Stock code: 2701

Wan Hwa Enterprise Company Ltd.

Financial Statements for the
Years Ended December 31, 2021 and 2020 and
Independent Auditors' Report

<u>Notice to Readers</u>

Where any discrepancy arises between the English translation and the original Chinese version of this final statements and independent auditors' report, the Chinese version shall prevail.

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INDEPENDENT AUDITORS' REPORT

Wan Hwa Enterprise Company Ltd.

Opinion

We have audited the accompanying financial statements of Wan Hwa Enterprise Company Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (refer to the other matter paragraph), the accompanying financial statements present fairly, in all material respects, the financial position of 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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Rental Revenue Recognition

The main business of the Company includes the rental of commercial buildings. As individual lease terms vary, the inclusion of payment adjustments and other agreed terms relating to the rights and obligations of the leasing parties, if the terms contained in the contract are not properly identified may result in the risk of incorrectly recognizing income. Please refer to Note 4 for related accounting policies.

In response to the above risks, we understand and evaluate the effectiveness of the Company's internal controls and obtained all lease contracts, reviewed the terms of the contracts and verified whether the accounting treatment of rental revenue was consistent with the accounting policy on revenue recognition, summarizes the rental revenue to be recognized based on the terms of the contracts, and reconciled with the accounting rental revenue to confirm that there are significant differences.

Other Matters

Among the affiliated companies accounted for under the equity method in the financial statements of Wan Hwa Enterprise Company Ltd. the 2020 and 2019 financial statements of Forward Time Corporation, Today's V, Inc. and Today's VI, LLC, accounted for under the equity-method by Today's Hotel Corporation, and the financial reports of Wan Hwa International Investment Company Ltd. for the years ended 2020 and 2019, were performed by other auditors. Hence, the opinion on the financial statements referred to above, which relates to the balance of investments accounted for using the equity method and the share of income or loss of affiliated companies recognized using the equity method, was based on other auditors' report. As of December 31, 2020 and 2019, the above balance audited by other accountants under the equity method amounted to NT$978,999 thousand and NT$ 980,637 thousand, respectively, each represents 11% of total assets, and the shares of these investments accounted for affiliated companies from January 1 to December 31, 2020 and 2019 were NT$ 49,234 thousand and NT$ 16,161 thousand, respectively, representing 23% and 3% of the profit before income tax.

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of 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 members of the 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 the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

1. Identify and assess the risks of material misstatement of the 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.

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

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

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

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

Deloitte & Touche

CPA: Hsu-Jan Cheng	CPA: Tung-Ju Hsieh
Financial Supervisory Commission Approval Jin-Kuan-Zheng-Shen-Zi No. 1010028123	Financial Supervisory Commission Approval Jin-Kuan-Zheng-Shen-Zi No. 1090347472

Notice to Readers

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

For the convenience of readers, 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. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

Wan Hwa Enterprise Company Ltd.

Balance sheet

December 31, 2020 and 2019

Unit: NTD thousand

	December 31, 2020		December 31, 2019	
Asset	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (Notes 4 and 6)	$ 167,685	2	$ 190,391	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	111,308	1	110,856	2
Financial assets at amortised cost - current (Notes 4 and 8)	1,241,517	14	1,191,059	13
Other receivables (Notes 4)	5,376	-	5,940	-
Other current assets	1,679	-	1,691	-
Total current assets	1,527,565	17	1,499,937	17
Non-current assets				
Financial assets at fair value through other comprehensive income or loss - non-current (Notes 4 and 9)	2,601,934	30	2,746,219	30
Investments accounted for using equity method (notes 4 and 10)	2,857,136	33	3,033,370	33
Property, plant and equipment (Notes 4 and 11)	350,906	4	353,059	4
Real estate investments (Notes 4 and 12)	1,341,352	15	1,347,071	15
Deferred tax assets (Notes 4 and 16)	39,904	-	9,802	-
Refundable deposits	28	-	31	-
Long-term receivables (Notes 4 and 12)	61,299	1	64,408	1
Total non-current assets	7,252,559	83	7,553,960	83
Total assets	$ 8,780,124	100	$ 9,053,897	100
Liabilities and Equity				
Current liabilities				
Accounts payable	$ 3,229	-	$ 2,589	-
Other payables	120,231	2	113,429	1
Current tax liabilities (Note 4)	20,619	-	25,408	1
Other current liabilities	163	-	225	-
Total current liabilities	144,242	2	141,651	2
Non-current liabilities				
Deferred tax liabilities (Notes 4 and 16)	996,052	11	1,002,476	11
Net defined benefit liabilities (Notes 4 and 13)	274	-	440	-
Guarantee deposits received (Note 12)	107,266	1	107,166	1
Total non-current liabilities	1,103,592	12	1,110,082	12
Total liabilities	1,247,834	14	1,251,733	14
Shareholders’ Equity				
Capital				
Common stock	4,499,678	51	4,499,678	50
Retained earnings				
Legal reserves	594,787	7	554,831	6
Special reserves	686,543	8	686,543	7
unappropriated retained earnings	1,214,290	14	1,259,879	14
Total retained earnings	2,495,620	29	2,501,253	27
Other equities				
Exchange differences on translating the financial statements of foreign operations	(158,579)	(2)	(37,898)	-
Unrealized gain or loss on financial assets at fair value through other comprehensive income	695,571	8	839,131	9
Total other equities	536,992	6	801,233	9
Total equities	7,532,290	86	7,802,164	86
Total liability and equity	$ 8,780,124	100	$ 9,053,897	100

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

(Please refer to the Deloitte Taiwan audit report dated on March 29, 2021)

Wan Hwa Enterprise Company Ltd.

Statement of comprehensive income

From January 1st to December 31st, 2020 and 2019

Units: NTD thousand, except earnings per share

	2020		2019	
	Amount	%	Amount	%
Operating Revenue (Notes 4 and 12)				
Rental revenue	$ 186,054	70	$ 209,368	60
Entertainment revenue	78,637	30	139,183	40
Total operating revenue	264,691	100	348,551	100
Operating cost (Note 15)				
Rental cost	35,615	13	38,458	11
Entertainment cost	60,734	23	104,356	30
Total operating cost	96,349	36	142,814	41
Gross Profit	168,342	64	205,737	59
Operating expenses (Notes 11, 12, 13, 15, and 20)	30,402	12	30,814	8
Operating profit	137,940	52	174,923	51
Non-operating income and expenses				
Share of gain (loss) of affiliated enterprise accounted for using the equity method (Notes 4 and 10)	(25,383)	(9)	221,997	64
Interest income (Note 4)	12,212	5	13,170	4
Dividends income (Notes 4 and 9)	75,847	29	72,548	21
Other income (Notes 4 and 22)	9,338	-	8,637	-
Gain on financial assets at fair value through profit or loss	452	1	589	1
Other gains and losses	(798)	-	(2,760)	-
Total non-operating income and expenses	71,668	27	314,181	90
Profit before income tax	$ 209,608	79	$ 489,104	141
Income tax expense (Notes 4 and 16)	35,488	13	89,545	26
Net profit	174,120	66	399,559	115

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	2020		2019	
	Amount	%	Amount	%
Other comprehensive income (Notes 4, 13, 14 and 16)				
Items that are not reclassified to profit or loss:				
Re-measurement of defined benefit plans	234	-	505	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(144,285)	(54)	250,199	72
Income tax related to compoment of ther comprehensive income that are not reclassified to profit or loss	725	-	25	-
	(143,326)	(54)	250,729	72
Items that may be reclassified to profit or loss later:				
Exchange differences on translation of financial statements of foreign operations of affiliated enterprises recognized under the equity method	(150,851)	(57)	(75,782)	(22)
Income tax related to items that may be reclassified to profit or loss	30,170	11	15,157	4
	(120,681)	(46)	(60,625)	(18)
Other comprehensive income (loss) for the year (net after tax)	(264,007)	(100)	190,104	54
Total comprehensive income (loss) for the year	($ 89,887)	(34)	$ 589,663	169
Earnings per share (Note 17)				
Basis	$ 0.39		$ 0.89	

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

(Please refer to the Deloitte Taiwan audit report dated on March 29, 2021)

Wan Hwa Enterprise Company Ltd.

