2019
Property, plant and equipment	$ 31,881	$ 39,774

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

The Company's financial instruments not measured at fair value, including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other current financial assets, refundable deposits, other non-current financial assets, notes payable, accounts payable, other payables, long-term borrowings (including current portion) and guarantee deposits received are based on their book value as book value approximates fair value. In addition, the fair value information of financial instruments measured at fair value is described in Note 12 (3), "Fair value information".

B. Financial risk management policies

The Company adopts a comprehensive risk management system to identify all risks (including market risk, credit risk and liquidity risk) and to enable key management to measure and control all risks. The Company's objectives when managing market risk are achieving optimal risk exposure, maintaining appropriate liquidity and managing all market risks centrally by taking into account the economic environment, competition and market risk.

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

Since the main transactions of the Company are denominated in New Taiwan dollars, the Company is not engaged in foreign exchange contracts. Therefore, the Company is not exposed to significant foreign exchange risk.

II. Price risk

The Company is not engaged in any financial instrument or derivatives investment, hence is not exposed to price risk.

III. Cash flow and fair value interest rate risk

i. The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. During the years ended December 31, 2020 and 2019, the Company's borrowings at variable rate were mainly denominated in New Taiwan dollars.

ii. The Company's borrowings are measured at amortized cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, other comprehensive income for the years ended December 31, 2020 and 2019 would have decreased/increased by $113 and $121, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

I. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

II. The Company manages its credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Company's credit policy, the Company is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

III. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over certain number of days.

IV. The Company classifies customers' accounts receivable in accordance with credit risk on trade. The Company applies the modified approach using the provision matrix to estimate expected credit loss.

V. The Company uses the forecast to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2020 and 2019, the Company's expected loss rate used in not past due accounts receivable is immaterial, and the Company has no past due accounts receivable.

VI. The Company did not recognize the immaterial impairment losses when applying the modified approach for the years ended December 31, 2020 and 2019.

(c) Liquidity risk

I. Cash flow forecasting is performed by the Company. The Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

II. The Company has the following undrawn borrowing facilities:

	December 31, 2020	December 31, 2019
Floating rate:		
Expiring within one year	$ 377,000	$ 209,542
Expiring beyond one year	2,071,364	543,302
	$ 2,448,364	$ 752,844

III. The table below analyses the Company's non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities				
Notes payable	$ 54,218	$ -	$ -	$ -
Accounts payable	2,372,431	-	-	-
Other payables	690,696	-	-	-
Lease liabilities	1,546,448	1,587,952	4,145,739	5,979,561
Long-term borrowings (including current portion)	1,183,679	959,596	267,703	-
Guarantee deposits received	-	13,232	-	-

December 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities				
Notes payable	$ 53,959	$ -	$ -	$ -
Accounts payable	2,026,329	-	-	-
Other payables	621,273	-	-	-
Lease liabilities	1,307,552	1,333,513	3,520,873	5,064,024
Long-term borrowings (including current portion)	655,030	632,542	391,200	-
Guarantee deposits received	-	9,268	-	-

(3) Fair value information

The Company had no fair value financial instruments as of December 31, 2020 and 2019.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transaction information

(In accordance with the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2020.)

A. Loans to others: None.

B. Provision of endorsements and guarantee to others provided: None.

C. Holding of marketable securities at the end of the period: None.

D. Marketable securities acquired and disposed of at costs or prices of at least $300 million or 20% of paid-in capital: None.

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

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

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

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

I. Derivative financial instruments undertaken: None.

J. Significant inter-company transactions: None.

(2) Disclosure information of investee company

(In accordance with the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2020.)

None.

(3) Disclosure information on indirect investments in Mainland China

(In accordance with the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2020.)

As of December 31, 2020, the Company had no investments in Mainland China.

(4) Major shareholders information

Major shareholders information: Please refer to table 1.

14. SEGMENT INFORMATION

(1) General information

The Company operates business only in a single industry. The Company’s chief operating decision-maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Company has only one reportable operating segment.

(2) Measurement of segment information

The Board of Directors evaluates the performance of the operating segments based on a measure of EBIT. This measurement basis excludes the effects of non-recurring earnings and expenditures from the operating segments. The accounting policies of the operating segment are the same with those summarized in Note 4 of the financial statements report.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	Years ended December 31,	
	2020	2019
	Retailing	Retailing
Segment revenue	$ 17,538,838	$ 15,787,694
Revenue from external customers (net)	17,538,838	15,787,694
Depreciation	2,001,145	1,751,958
Finance cost	131,921	113,165
Segment pre-tax profit	2,606,233	2,358,731
Segment assets	23,177,092	19,636,649
Segment liabilities	18,349,140	15,245,615

(4) Reconciliation for segment (loss) income

A. The segment income or loss reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. A reconciliation of reportable segment income or loss to the income before tax is provided as follows:

	Years ended December 31,	
	2020	2019
Reportable segment income before tax	$ 2,606,233	$ 2,358,731
Other adjustments	-	-
Profit from continuing operations	$ 2,606,233	$ 2,358,731

B. The amounts provided to the chief operating decision-maker with respect to total assets are measured in a manner consistent with that of the financial statements. A reconciliation of assets of reportable segment and total assets is as follows:

	December 31, 2020	December 31, 2019
Assets of reportable segment	$ 23,177,092	$ 19,636,649
Unamortised items	-	-
Total assets	$ 23,177,092	$ 19,636,649

C. The measurements of amount of liabilities provided to the chief operating decision-maker were in agreement with the Company’s financial statements. The reconciliation of segment liabilities and total liabilities is as follows:

	December 31, 2020	December 31, 2019
Liabilities of reportable segment	$ 18,349,140	$ 15,245,615
Unamortised items	-	-
Total liabilities	$ 18,349,140	$ 15,245,615

(5) Information on products and services

Please refer to Note 6(13) Operating revenue for related information.

(6) Geographical information

The Company’s geographical information for the years ended December 31, 2020 and 2019 is as follows:

	Year ended December 31, 2020		Year ended December 31, 2019	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 17,538,838	$ 15,923,236	$ 15,787,694	$ 13,592,943

(7) Major customer information

The Company's annual revenue from each customer for the years ended December 31, 2020 and 2019 did not reach more than 10% of the revenue on the statement of comprehensive income.

POYA INTERNATIONAL CO,. LTD.

Major shareholders information

December 31, 2020

Table 1

In thousands of shares

Name of the key shareholder	Number of shares	Ownership (%)	Footnote
Duo Chin Investment Co., Ltd.	8,170	8.36%	—
Poya Investment Co., Ltd.	8,010	8.20%	—
Chen Ching Investment Co., Ltd.	7,533	7.71%	—
Chen Zong-Cheng	6,128	6.27%	—
Kuai Wei Investment Co., Ltd.	5,821	5.95%	—

Note: The major shareholders information was from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis or the differences.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Items	Description	Amount
Cash on hand		$ 38,290
Checking Deposits		35,360
Demand Deposits－New Taiwan Dollar		1,637,041
Cash equivalents－Triple stimulus voucher		13,423
		$ 1,724,114

POYA INTERNATIONAL CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Client Name	Item	Amount
E.SUN Commercial Bank	Accounts receivable - credit card	$ 22,143
Others (less than 1%)	Accounts receivable - sponsorship	942,449
		$ 964,592

POYA INTERNATIONAL CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Amount: Cost	Amount: Net Realizable Value	Note
Merchandise	$ 4,076,533	$ 5,536,707	(Note)

(Note) The net realizable value was estimated taking into account retail price reductions due to promotions.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT-COST
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(5) for the information related to property, plant and equipment.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT-ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(5) for the information related to property, plant and equipment, and Note 4(9) for the method to determine depreciation and useful lives for assets.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS-COST
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

	Buildings and structures	Machinery and equipment	Other equpiment	Total
Balance at January 1, 2020	$ 11,821,983	$ 14,265	$ 6,943	$ 11,843,191
Increase in lease liabilities	3,252,085	2,413	1,485	3,255,983
Additions	70,672	-	-	70,672
Decrease	(26,405)	-	-	(26,405)
Balance at December 31, 2020	$ 15,118,335	$ 16,678	$ 8,428	$ 15,143,441

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS -ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

	Buildings and structures	Machinery and equipment	Other equpiment	Total
Balance at January 1, 2020	$ 1,207,560	$ 4,350	$ 870	$ 1,212,780
Additions	1,410,967	4,091	934	1,415,992
Decrease	(14,392)	-	-	(14,392)
Balance at December 31, 2020	$ 2,604,135	$ 8,441	$ 1,804	$ 2,614,380

POYA INTERNATIONAL CO., LTD.
STATEMENT OF REFUNDABLE DEPOSITS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Lease deposit	$ 390,414
Others (less than 5%)	5,420
	$ 395,834

POYA INTERNATIONAL CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Suppliers Name	Description	Amount
MENTHOLATUM TAIWAN LIMITED	Accounts payable	$ 60,096
UNILEVER TAIWAN LTD.	Accounts payable	53,006
Others (less than 2%)	Accounts payable	2,259,329
		$ 2,372,431

POYA INTERNATIONAL CO., LTD.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(7) for the information related to other payables.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CURRENT INCOME TAX LIABILITIES
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Income tax payable		$ 298,549
Tax on undistrbuted earnings payable		147
		$ 298,696