Statement of changes in equity

From January 1st to December 31st, 2020 and 2019

Unit: NTD thousand

		Retained earnings (Note 14)			Other shareholders' equities (Notes 4 and 14)		
	Capital (Note 14)	Legal reserves	Special reserves	Unappropriated earnings	Exchange differences on translating the financial statements of foreign operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income	Total equities
Balance as of January 1, 2019	$ 4,499,678	$ 521,907	$ 686,543	$ 1,072,726	$ 22,727	$ 588,907	$ 7,392,488
Appropriation and distribution of 2018 earnings:							
Legal reserve	-	32,924	-	(32,924)	-	-	-
Cash dividends - NTD 0.4 per share	-	-	-	(179,987)	-	-	(179,987)
Net profit in 2019	-	-	-	399,559	-	-	399,559
2019 Other comprehensive income (loss) after tax	-	-	-	505	(60,625)	250,224	190,104
Total comprehensive income(loss) in 2019	-	-	-	400,064	(60,625)	250,224	589,663
Balance at December 31, 2019	4,499,678	554,831	686,543	1,259,879	(37,898)	839,131	7,802,164
Appropriation and distribution of 2019 earnings:							
Legal reserve	-	39,956	-	(39,956)	-	-	-
Cash dividends - NTD 0.4 per share	-	-	-	(179,987)	-	-	(179,987)
Net profit in 2020	-	-	-	174,120	-	-	174,120
2019 Other comprehensive income (loss) after tax	-	-	-	234	(120,681)	(143,560)	(264,007)
Total comprehensive income(loss) in 2020	-	-	-	174,354	(120,681)	(143,560)	(89,887)
Balance at December 31, 2020	$ 4,499,678	$ 594,787	$ 686,543	$ 1,214,290	($ 158,579)	$ 695,571	$ 7,532,290

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

(Please refer to the Deloitte Taiwan audit report dated on March 29, 2021)

Wan Hwa Enterprise Company Ltd.
Statement of cash flows
January 1 through December 31, 2020 and 2019

Unit: NTD thousand

	2020	Fiscal year of 2019
Cash flow from operating activities		
Profit before income tax	$ 209,608	$ 489,104
Adjustments for:		
Depreciation expense	8,520	9,185
Net gain on financial assets at fair value through profit or loss	(452)	(589)
Interest income	(12,212)	(13,170)
Dividends income	(75,847)	(72,548)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	25,383	(221,997)
Changes in operating assets and liabilities		
Accounts receivable	-	81
Other receivables	3,109	(393)
Other current assets	12	(93)
Accounts payable	640	(715)
Other payables	(684)	(160)
Other current liabilities	(62)	(60)
Net defined benefit liabilities	68	102
Cash generated from operation	158,083	188,747
Income tax paid	(45,908)	(55,454)
Net cash flows from operating activities	112,175	133,293
Cash flow from invesing		
Acquisition of financial assets at amortized cost	(50,458)	(53,765)
Acquisition of property, plants and equipment	(648)	-
Decrease on refundable deposits	3	-
Interests received	12,776	13,121
Dividends income received	75,847	72,548
Net cash inflow through investment	37,520	31,904
Cash flow through fundraising		
Increase on deposits received	100	5,040
Cash dividends distributed	(172,501)	(169,211)
Net cash outflow through fundraising	(172,401)	(164,171)

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Code		2020	2019
EEEE	Net increase (decrease) in cash and cash equivalents	($ 22,706)	$ 1,026
E00100	Cash and cash equivalents at the beginning of the year	190,391	189,365
E00200	Cash and cash equivalents at the end of the year	$ 167,685	$ 190,391

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

(Please refer to the Deloitte Taiwan audit report dated on March 29, 2021)

Wan Hwa Enterprise Company Ltd.

Notes to the financial statements

January 1 through December 31 of 2020 and 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. Company history

The Company's shares have been listed and traded on the Taiwan Stock Exchange since March 22, 1965. The Company is mainly engaged in the rental of commercial buildings and the operation of cinemas and amusement arcades.

II. Date and procedures for approval of financial statements

This financial statements were approved by the Board of Directors on March 23, 2021.

III. Application of Newly Issued and Revised Standards, and their Interpretations

(I) First-time application of International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations ("IFRICs") and Announcement on Interpretations ("SICs") (herein after "IFRSs") endorsed by the Financial Supervisory Commission ("FSC") and issued into effect in 2020.

The revised IFRSs approved and issued by the FSC effective in 2020 did not result in significant changes in the Company's accounting policies.

(II) The Company has not yet applied the IFRSs recognized by the FSC, which will be applicable in 2021.

Newly issued/revised/amended standards and interpretation	International Accounting Standards Board (IASB) Effective date of issuance
Amendment on IFRS 4 "Extension of Temporary Exemption to IFRS 9	Effective as of the date of issuance
Amendments on IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Indicator Change - Phase II"	Effective for annual reporting periods beginning after January 1, 2021
Amendment on IFRS 16 "Reduction of rent associated with COVID-19.”	Effective for annual reporting periods beginning after June 1, 2020

As of the date of publication of this financial statements, the Company has assessed that the above amendments have no material impact on the Company. However, the Company continues to assess the impact of the Amendments on other standards and interpretations on the financial position and financial performance. The related impact will be disclosed upon completion of the assessment.

(III) IFRSs published by the IASB but not yet recognized by the FSC and issued into effect

Newly issued/revised/amended standards and interpretation	Effective date of issuance by IASB (Note 1)

Annual Improvements Plan 2018-2020	January 1, 2022 (Note 2)
Amendment on IFRS 3 "Update the indexing of the conceptual framework"	January 1, 2022 (Note 3)
Amendment on IFRS 10 and IAS 28 "Sale or contribution of assets between an Investor and its associates or joint venture"	To be determined
IFRS 17 "Insurance contract"	January 1, 2023
Amendment on IFRS 17	January 1, 2023
Amendment on IAS 1 "Classification of liabilities as current or non-current"	January 1, 2023
Amendment on IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments on IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendment on IAS 16 "Property, plant and equipment: price before reaching intended use"	January 1, 2022 (Note 4)
Amendment on IAS 37 "Loss-making Contracts - Cost of executing contracts"	January 1, 2022 (Note 5)

Note 1: Unless otherwise stated, the above new/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

Note 2: The Amendments on IFRS 9 apply to exchanges or modifications of the terms of financial liabilities that occur in annual reporting periods beginning after January 1, 2022; the Amendments on IAS 41, "Agriculture," apply to fair value measurements in annual reporting periods beginning after January 1, 2022; the Amendments on IFRS 1," First-time Adoption of IFRSs," apply retroactively to annual reporting periods beginning after January 1, 2022.

Note 3: This amendment applies to business mergers for which the acquisition date begins after January 1, 2022 in the annual reporting period.

Note 4: This amendment applies to plant, property and equipment in the location and condition necessary to achieve management's intended mode of operation after January 1, 2021.

Note 5: This amendment applies to contracts with all obligations outstanding as of January 1, 2022.

Note 6: Effective for annual reporting periods beginning after January 1, 2023.

Note 7: This amendment applies to changes in accounting estimates and accounting policies that occur in annual reporting periods beginning after January 1, 2023.

As of the date of publication of this financial statements, the Company has assessed that the above amendments have no material impact on the Company. However, the Company continues to evaluate the impact of IFRSs issued by the IASB but not yet recognized by the FSC and issued into effect on each period's financial position and financial performance, which will be disclosed when the evaluation is completed.

IV. Summary of significant accounting policies

(I) Compliance announcement

The financial statements are in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the IFRSs recognized by the Financial Supervisory Commission.

(II) Preparation basis

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

Fair value measurements are classified into Levels 1 to 3 based on the degree of observability and significance of the relevant inputs.

1. Level 1 inputs: Quoted prices (unadjusted) in active markets for identical assets or liabilities available at the measurement date.
2. Level 2 inputs: Inputs other than those quoted in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
3. Level 3 inputs: Unobservable inputs of assets or liabilities.

(III) Criteria for distinguishing the standard between current and non-current assets and liabilities

Total current assets include:

1. Assets held primarily for transaction purposes;
2. Assets expected to be realized within 12 months of the date on the balance sheet; and
3. Cash and cash equivalents (other than those restricted for exchange or settlement of liabilities more than 12 months after the date on the balance sheet).

Total current liabilities include:

1. Liabilities held primarily for transaction purposes;
2. liabilities expected to be settled within 12 months of the date on the balance sheet; and
3. Liabilities whose maturity cannot be unconditionally deferred to at least 12 months after the date on the balance sheet.

Assets or liabilities other than those mentioned above are classified as non-current assets or non-current liabilities.

(IV) Foreign currencies

When the Company prepares financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recorded in the functional currency based on the transaction date's exchange rate. Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Exchange differences arising from the settlement of foreign exchange or the translation of foreign currencies are recognized in profit or loss in the period in which they occur.

Non-monetary items measured at fair value in foreign currencies are translated at the exchange rates prevailing on the date when the fair value was determined, and the resulting exchange differences are recorded in profit or loss for the period, except for those arising from changes in fair value recognized in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the exchange rates prevailing on the dates of transactions, and are not retranslated.

In preparing the financial statements, the assets and liabilities of the Company's foreign entities are translated into New Taiwan Dollars using the exchange rate at each balance sheet date. Income and expense items are translated at the average exchange rate for the period, and the resulting exchange differences are recognized in other comprehensive income.

If all interests in a foreign entity are disposed of, or part of an interest in a foreign operation is disposed of, but control over the cumulative translation differences associated with that foreign operation is lost, the difference is reclassified to profit or loss.

In the case of any other partial disposal of a foreign operation (i.e., a reduction in the Company's ownership interest in an affiliate without a significant loss), the cumulative translation difference is reclassified to profit or loss in proportion to the disposal.

(V) Investments in Associates

An associate is an entity over which the Company has significant influence but is not a subsidiary or a joint venture.

The Company applies the equity method to its investments in the associates.

Under the equity method, investments in associates are initially recognized at cost. The carrying amount of the investment after the acquisition date increases or decreases in accordance with the Company's share of profit or loss of the associates and other comprehensive income or loss profit distribution. In addition, changes in equity in associates are recognized on a proportional basis to shareholdings.

The excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets and liabilities of the affiliated companies at the date of acquisition is recorded as goodwill, which is included in the carrying amount of the investment and is not amortized; the excess of the Company's share of the net fair value of the identifiable assets and liabilities of the affiliated companies at the date of acquisition over the acquisition cost is recorded as profit or loss for the period.

If the Company does not subscribe for new shares of a related company in proportion to its shareholding, resulting in a change in the Company's shareholding and an increase or decrease in the net equity of the investment, the increase or decrease is adjusted to capital surplus - change in net equity of the related company recognized under the equity method and the investment under the equity method. However, if the ownership interest in an associate is reduced as a result of not subscribing for or acquiring shares in proportion to the ownership interest, the amount recognized in other comprehensive income or loss related to the associate is reclassified to the same basis of accounting as that required for the direct disposal of the related assets or liabilities of the associate. If the former adjustment is charged to capital surplus, the balance of capital surplus from investments accounted for using the equity method is not sufficient, the difference is debited to retained earnings.

The recognition of further loss ceases when the Company's share of loss in an associate equals or exceeds its interest in the associate (including the carrying amount of its investment in the associate under the equity method and other long-term interests that are in substance a component of the Company's net investment in the associate). The Company recognizes additional loss and liabilities only to the extent that legal obligations, constructive obligations or payments on behalf of associates have been incurred.

In assessing impairment, the Company treats the entire carrying amount of an investment as a single asset, compares the recoverable amount with the carrying amount, and performs an impairment test. The impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the investment's carrying amount. Any reversal of impairment loss is recognized to the extent that the investment's recoverable amount subsequently increases.

The Company ceases to adopt the equity method from the date its investment ceases to be an associate and its retained interest in the associate is measured at fair value. The difference between the fair value and the disposal price and the carrying amount of the investment on the date of cessation of the equity method is recognized in profit or loss for the current period. In addition, all amounts recognized in other comprehensive income are accounted for on the same accounting treatment, as if such assets or liabilities have been directly disposed of by the associate.

Profit or loss resulting from counter-flow, downflow and side-flow transactions between the Company and its associates are recognized in the financial statements only to the extent that they are not related to the Company's interest in the associates.

(VI) Property, Plant and Equipment

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

No depreciation is provided for owned land.

Property, plant and equipment are depreciated on a straight-line basis over their useful life, with separate depreciation for each material component. The Company reviews the estimated useful life, residual values and depreciation methods at least once at the end of each year. It defers the effect of changes in applicable accounting estimates.

When property, plant and equipment are derecognized, the difference between the net disposal proceeds and the carrying amount of the assets is recognized in profit or loss.

(VII) Real estate investment

Real estate investment is real estate property held to earn rental income or for capital appreciation, or both. Real estate investment also includes land held for future use and the purpose is yet to be determined.

Real estate investment is measured initially at cost (including transaction costs) and subsequently at cost less accumulated depreciation and accumulated impairment loss. The Company applies a straight-line basis for depreciation.

When real estate investments are derecognized, the difference between the net disposal proceeds and the carrying amount of the assets is recognized in profit or loss.

(VIII) Impairment of property, plant and equipment, and real estate investment

The Company assesses at each balance sheet date whether there is any indication that property, plant and equipment and real estate investment may have been impaired. If any indication of impairment exists, the recoverable amount of the asset is estimated. If the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Shared assets are allocated to individual cash-generating units on a reasonable and consistent basis.

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

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount does not exceed the carrying amount (net of amortization or depreciation) that would have been determined if the impairment loss had not been recognized in prior years for that asset or cash-generating unit. Reversal of impairment loss is recognized in profit or loss.

(IX) Financial Instruments

Financial assets and financial liabilities are recognized in the balance sheet when the Company becomes a party to the instrument's contractual provisions.

When the original recognition of financial assets and financial liabilities that are not measured at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of the financial assets or financial liabilities. Transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

1. Financial asset

Regular transactions of financial assets are recognized and derecognized using trade date accounting.

(1) Type of measurement

The types of financial assets held by the Company are financial assets measured at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments measured at fair value through other comprehensive income.

A. Financial asset measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets that are mandatorily measured at fair value through profit or loss. Financial assets that are mandatorily measured at fair value through profit or loss include investments in equity instruments that the Company has not designated as measured at fair value through other comprehensive income or loss, and investments in debt instruments that do not qualify for classification as measured at amortized cost or measured at fair value through other comprehensive income or loss.

Financial assets measured at fair value through profit or loss are measured at fair value. The profit or loss arising from their re-measurement (including any dividends or interest generated from the financial assets) is recognized in profit or loss. Please refer to note 19 for the determination of fair value.

B. Financial assets measured at amortized cost

The Company's investment financial assets are classified as financial assets measured at amortized cost if both of the following conditions are met:

a. Held under a business model whose objective is to hold financial assets to collect contractual cash flows; and

b. The terms of the contracts give rise to cash flows at specified dates that are solely for the payment of principal and interest on the outstanding principal amount.

Financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable and other receivables) are measured at their total carrying amount determined using the effective interest method less the amortized cost of any impairment loss after initial recognition, with any foreign currency translation profit or loss recognized in profit or loss.

Cash equivalents include time deposits that are highly liquid, readily convertible into fixed amounts of money with minimal risk of changes in value within three months from the date of acquisition. They are used to meet short-term cash commitments.

C. Investments in equity instruments measured at fair value through other comprehensive income or loss

On initial recognition, the Company has an irrevocable option to designate investments in equity instruments that are not held-for-trading and not acquired in a business combination with contingent consideration to be measured at fair value through other comprehensive income.

Investments in equity instruments measured at fair value through other comprehensive income are measured at fair value, with subsequent changes in fair value reported in other comprehensive income and accumulated in other equity. Upon disposal of investments, the accumulated profit and loss are transferred directly to retained earnings and are not reclassified to profit or loss.

Dividends from investments in equity instruments measured at fair value through other comprehensive income or loss are recognized in profit or loss when the Company's right to receive them is established unless the dividend clearly represents a partial recovery of the cost of the investment.

(2) Impairment of financial assets

The Company assesses impairment on financial assets, lease receivables, and contract assets measured at amortized cost at each balance sheet date based on expected credit loss.

Accounts receivable, lease receivables, and contract assets are recognized as an allowance for loss based on expected credit loss over the period of their existence. Other financial assets are first evaluated to determine whether there is a significant increase in credit risk since initial recognition. If there is no significant increase, an allowance for loss is recognized based on the 12-month expected credit loss. If there is a significant increase, an allowance for loss is recognized based on the expected credit loss over the remaining period.

Expected credit loss is a weighted average credit loss weighted by the risk of default. The 12-month expected credit loss represents the expected credit loss arising from possible defaults of the financial instruments within 12 months after the reporting date. The ongoing expected credit loss represents the expected credit loss arising from all possible defaults of the financial instruments during the financial instruments' expected life.

All impairment on financial assets is reversed by reducing the carrying amount through an allowance account.

(3) Derecognizing of financial assets

The Company derecognizes financial assets only when the contractual rights to the cash flows from the financial assets have lapsed or when the financial assets have been transferred and substantially all the risks and rewards of ownership of the assets have been transferred to other enterprises.

The difference between the carrying amount of the financial asset and the consideration received is recognized in profit or loss when the financial asset is derecognized as a whole measured at amortized cost. When investments in equity instruments measured at fair value through other comprehensive income are derecognized as a whole, the cumulative profit or loss is transferred directly to retained earnings and is not reclassified to profit or loss.

2. Financial liability

(1) Subsequent measurement

Financial liabilities measured at amortized cost are measured using the effective interest method, except for short-term accounts payable, where interest recognition is not material.

(2) Derecognizing of financial liabilities

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

(X) Revenue Recognition

After the Company identifies performance obligations in customer contracts, the transaction price is apportioned to each performance obligation and revenue is recognized when each performance obligation is satisfied.

1. Rental income

Rental income is recognized in accordance with IFRS 16, "Leases," and is recognized monthly for the realized portion.

2. Education and entertainment

The income from Education and entertainment revenue is recognized when the services are rendered, and is measured at the transaction price agreed between the Company and the contracting parties.

(XI) Leasing

<u>The Company is the lessor</u>

The Company assesses whether a contract is (or contains) a lease at the contract inception date.

A lease is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards incidental to the ownership of the asset to the lessee. All other leases are classified as operating leases.

Under operating leases, lease payments net of lease incentives are recognized as income on a straight-line basis over the term of the relevant lease. The original direct cost incurred in acquiring an operating lease is added to the subject asset's carrying amount and recognized as an expense on a straight-line basis over the lease term.

Rentals under leases that do not depend on changes in indices or rates are recognized as income in the period in which they are incurred.

(XII) Government grants

Government grants are recognized only when there is reasonable assurance that the Company will comply with the conditions attached to the government grant and that the grant will be received.

Government grants related to revenue are recognized in other income on a systematic basis over the period in which the related costs intended to be reimbursed are recognized as expenses by the Company.

Government grants are recognized in profit or loss in the period in which they become receivable if they are intended to compensate for expenses or loss already incurred or to provide immediate financial support to the Company and have no future related costs.

(XIII) Employee benefits

1. Short-term employee benefits

   Short-term employee benefit-related liabilities are measured at the non-discounted amount expected to be paid in exchange for employee services.

2. Post-employment benefits

   The defined contribution pension plan is an expense that recognizes the amount of pension benefits to be contributed during the employees' service period.

   The defined benefit cost (including service cost, net interest and re-measurement) of the defined benefit pension plan is actuarially determined using the projected unit benefit method. Service cost and net interest on net defined benefit liabilities (assets) are recognized as employee benefit expenses as incurred. Re-measurements (including actuarial profit and loss and return on planned assets, net of interest) are recognized in other comprehensive income and included in retained earnings as incurred and are not reclassified to profit or loss in subsequent periods.

   The net defined benefit liabilities (assets) represent the deficit (remaining) of the defined benefit pension plan contribution. The net defined benefit assets may not exceed the present value of refunds of contributions from the plan or reductions in future contributions.

(XIV) Income tax

Income tax expense is the sum of current income tax and deferred income tax.