POYA INTERNATIONAL CO., LTD.
STATEMENT OF CURRENT LEASE LIABILITIES
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Lease terms	Discount rate	Amount
Buildings and structures	2019.1～2039.7	0.0858%~0.1046%	$ 1,409,739
Machinery and equipment	2019.1～2025.5	0.0858%~0.1046%	2,896
Other equipment	2019.1～2033.11	0.0858%~0.1046%	997
			$ 1,413,632

POYA INTERNATIONAL CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS, CURRENT PORTION
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Rate	Loan amount	Collateral
KGI Commercial Bank	Unsecured borrowings	（Note）	$ 333,333	None
Hua Nan Commercial Bank	Unsecured borrowings	（Note）	298,395	None
E.SUN Commercial Bank	Unsecured borrowings	（Note）	200,000	None
Far Eastern International Bank	Unsecured borrowings	（Note）	100,000	None
O-Bank	Unsecured borrowings	（Note）	66,667	None
First Commercial Bank	Unsecured borrowings	（Note）	66,667	None
Cathay United Commercial Bank	Unsecured borrowings	（Note）	66,666	None
Chang Hwa Bank	Unsecured borrowings	（Note）	40,000	None
			$ 1,171,728	

（Note）Range of interest rates is 0.87%~1.16%.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Loan Amount	Expiry date	Rate	Collateral	Note
Hua Nan Commercial Bank	Unsecured borrowings	$ 630,525	2019.9.9～2023.12.18	（Note）	None	Monthly repayment of principal and interest.
KGI Commercial Bank	Unsecured borrowings	602,778	2019.7.1～2023.4.20	（Note）	None	Monthly repayment of principal and interest.
E.SUN Commercial Bank	Unsecured borrowings	316,667	2019.7.1～2022.7.1	（Note）	None	Monthly repayment of principal and interest.
Far Eastern International Bank	Unsecured borrowings	241,667	2020.5.4～2023.5.4	（Note）	None	Monthly repayment of principal and interest.
Cathay United Bank	Unsecured borrowings	200,000	2020.12.7～2023.12.7	（Note）	None	Monthly repayment of principal and interest.
First Commercial Bank	Unsecured borrowings	161,111	2020.5.4～2023.5.4	（Note）	None	Monthly repayment of principal and interest.
O-Bank	Unsecured borrowings	155,555	2020.4.17～2023.4.17	（Note）	None	Monthly repayment of principal and interest.
Chang Hwa Commercial Bank	Unsecured borrowings	78,333	2019.7.1～2023.4.24	（Note）	None	Monthly repayment of principal and interest.
		2,386,636				
	Less: Current portion	(1,171,728)				
		$ 1,214,908				

（Note）Range of interest rates is 0.87%~1.16%.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF NON-CURRENT LEASE LIABILITIES
DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Lease terms	Discount rate	Amount
Buildings and structures	2019.1～2039.7	0.0858%~0.1046%	$ 12,472,793
Machinery and equipment	2019.1～2025.5	0.0858%~0.1046%	8,313
Other equipment	2019.1～2033.11	0.0858%~0.1046%	6,771
			12,487,877
		Less: Current portion	(1,413,632)
			$ 11,074,245

POYA INTERNATIONAL CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Amount	Note
Retail store revenue	$ 17,388,948	Revenue from retail stores selling daily supplies
Other operating revenue	149,890	Commission revenue
Operating revenue	$ 17,538,838	

POYA INTERNATIONAL CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Merchandise at January 1, 2020	$ 3,473,481
Add：Merchandise purchased	10,111,515
Less：Loss on physical inventory	(67,889)
Merchandise at December 31, 2020	(4,076,533)
Merchandise sold in this period	9,440,574
Loss on physical inventory	67,889
Other operating costs	457,588
Operating costs	$ 9,966,051

POYA INTERNATIONAL CO., LTD.
STATEMENT OF OTHER OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Salaries and wages	$ 90,889
Shipping expenses	112,083
Depreciation	127,588
Others	127,028
	$ 457,588

POYA INTERNATIONAL CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Salaries and wages	$ 1,516,641
Advertisement	186,661
Utilities	236,239
Insurance	154,621
Depreciation	1,831,705
Handling fee	137,396
Others (less than 3%)	308,749
	$ 4,372,012

POYA INTERNATIONAL CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Salaries and wages	$ 345,485
Travelling expenses	35,960
Advertisement	21,094
Insurance	34,105
Depreciation	41,852
Others (less than 3%)	72,060
	$ 550,556

POYA INTERNATIONAL CO., LTD.
STATEMENT OF OTHER REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(15) for the information related to other revenues.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF FINANCIAL COSTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(17) for the information related to financial costs.

POYA INTERNATIONAL CO., LTD.
STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES IN THE CURRENT PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2020
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(18) for the additional information related to expenses and Note 6(19) for the information related to employee benefits.