1. Current income tax

   The Company determines the current income in accordance with the Income Tax Act and calculates the income tax payable accordingly.

   Income tax on undistributed earnings calculated in accordance with the Income Tax Act is recognized in the year when the shareholders resolve to retain the earnings.

   Adjustments to prior years' income tax payable are included in the current period's income tax.

2. Deferred income tax

   Deferred income tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the tax bases used to compute taxable income. Deferred income tax assets and liabilities are not recognized for temporary differences arising from the initial recognition of assets and liabilities that have no impact on either taxable income or accounting profit.

   Deferred income tax liabilities are generally recognized for all taxable temporary differences, while deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which income tax credits can be utilized.

   Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in associates, except where the Company can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax assets are recognized for deductible temporary differences associated with such investments only to the extent that it is probable that sufficient taxable income will be available to allow the temporary differences to be realized and to the extent that a reversal is expected in the foreseeable future.

   The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient tax assets will be available to allow recovery of all or part of the asset. Deferred income tax assets that were not recognized as such are reviewed at each balance sheet date. The carrying amount is increased to the extent that it is probable that future taxable income will be available to recover all or part of the asset.

   Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the liability is settled or the asset is realized, which are based on tax rates and tax laws that have been legislated or substantively legislated at the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences of the manner in which the Company expects to recover or settle the carrying amounts of its assets and liabilities at the balance sheet date.

3. Current and deferred income taxes for the year

Current and deferred income taxes are recognized in profit or loss, except for current and deferred income taxes related to items recognized in other comprehensive income or directly in equity, which are recognized in other comprehensive income or directly in equity, respectively.

V. Significant accounting judgments, estimations, and assumptions, and other major sources of estimation uncertainty

When the Company adopts accounting policies, management must make judgments, estimates, and assumptions based on historical experience and other relevant factors when relevant information is not readily available from other sources. Actual results may be different from the estimates.

Management will continue to review estimates and underlying assumptions. If a revision to an estimate affects only the current period, it is recognized in the period in which the revision is made. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which the revision is made and in the future period.

VI. Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and working capital	$ 439	$ 524
Bank checks and demand deposits	167,246	189,867
	$ 167,685	$ 190,391

VII. Financial instruments at fair value through profit or loss

	December 31, 2020	December 31, 2019
Mandatory financial assets measured at fair value through profit or loss		
Fund beneficiary certificate	$ 111,308	$ 110,856

VIII. Financial assets at amortized cost - current

	December 31, 2020	December 31, 2019
Fixed-term deposits with an original maturity of more than 3 months		
Deposit	$ 1,241,517	$ 1,191,059
Range of the interest rate	0.38%～1.70%	0.63%～2.45%

IX. Financial assets measured at fair value through other comprehensive income or loss - non-current

	December 31, 2020	December 31, 2019
Investment in equity instruments - Domestic		
Publicly traded stocks	$ 1,527,000	$ 1,662,674
Non-Publicly traded stock	976,001	980,985
	2,503,001	2,643,659
Investment in equity instruments – Foreign		
Non-Publicly traded stock	98,933	102,560
	$ 2,601,934	$ 2,746,219

The Company invests for long-term and expects to make a profit from its investments over the long term. The Company's management believes that it would be inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss, and has therefore elected to designate these investments as measured at fair value through other comprehensive income.

The Company recognized dividend income of $75,847 thousand and $72,548 thousand for 2020 and 2019, respectively. The amount related to those who still held the shares was $75,847 thousand and $72,548 thousand for the years ended December 31, 2020 and 2019, respectively.

X. Investments accounted for using the equity method

	December 31, 2020	December 31, 2019
Investments in Affiliated enterprise	$ 2,857,136	$ 3,033,370

Investments in Affiliated enterprise

	December 31, 2020	December 31, 2019
Significant associates		
Today's Hotel Corporation	$ 2,591,004	$ 2,759,636
Individually insignificant associates		
Wan Hwa International Investment Company Ltd.	266,132	273,734
	$ 2,857,136	$ 3,033,370

(I) Significant affiliated

	Shareholding and voting rights	
Company Name	December 31, 2020	December 31, 2019
Today's Hotel Corporation	30.36%	30.36%

For the business nature, the main location of business and country information of the above affiliated, please refer to Appendix II, "Name of Investee Company, Location, and Other Related Information."

Aggregate financial information of significant affiliated is as follows:

Today's Hotel Corporation

	December 31, 2020	December 31, 2019
Current asset	$ 3,840,646	$ 4,511,374
Non-current assets	7,952,384	8,249,806
Current liabilities	(507,843)	(989,446)
Non-current liabilities	(2,750,917)	(2,682,024)
Equity	8,534,270	9,089,710
The Company's shareholding ratio	30.36%	30.36%
Rights and interests the Company holds	$ 2,591,004	$ 2,759,636

	2020	2019
Operating income	$ 1,926,647	$ 5,999,886
Net profit (loss) of the year	($ 104,429)	$ 734,342
Other comprehensive income	-	-
Total comprehensive income	($ 104,429)	$ 734,342

(II) Information on individually insignificant affiliated

	2020	2019
Equities the Company holds		
Net profit (loss) of the year	$ 6,322	($ 949)
Other comprehensive income	-	-
Total comprehensive income	$ 6,322	($ 949)

The equity-method investments' share of profit or loss and other comprehensive income or loss for 2020 and 2019 were recognized in accordance with the audited financial statements.

XI. Property, Plant and Equipment

	Owned land	Building	Machinery equipment	Plumbing and electrical equipment	Other equipment	Total
Cost						
Balance at January 1, 2019	$ 343,662	$ 56,326	$ 18,225	$ 5,144	$ 3,435	$ 426,792
Disposal	-	(1,352)	(2,483)	-	(1,465)	(5,300)
Balance at December 31, 2019	343,662	54,974	15,742	5,144	1,970	421,492
Accumulated depreciation						
Balance at January 1, 2019	-	50,271	14,733	3,318	2,217	70,539
Disposal	-	(1,352)	(2,483)	-	(1,465)	(5,300)
Depreciation expense	-	1,417	1,197	328	252	3,194
Balance at December 31, 2019	-	50,336	13,447	3,646	1,004	68,433
Net balance at December 31, 2019	$ 343,662	$ 4,638	$ 2,295	$ 1,498	$ 966	$ 353,059
Cost						
Balance at January 1, 2020	$ 343,662	$ 54,974	$ 15,742	$ 5,144	$ 1,970	$ 421,492
Addition	-	-	648	-	-	648
Disposal	-	-	(3,714)	(110)	-	(3,824)
Balance at December 31, 2020	343,662	54,974	12,676	5,034	1,970	418,316
Accumulated depreciation						
Balance at January 1, 2020	-	50,336	13,447	3,646	1,004	68,433
Disposal	-	-	(3,714)	(110)	-	(3,824)
Depreciation expense	-	1,318	935	325	223	2,801
Balance at December 31, 2020	-	51,654	10,668	3,861	1,227	67,410
Net balance at December 31, 2020	$ 343,662	$ 3,320	$ 2,008	$ 1,173	$ 743	$ 350,906

The Company applies a straight-line basis for depreciation over the useful life of property, plant and equipment:

Building	
Main building	37 to 55 years
Main renovation work	32 to 37 years
Machinery equipment	
Fire-fighting equipment	8 to 10 years
Elevators	10 to 17 years
Air conditioning equipment	5 to 10 years
Plumbing and electrical equipment	10 to 15 years
Other equipment	
Property, plant and equipment	5 to 10 years

XII. Real estate investment

	Land	Building	Total
Cost			
Balance at January 1, 2019	$ 1,328,167	$ 237,561	$ 1,565,728
Disposal	-	(3,658)	(3,658)
Balance at December 31, 2019	1,328,167	233,903	1,562,070
Accumulated depreciation			
Balance at January 1, 2019	$ -	$ 212,666	$ 212,666
Disposal	-	(3,658)	(3,658)
Depreciation expense	-	5,991	5,991
Balance at December 31, 2019	-	214,999	214,999
Net balance at December 31, 2019	$ 1,328,167	$ 18,904	$ 1,347,071
Cost			
January 1, 2020, and Balance at December 31	$ 1,328,167	$ 233,903	$ 1,562,070
Accumulated depreciation			
Balance at January 1, 2020	-	214,999	214,999
Depreciation expense	-	5,719	5,719
Balance at December 31, 2020	-	220,718	220,718
Net balance at December 31, 2020	$ 1,328,167	$ 13,185	$ 1,341,352

In 2020, the global economy was severely affected by COVID-19, and the Company calculated rental income based on turnover for some months of partial leases.

The Company applies a straight-line basis for depreciation on real estate investment:

Building	
Main building	37 to 55 years
Main renovation work	32 to 37 years

As of December 31, 2020 and 2019, the net carrying amount of the Company's real estate investment was $130,552 thousand. The Company's real estate investments are located in Longtan District, Taoyuan City, which is not a general residential or commercial land use. Hence comparable market transactions are infrequent and reliable alternative fair value estimates are not available. The remaining real estate investment are commercial buildings in Taipei City with a net book value of $1,210,800 thousand and $1,216,519 thousand as of December 31, 2020 and 2019, respectively, and a fair value of $6,864,157 thousand and $6,979,553 thousand, respectively, which were evaluated by the Company's management with reference to market evidence of similar real estate transaction prices and are classified as Level 3 input values.

The leases of real estate investment owned by the Company are operating leases, which will all be expired by the end of July 2027. The rent is calculated by reference to the neighboring shopping mall's rent and adjusted according to the lease agreement. The rent is collected monthly. The lessee does not have a preferential right to acquire the real estate at the end of the lease term.

As of December 31, 2020 and 2019, the Company had received $95,266 thousand and $95,166 thousand (recorded as deposits received) as security deposits for operating lease contracts.

The total future rental income receivable by the Company for real estate investment leased under operating leases are as follows:

	December 31, 2020	December 31, 2019
Year one	$ 212,695	$ 208,860
Year two	205,890	212,378
Year three	207,609	205,561
Year four	175,599	207,526
Year five	110,288	175,599
After year five	152,640	262,910
	$ 1,064,721	$ 1,272,834

In addition to the aforementioned rental income receivables, the Company's real estate leasing contracts also contain contingent rental clauses that allow the lessee to pay contingent rentals based on a specified percentage of its monthly sales in excess of the contracted amount. The Company’s contingent rental income of $3,588 thousand and $6,731 thousand was recognized in 2020 and 2019, respectively.

The Company’s assets recognized for lease incentives granted under operating leases are as follows:

	December 31, 2020	December 31, 2019
Lease incentives		
Long-term receivables	$ 61,299	$ 64,408

XIII. Post-employment benefit plans

(I) Defined contribution plans

The Company applies the pension system under the Labor Pension Act, which is a government-administered defined contribution pension plan that contributes 6% of employees' monthly salaries to the individual accounts of the Bureau of Labor Insurance.

For the years 2020 and 2019, the Company recognized $353 thousand and $325 thousand, respectively, as operating expenses in the consolidated statements of income in accordance with the proportionate share of the defined contribution plan.

(II) Defined benefit plan

The Company has implemented the Labor Standards Act (the "Labor Standards Act") since April 1, 1998. When the seniority of the Company's employees prior to the implementation of the Labor Standards Act is calculated in accordance with the "Regulations Governing the Implementation of Retirement and Resignation" under the "Personnel Management Regulations" implemented on January 1, 1989, applies for retirement or is being laid off, its seniority is divided into two parts to calculate pension or severance pay as the following: (1) Seniority prior to the implementation of the Labor Standards Act shall be paid in accordance with the provisions of the Regulations Governing Retirement and Resignation of the Company's Personnel Management Regulations effective January 1, 1989. (2) The seniority after the implementation of the Labor Standards Act shall be in accordance with the provisions of the Labor Standards Act.

Under the Labor Standards Act (before the amendment), the pension plan is a defined benefit pension plan administered by the government. Since August 2003, a monthly pension contribution of 2% of salaries and wages has been paid to the Labor Retirement Reserve Fund Supervisory Committee and deposited in the same name in a special account at the Bank of Taiwan. If the estimated balance of the special account before the end of the year is not enough to pay for the workers who are expected to meet the retirement requirements in the following year, the difference will be withdrawn in one lump sum by the end of March of the following year. The account is entrusted to the Bureau of Labor Fund of the Ministry of Labor, and the Company has no right to influence the investment strategy.

The amounts included in this balance sheet for defined benefit plans are shown below:

	December 31, 2020	December 31, 2019
Present value of a defined benefit obligation	$ 8,729	$ 9,392
Fair value of planned assets	(8,455)	(8,952)
Shortfall of appropriation (net defined benefit liabilities)	$ 274	$ 440

Changes in the net defined benefit liabilities are as follows:

	Present value of a defined benefit obligation	Fair value of planned assets	Net defined benefit liabilities
January 1, 2019	$ 10,273	($ 9,430)	$ 843
Servicing costs			
Current servicing cost	231	-	231
Interest expenses (income)	90	(83)	7
Recognition in profit or loss	321	(83)	238

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	Present value of a defined benefit obligation	Fair value of planned assets	Net defined benefit liabilities
Re-measurement			
Return on planned assets (other than amounts included in net interest)	$ -	($ 338)	($ 338)
Actuarial loss - financial assumptions Changes	148	-	148
Actuarial benefit - experience adjustment	(315)	-	(315)
Other comprehensive income recognized	(167)	(338)	(505)
Contribution by the employer	-	(136)	(136)
Payment of benefits	(1,035)	1,035	-
December 31, 2019	$ 9,392	($ 8,952)	$ 440
January 1, 2020	$ 9,392	($ 8,952)	$ 440
Servicing costs			
Current servicing cost	202	-	202
Interest expenses (income)	59	(56)	3
Recognition in profit or loss	261	(56)	205
Re-measurement			
Return on planned assets (other than amounts included in net interest)	-	(313)	(313)
Actuarial loss - financial assumptions Changes	140	-	140
Actuarial benefit - experience adjustment	(61)	-	(61)
Other comprehensive income recognized	79	(313)	(234)
Contribution by the employer	-	(137)	(137)
Payment of benefits	(1,003)	1,003	-
December 31, 2020	$ 8,729	($ 8,455)	$ 274

The Company is exposed to the following risks due to the pension system under the Labor Standards Act:

1. Investment risk: The Bureau of Labor Fund of the Ministry of Labor invests the Labor Pension Fund in domestic and foreign equity securities, debt securities and bank deposits through its own and entrusted operations, but the Company's plan assets are distributed at an amount not less than the interest rate of a two-year time deposit in a local bank.

2. Interest rate risk: A decrease in interest rates will increase the present value of the defined benefit obligation, but the investment return on plan assets will also increase, which will have a partially offsetting effect on the net defined benefit liabilities.
3. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salary of the members in the plan. Therefore, increases in plan members' salaries will result in an increase in the present value of the defined benefit obligation.

A qualified actuary actuarially determined the present value of the Company's defined benefit obligation and the significant assumptions at the measurement date were as follows:

	December 31, 2020	December 31, 2019
Discount rate	0.375%	0.625%
Expected rate of salary increase	1.00%	1.00%

The amount by which the present value of the defined benefit obligation would increase (decrease) if there were possible changes in significant actuarial assumptions, respectively, with all other assumptions held constant, is as follows:

	December 31, 2020	December 31, 2019
Discount rate		
0.25% increase	($ 140)	($ 148)
0.25% decrease	$ 144	$ 153
Expected rate of salary increase		
0.25% increase	$ 141	$ 150
0.25% decrease	($ 137)	($ 146)

The sensitivity analysis above may not reflect actual changes in the defined benefit obligation's present value because the actuarial assumptions may be correlated and changes in only one assumption are not probable.

	December 31, 2020	December 31, 2019
Amount expected to be contributed within 1 year	$ 140	$ 136
Average period of defined benefit obligation until its withdrawal	6.4 years	6.4 years

XIV. Equity

(I) Share capital - common shares

	December 31, 2020	December 31, 2019
Registered shares (in thousands)	450,000	450,000
Registered capital	$ 4,500,000	$ 4,500,000
Number of issued and fully paid shares (in thousands)	449,968	449,968
Issued capital	$ 4,499,678	$ 4,499,678

The issued common share has a par value of NTD10 per share and each share is entitled to one vote and the right to receive dividends.

(II) Policies on earnings retention and dividend

In accordance with the Company's Articles of Incorporation, 10% of the Company's annual earnings, if any, shall be set aside as legal reserves after the Company has paid tax and made up for the accumulated loss in accordance with the law. However, when the legal reserves have reached the Company's paid-in capital, no further provision is necessary. The remainder shall be set aside or reversed as a special reserves in accordance with the law. If there is any remaining balance, it shall be retained together with the accumulated undistributed earnings. Except for business needs and tax consideration, the Board of Directors shall prepare a proposal for the appropriation of earnings and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.

The Company is a stable and growing company. In order to meet the operational development plan and achieve the goal of the diversified operation, and to consider the Company's future capital needs and long-term financial planning, incase shareholder dividend is distributed, the cash dividend portion should be no less than 10% of the shareholder dividend distributed that year.

The Company has provided for and reversed the special reserves in accordance with Jin-Kuan-Zheng-Fa-Zi No. 1010012865 and the "Questions and Answers on the Application of International Financial Reporting Standards (IFRSs) to the Provision of Special Reserve." If there is a subsequent reversal of the balance of the other shareholders' equity reduction, the reversed portion of the surplus may be distributed.

The legal reserve should be appropriated until the remaining balance reaches the Company's total paid-in capital. The legal reserves may be used to make up loss. If the Company has no deficit, the excess of legal reserves over 25% of the paid-in capital may be distributed in cash in addition to capitalization.

At the annual shareholders' meetings held on June 10, 2020 and June 10, 2019, the Company resolved the following distribution of earnings for fiscal years 2019 and 2018, respectively:

	Proposal of earnings distribution		Dividends per share (yuan)	
	2019	2018	2019	2018
Legal reserves	$ 39,956	$ 32,924		
Cash dividends	179,987	179,987	$ 0.40	$ 0.40

On March 23, 2021, the Board of Directors proposed the following distribution of earnings for FY2020:

	Proposal of earnings distribution	Dividends per share (yuan)
Legal reserves	$ 17,435	
Cash dividends	112,492	$ 0.25

(III) Other equities items

1. Exchange differences on translation of financial statements of foreign operating entities

	2020	2019
Balance at the beginning of the year	($ 37,898)	$ 22,727
Generated in the current year		
Exchange differences arising from the translation of net assets of foreign operating entities	(150,851)	(75,782)
Income tax generated out of exchange differences arising from the translation of net assets of foreign operating entities	30,170	15,157
Balance at the end of the year	($ 158,579)	($ 37,898)

2. Unrealized valuation profit or loss on financial assets measured at fair value through other comprehensive income or loss

	2020	2019
Balance at the beginning of the year	$ 839,131	$ 588,907
Generated in the current year		
Unrealized profit or loss		
Equity instrument	(144,285)	250,199
Income tax effects	725	25
Balance at the beginning of the year	$ 695,571	$ 839,131

XV. Employee benefits and depreciation expenses

	2020			2019		
	Under operating costs	Under operating expenses	Total	Under operating costs	Under operating expenses	Total
Employee benefit expense						
Salary expenses	$ 1,597	$ 8,389	$ 9,986	$ 1,282	$ 8,573	$ 9,855
Labor and health insurance expenses	107	801	908	158	760	918
Pension scheme expenses	-	558	558	-	563	563
Remuneration Paid to Directors	-	3,720	3,720	-	3,720	3,720
Others	-	1,000	1,000	-	1,000	1,000
	$ 1,704	$ 14,468	$ 16,172	$ 1,440	$ 14,616	$ 16,056
Depreciation expense	$ 8,000	$ 520	$ 8,520	$ 8,626	$ 559	$ 9,185

The Company contributes a fixed amount of $1,000 thousand to employees' remuneration and no more than 3% to directors' remuneration based on the Company's profit for the year (profit is defined as earnings before deduction of employee and director's remuneration).

On March 23, 2021 and March 19, 2020, the Board of Directors resolved to allocate the following compensation to employees and directors for the years 2020 and 2019:

	2020		2019	
	Employees' cash remuneration	Director remuneration	Employees' cash remuneration	Director remuneration
Number of allotments resolved by the Board of Directors	$ 1,000	$ 3,720	$ 1,000	$ 3,720
Recognition of financial statements	$ 1,000	$ 3,720	$ 1,000	$ 3,720

If there is any change in the amount of the annual financial report after its issuance, the change in accounting estimate is treated as an adjustment in the following year.

There was no difference between the actual amount of employees' and directors' remuneration allotted in 2019 and 2018 and the amount recognized in the financial statements of 2019 and 2018.

For information on the remuneration of employees and directors as resolved by the Board of Directors in 2020 and 2019, please visit the Market Observation Post System of the Taiwan Stock Exchange.

XVI. Income tax

(I) Income tax expense recognized in profit or loss

Income tax expense is mainly composed by:

	2020	2019
Current income tax		
Generated in the current year	$ 32,113	$ 38,957
Tax on undistributed earnings	9,006	6,434
Adjustments to prior years	-	(98)
	41,119	45,293
Deferred income tax		
Generated in the current year	(5,631)	44,252
Income tax expense recognized in profit or loss	$ 35,488	$ 89,545

The reconciliation of accounting income to income tax expense is as follows:

	2020	2019
Net profit before tax	$ 209,608	$ 489,104
Income tax expense on net income before income tax at the statutory rate (20%)	$ 41,922	$ 97,821

	2020	2019
Non-deductible expenses for tax purposes	13	17
Tax exempted income	(15,453)	(14,629)
Tax on undistributed earnings	9,006	6,434
Adjustments to current income tax expense in prior years	-	(98)
Income tax expense recognized in profit or loss	$ 35,488	$ 89,545

(II) Income tax expense (profit) recognized in other comprehensive income

	2020	2019
Deferred income tax		
Generated in the current year		
— Exchange differences on translation of financial statements of foreign operating entities	($ 30,170)	($ 15,157)
— Unrealized valuation profit or loss on financial assets measured at fair value through other comprehensive income or loss	(725)	(25)
	($ 30,895)	($ 15,182)

(III) Deferred income tax assets and liabilities

Change on deferred income tax assets and liabilities:

2020

Deferred income tax assets	Balance at the beginning of the year	Recognition in profit or loss	Other comprehensive income recognized	Balance at the beginning of the year
Temporary difference				
Unrealized exchange difference	$ 326	($ 68)	$ -	$ 258
Exchange differences on translation of financial statements of foreign operating entities	9,476	-	30,170	39,646
	$ 9,802	($ 68)	$ 30,170	$ 39,904

Deferred income tax liabilities	Balance at the beginning of the year	Recognition in profit or loss	Other comprehensive income recognized	Balance at the beginning of the year
Temporary difference				
Investment profit or loss recognized under the equity method	$ 539,985	($ 5,077)	$ -	$ 534,908
Financial assets measured at fair value through other comprehensive income or loss	9,692	-	(725)	8,967
Lease incentives	12,882	(622)	-	12,260
Land value increment tax	439,917	-	-	439,917
	$ 1,002,476	($ 5,699)	($ 725)	$ 996,052

2019

Deferred income tax assets	Balance at the beginning of the year	Recognition in profit or loss	Recognition in others Consolidated profit or loss	Balance at the beginning of the year
Temporary difference				
Unrealized exchange difference	$ -	$ 326	$ -	$ 326
Exchange differences on translation of financial statements of foreign operating entities	-	-	9,476	9,476
	$ -	$ 326	$ 9,476	$ 9,802

Deferred income tax liabilities	Balance at the beginning of the year	Recognition in profit or loss	Recognition in others Consolidated profit or loss	Balance at the beginning of the year
Temporary difference				
Investment profit or loss recognized under the equity method	$ 495,586	$ 44,399	$ -	$ 539,985
Exchange differences on translation of financial statements of foreign operating entities	5,681	-	(5,681)	-

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Deferred income tax liabilities	Balance at the beginning of the year	Recognition in profit or loss	Recognition in others Consolidated profit or loss	Balance at the beginning of the year
Financial assets measured at fair value through other comprehensive income or loss	9,717	-	(25)	9,692
Lease incentives	12,703	179	-	12,882
Land value increment tax	439,917	-	-	439,917
	$ 963,604	$ 44,578	($ 5,706)	$ 1,002,476

(IV) The Company's income tax returns for 2018 have been examined by the tax authorities.

XVII. Earnings per share

Unit: NTD per share

	2020	2019
Basic earnings per share	$ 0.39	$ 0.89

The earnings and weighted-average number of common shares used to calculate basic earnings per share were as follows:

	2020	2019
Net profit for the period (numerator)	$ 174,120	$ 399,559

Unit: thousand shares

	2020	2019
Weighted average common shares (denominator)	449,968	449,968

XVIII. Capital risk management

The Company conducts capital management to ensure that the Company can maximize shareholder returns by optimizing debt and equity balances while continuing to operate.

The capital structure of the Company consists of the Company's equity (i.e., capital stock, retained earnings, and other equity items).

The Company's management regularly reviews the capital structure and considers the cost of capital and the risks associated with each type of capital. The Company may balance its overall capital structure by adjusting dividend distribution and issuing new shares.

XIX. Financial instruments

(I) Fair value information - financial instruments not measured at fair value

The Company's management considers the carrying amounts of financial assets and liabilities that are not measured at fair value to approximate their fair values.

(II) Fair value information - financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial asset measured at fair value through profit or loss				
Fund beneficiary certificate	$ 111,308	$ -	$ -	$ 111,308
Financial assets measured at fair value through other comprehensive income or loss				
Investment in equity instruments				
－Domestic listed (over-the-counter) equities	$ 1,527,000	$ -	$ -	$ 1,527,000
－Equities not-listed (over-the counter) in the domestic or foreign markets	-	-	1,074,934	1,074,934
	$ 1,527,000	$ -	$ 1,074,934	$ 2,601,934

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial asset measured at fair value through profit or loss				
Fund beneficiary certificate	$ 110,856	$ -	$ -	$ 110,856
Financial assets measured at fair value through other comprehensive income or loss				
Investment in equity instruments				
－Domestic listed (over-the-counter) equities	$ 1,662,674	$ -	$ -	$ 1,662,674
－Equities not-listed (over-the counter) in the domestic or foreign markets	-	-	1,083,545	1,083,545
	$ 1,662,674	$ -	$ 1,083,545	$ 2,746,219

There were no transfers between Level 1 and Level 2 fair value measurements in 2020 and 2019.

2. Reconciliation of financial instruments measured at fair value in Level 3

2020

Financial asset	Investments in equity instruments measured at fair value through other comprehensive income or loss
Balance at the beginning of the year	$ 1,083,545
Recognized in other comprehensive income (unrealized valuation profit or loss on financial assets measured at fair value through other comprehensive income)	(8,611)
Balance at the beginning of the year	$ 1,074,934

2019

Financial asset	Investments in equity instruments measured at fair value through other comprehensive income or loss
Balance at the beginning of the year	$ 994,996
Recognized in other comprehensive income (unrealized valuation profit or loss on financial assets measured at fair value through other comprehensive income)	88,549
Balance at the beginning of the year	$ 1,083,545

3. Valuation basis and assumptions used to measure fair value

(1) The fair values of financial instruments with standard terms and conditions and traded in active markets are determined by reference to quoted market prices (including listed (over-the-counter) equities and beneficiary certificates of open-end funds, etc.).

(2) The Company's financial assets measured at fair value in Level 3 are unlisted stocks measured at fair value using the income, market and asset methods. The major unobservable inputs include 19.68% and 21.45% of discount for lack of control as of the year end of December 31, 2020 and 2019, respectively, and 16.54% to 26.10% and 16.58% to 22.67% of discount for the year ended December 31, 2020 and 2019, respectively, for the lack of marketability risk. The fair value of the investments would decrease by $10,403 thousand and $10,551 thousand, respectively, when the discount for the absence of control increases by 1%, and by $13,094 thousand and $13,040 thousand, respectively, when the discount for the lack of marketability increases by 1%.

(III) Types of financial instruments

	December 31, 2020	December 31, 2019
Financial asset		
Financial asset measured at fair value through profit or loss	$ 111,308	$ 110,856
Financial assets measured at amortized cost (Note 1)	1,475,905	1,451,829
Financial assets measured at fair value through other comprehensive income or loss	2,601,934	2,746,219
Financial liability		
Measured at amortized cost (Note 2)	226,258	218,054

Note 1: The balance consists of cash and cash equivalents, financial assets measured at amortized cost, other receivables, refundable deposits and long-term receivables measured at amortized cost.

Note 2: The balance includes financial liabilities measured at amortized cost, such as accounts payable, certain other payables and deposits received.

(IV) Financial risk management objectives and policies

The Company's major financial instruments include equity investments, cash and cash equivalents, time deposits with original maturities of more than three months, accounts receivable, other receivables, notes payable, accounts payable and other payables. The Company's management manages all operations and is responsible for identifying, evaluating and hedging the financial risks associated with the Company's operations to ensure that appropriate measures are taken in a timely and effective manner. Such risks include market risk (including interest rate risk and other price risks), credit risk and liquidity risk.

1. Market risk

(1) Interest rate risk

The time deposits held by the Company are mainly fixed-rate deposits; therefore, the impact of interest rate risk on financial assets is limited.

(2) Other price risk

The Company incurs price risk as a result of investing in the Fund's beneficial certificates and equities. If the investment price increases/decreases by 2%, the Company's after-tax income and loss will increase/decrease by NTD2,226 thousand and NTD2,217 thousand for 2020 and 2019, and the after-tax other comprehensive income or loss will increase/decrease by NTD52,039 thousand and NTD54,924 thousand, respectively.

2. Credit risk

Credit risk refers to the risk of financial loss resulting from the counter-party's default on contractual obligations. As of the balance sheet date, the Company's maximum exposure to the credit risk of financial loss due to non-performance by counter-parties is mainly from the carrying amount of financial assets recognized in the balance sheet.

The Company's policy is to deal only with creditworthy counterparties and collect sufficient security deposits from lessees when signing operating lease agreements to mitigate the risk of financial loss arising from default.

The credit risk of bank deposits is limited because most of the counterparties are banks with certain credit ratings assigned by international credit rating agencies.

3. Liquidity risk

The Company manages and maintains sufficient cash and cash equivalents to support its operations and mitigate the impact of cash flow fluctuations. The Company also maintains some line of credit and continuously monitors expected and actual cash flows to manage liquidity risk.

As of December 31, 2020 and 2019, the Company has a line of credit to issue commercial paper financing of NTD400,000 thousand.

The following table details the analysis of the remaining contractual maturities of the Company's non-derivative financial liabilities with contractual repayment periods, based on the earliest possible date on which the Company could be required to make repayments and the undiscounted cash flows of the financial liabilities.

	December 31, 2020					
	Immediate to within 1 month	1 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total undiscounted cash flows
Accounts payable	$ 3,181	$ -	$ 48	$ -	$ -	$ 3,229
Other payables	107,525	7,460	5,246	-	-	120,231
Deposits received	-	-	-	40,002	67,264	107,266
	$110,706	$ 7,460	$ 5,294	$ 40,002	$ 67,264	$230,726

	December 31, 2019					
	Immediate to within 1 month	1 to 6 months	6 to 12 months	1 to 5 years	More than 5 years	Total undiscounted cash flows
Accounts payable	$ 2,529	$ -	$ 60	$ -	$ -	$ 2,589
Other payables	100,430	7,751	5,248	-	-	113,429
Deposits received	-	-	-	38,118	69,048	107,166
	$102,959	$ 7,751	$ 5,308	$ 38,118	$ 69,048	$223,184

XX. Related party transaction

(I) Names of related parties and their relationships

Related Party Disclosures	Relationship with the Company
Others	Chairman, Directors, and Key Management Personnel of the Company

(II) There were no significant transactions between the Company and its related parties in 2020 and 2019.

(III) Key Management Compensation

	2020	2019
Short-term employee benefits	$ 6,633	$ 6,388
Post-employment benefits	106	95
	$ 6,739	$ 6,483

XXI. Information on foreign currency assets and liabilities with significant effect

The following information is expressed in aggregate in foreign currencies other than the Company's functional currency. The exchange rates disclosed represent the rates at which such foreign currencies were converted to the functional currency. The foreign currency assets and liabilities with significant effect are as follows:

December 31, 2020

	Foreign currency	Exchange rate	Carrying amount
Foreign currency assets			
Monetary items			
Financial assets measured at amortized cost			
CNY	$ 4,596	4.377(CNY: NTD)	$ 20,117
Non-monetary items			
Financial assets measured at fair value through other comprehensive income or loss			
USD	3,474	28.48(USD: NTD)	98,933
Investments accounted for using the equity method			
USD	$ 100,321	28.48(USD: NTD)	$ 2,857,136
Foreign currency liability			
None			

December 31, 2019

Foreign currency assets	Foreign currency	Exchange rate	Carrying amount
Monetary items			
Financial assets measured at amortized cost			
CNY	$ 4,497	4.305(CNY: NTD)	$ 19,359
Non-monetary items			
Financial assets measured at fair value through other comprehensive income or loss			
USD	3,421	29.98(USD: NTD)	102,560
Investments accounted for using the equity method			
USD	101,180	29.98(USD: NTD)	3,033,370
Foreign currency liability			
None			

XXII. Other Matters

The Company received a government subsidy of $952 thousand (recorded as other income) in accordance with the "Regulations of the Ministry of Economic Affairs for the Relief and Revitalization of Industries Affected by COVID-19 and Experiencing Operational Difficulties."

Due to the impact of COVID-19, the global economic situation is in severe recession as wide-scale lockdown were performed everywhere, which also affected the Company's business, especially the education and entertainment and its related revenues took great hits. The situation has improved since the situation with COVID -19 has normalized. Also, please refer to note 12 for the effect on lease income.

XXIII. Other disclosures

(I) Information on major transactions and (II) re-investment:

1. Loan of funds to others: None.
2. Endorsement and guarantee for others: None.
3. Securities held at the end of the period (excluding investment in subsidiaries, associates and joint venture): Appendix I.
4. Cumulative purchase or sale of the same securities amounting to at least NTD300 million or more than 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NTD300 million or more than 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NTD300 million or more than 20% of the paid-in capital: None.
7. Purchase or sale of goods with related parties amounting to at least NTD100 million or more than 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NTD100 million or more than 20% of the paid-in capital: None.
9. Derivative transactions: None.
10. Name of investee company, location, etc. (excluding Mainland China investee company): Appendix II.

(III) Information on Mainland China investment: None.

(IV) Information on major shareholders: Please refer to Appendix III for the names, amounts and percentages of shares held by shareholders with 5% or more shares.

XXIV. Information on the departments

The information provided to the chief operating decision maker for allocating resources and measuring departmental performance focuses on the type of product or service delivered or provided. The departments of the Company to be reported are as follows:

Leasing department - engaged in the leasing of commercial buildings.

Education and entertainment department - engaged in the operation of movie theaters and amusement arcades.

(I) Revenue of each department and operating results

	2020		
	Lease department	Education and entertainment department	Total
Revenue from external customers	$ 186,054	$ 78,637	$ 264,691
Depreciation expense	$ 7,380	$ 620	$ 8,000
segment profit or loss	$ 150,439	$ 17,903	$ 168,342
Interest income			12,212
General income and benefits of the Company			85,637
General expenses and loss of the Company			(56,583)
Profit before taxation			$ 209,608

	2019		
	Lease department	Education and entertainment department	Total
Revenue from external customers	$ 209,368	$ 139,183	$ 348,551
Depreciation expense	$ 7,945	$ 681	$ 8,626
Segment profit or loss	$ 170,910	$ 34,827	$ 205,737
Interest income			13,170
General income and benefits of the Company			303,771
General expenses and loss of the Company			(33,574)
Profit before taxation			$ 489,104

The revenue reported above is generated from transactions with external customers. There were no inter-department sales for 2020 and 2019.

Profit or loss of each department represents department revenues less costs and expenses; department costs and expenses represent costs and expenses related to the generation of department revenues, excluding investment loss and general expenses. This measure is provided to the chief operating decision maker to allocate resources to departments and measure their performance.

(II) Total assets across departments

	December 31, 2020		
	Lease department	Education and entertainment department	Total
Segment assets	$ 1,210,800	$ 120,663	$ 1,331,463
Investment			5,459,070
The Company’s general assets			1,989,591
Total assets			$ 8,780,124

	December 31, 2019		
	Lease department	Education and entertainment department	Total
Segment assets	$ 1,216,519	$ 121,283	$ 1,337,802
Investment			5,779,589
The Company’s general assets			1,936,506
Total assets			$ 9,053,897

(III) Regional information

The Company's 2020 and 2019 revenues were derived from its home country, so no regional information is available.

(IV) Information on important customer

Customers (all of which are in the leasing business) representing more than 10% of the Company's operating income are as follows:

	2020		2019	
Customer	Amount	% of operating income	Amount	% of operating income
Customer A	$ 71,040	27	$ 78,480	23
Customer B	42,092	16	48,258	14
Customer C	35,099	13	41,238	12

Wan Hwa Enterprise Company Ltd.

Securities held at the end of the period

December 31, 2020

Appendix I

Unit: NTD thousand

Companies held	Types and names of securities	Relationships with the securities issuers	Account categories	End of period				Remarks
				Thousands of shares/Thousands of units	Carrying amount	Shareholding ratio	Fair value	
Wan Hwa Enterprise Company Ltd.	Equities and fund beneficiary certificate							
	First Hotel Company Ltd.	–	Financial assets measured at fair value through other comprehensive profit or loss - non-current	99,001	$ 1,390,957	19.80	$ 1,390,957	
	Capital Securities Corp.	–	Financial assets measured at fair value through other comprehensive profit or loss - non-current	9,907	134,238	0.46	134,238	
	Mega Financial Holding Co., Ltd.	–	Financial assets measured at fair value through other comprehensive profit or loss - non-current	50	1,484	-	1,484	
	Taishin Financial Holdings Co., Ltd	–	Financial assets measured at fair value through other comprehensive profit or loss - non-current	19	259	-	259	
	Chunghwa Telecom Co., Ltd	–	Financial assets measured at fair value through other comprehensive profit or loss - non-current	1	62	-	62	
	Prudential Financial Money Market Fund	–	Financial asset measured at fair value through profit or loss - current	3,557	56,755	-	56,755	
	SinoPac TWD Money Market Fund	–	Financial asset measured at fair value through profit or loss - current	3,890	54,553	-	54,553	
	Today's Department Store Company Ltd.	The Chairman of the Company is the legal representative of the Company.	Financial assets measured at fair value through other comprehensive profit or loss - non-current	5,082	496,699	19.80	496,699	
	Dah Chung Bills Finance Corp.	–	Financial assets measured at fair value through other comprehensive profit or loss - non-current	33,248	238,193	7.38	238,193	
	Kubo Investment Corporation	–	Financial assets measured at fair value through other comprehensive profit or loss - non-current	1,985	218,412	9.93	218,412	
	Forward Time International, Ltd	–	Financial assets measured at fair value through other comprehensive profit or loss - non-current	1,962	98,933	16.21	98,933	
	Mandarin Investment Corporation	–	Financial assets measured at fair value through other comprehensive profit or loss - non-current	377	22,697	1.89	22,697	

Wan Hwa Enterprise Company Ltd.

Name of investee company, location, etc.

January 1 through December 31 of 2020

Appendix II

Units: except for USD, which is in dollar, NTD is in thousands.

Name of investor	Name of investee	Locations	Main business activities	Initial amount of investment		Holding at the end of the period			Profit or loss of the investee company for the period	Investment profit or loss recognized by the Company	Remarks
				End of the period	End of the previous period	Numbers of shares (in thousands)	%	Carrying amount			
Wan Hwa Enterprise Company Ltd.	Today's Hotel Corporation	U.S.A	Tourist Hotel	US$ 10,200,000	US$ 10,200,000	10,200	30.36	$ 2,591,004	($ 104,429)	($ 31,705)	Note
Wan Hwa Enterprise Company Ltd.	Wan Hwa International Investment Company Ltd.	British Virgin Islands	Mainly focused on overseas real estate investment	US$ 4,973,470	US$ 4,973,470	497	49.87	266,132	12,677	6,322	Note

Note: Recognized on the basis of the financial statements audited by the accountants for year 2020.

Wan Hwa Enterprise Company Ltd.

Name of major Shareholders

December 31, 2020

Appendix III

Unit: Shares

Name of major shareholder	Share	
	No. of Shares Held	Shares Ratio
First Hotel Company Ltd.	89,809,699	19.95%
Today's Department Store Company Ltd.	89,809,699	19.95%
Zen Fong Investment Corporation	52,258,768	11.61%
Lee Ming Investment Corporation	39,503,789	8.77%

Note 1: The information on major shareholders in this table is based on the last business day of the quarter of Taiwan Depository & Clearing Corporation in which the shareholders held 5% or more of the Company's common shares and preferred shares that had been delivered without physical registration (including treasury shares). The share capital recorded in the Company's financial statements and the actual number of shares delivered without physical registration may differ from the basis of preparation of the calculation.

Note 2: The above information is revealed by the trustees' individual subaccounts of the trustees opened by the trustees if the stockholders deliver their holdings to the trust. As for shareholders who hold more than 10% of insider shares in accordance with the Securities and Exchange Act, their shareholdings include their own shares plus the shares they hold in trust and have the right to decide the use of the trust property, etc. Please refer to the Market Observation Post System for information on insider shareholdings.

Wan Hwa Enterprise Company Ltd.

Financial assets measured at fair value through profit or loss - detail table on the current account

December 31, 2020

Detail table I

Units: except for unit price which is in New Taiwan Dollar, the rest is in thousand of New Taiwan Dollars.

Names of the financial instruments	Number of shares or units (Thousands of shares/Thousands of units)	Acquisition costs	Fair value	
			Unit price (dollar)	Total amount
Prudential Financial Money Market Fund	3,557	$ 50,000	15.9549	$ 56,755
SinoPac TWD Money Market Fund	3,890	47,842	14.0236	54,553
Total		$ 97,842		$ 111,308

Wan Hwa Enterprise Company Ltd.

Financial assets measured at fair value through other comprehensive income - detail table of the non-current changes

2020

Detail table II

Unit: NTD thousand

Name	Balance at the beginning of the year		Increase during the year (Note 1)		Decrease during the year (Note 1)		Balance at the beginning of the year		Provision of guarantees or pledges (Note 2)	Remarks
	Numbers of shares (in thousands)	Fair value	Numbers of shares (in thousands)	Amount	Numbers of shares (in thousands)	Amount	Numbers of shares (in thousands)	Fair value		
Listed (over-the-counter) equities										
First Hotel Company Ltd.	99,001	$ 1,549,358	-	$ -	-	$ 158,401	99,001	$ 1,390,957		
Capital Securities Corp.	9,907	111,452	-	22,786	-	-	9,907	134,238		
Mega Financial Holding Co., Ltd.	50	1,525	-	-	-	41	50	1,484		
Taishin Financial Holdings Co., Ltd	19	277	-	-	-	18	19	259		
Chunghwa Telecom Co., Ltd	1	62	-	-	-	-	1	62		
		1,662,674		22,786		158,460		1,527,000		
Not-listed (over-the-counter) equities										
Today's Department Store Company Ltd.	5,082	494,764	-	1,935	-	-	5,082	496,699		
Dah Chung Bills Finance Corp	33,248	249,876	-	-	-	11,683	33,248	238,193		
Kubo Investment Corporation	1,985	212,875	-	5,537	-	-	1,985	218,412		
Forward Time International, Ltd	1,962	102,560	-	-	-	3,627	1,962	98,933		
Mandarin Investment Corporation	377	23,470	-	-	-	773	377	22,697		
		1,083,545		7,472		16,083		1,074,934		
Total		$ 2,746,219		$ 30,258		$ 174,543		$ 2,601,934		

Note 1: The change in the current year's amount is a valuation adjustment based on the fair value measurement.

Note 2: None of the pledges were provided as collaterals.

Wan Hwa Enterprise Company Ltd.

Detail table of changes in investments accounted for by the equity method

2020

Detail table III

Unit: NTD thousand

Name	Balance at the beginning of the year		Increase during the year		Decrease during the year		Profit or loss in investment	Balance at the beginning of the year			Market value or net equity (Note 3)		Provision of guarantees or pledges (Note 4)	Remarks
	Numbers of shares (in thousands)	Amount	Numbers of shares (in thousands)	Amount	Numbers of shares (in thousands)	Amount (Note 2)		Numbers of shares (in thousands)	Shares Ratio (%)	Amount	Unit price	Total amount		
Today's Hotel Corporation and Subsidiaries	10,200	$ 2,759,636	-	$ -	-	$ 136,927	($ 31,705)	10,200	30.36	$ 2,591,004		$ 2,591,004		Note 1
Wan Hwa International Investment Company Ltd.	497	273,734	-	-	-	13,924	6,322	497	49.87	266,132		266,132		Note 1
Total		$ 3,033,370		$ -		$ 150,851	($ 25,383)			$ 2,857,136		$ 2,857,136		

Note 1: Recognized on the basis of the financial statements audited by the accountants for the year 2020.

Note 2: The decrease in the current year is due to the recognition of translation differences on the financial statements of foreign operating companies.

Note 3: The net equity in the investees was calculated based on the financial statements of the investees and the Company's percentage of ownership.

Note 4: None of the pledges were provided as collaterals.

Wan Hwa Enterprise Company Ltd.

Other payables detail table

December 31, 2020

Detail table IV Unit: NTD thousand

Item	Amount
Dividends	$ 105,596
Employees' remuneration and compensation and Directors' compensation	8,884
Others (Note)	5,751
Total	$ 120,231

Note: The balance of each item did not exceed 5% of the balance of this category.

Wan Hwa Enterprise Company Ltd.

Deposits received detail table

December 31, 2020

Detail table V | Unit: NTD thousand

Name of the customers	Amount
Formosa International Hotels	$ 33,980
Green World Hotels	32,759
Showtime Cinemas Inc.	12,000
Flower Lounge Restaurant	10,948
Eslite Spectrum Corporation	10,100
Others (Note)	7,479
	$ 107,266

Note: The balance of each item did not exceed 5% of the balance of this category.

Wan Hwa Enterprise Company Ltd.

Details table of the operating income

2020

Detail table VI

Unit: NTD thousand

Item	Amount
Rental income	
Income from rent	$ 176,014
Income from maintenance	10,040
	186,054
Education and entertainment	
Income from theater ticket sales	65,486
Income from the arcade centers	12,293
Income from advertisement	858
	78,637
Total	$ 264,691

Wan Hwa Enterprise Company Ltd.

Operating cost breakdown detail table

2020

Detail table VII

Unit: NTD thousand

Name	Rental cost	Education and entertainment cost	Total
Tax donation	$ 18,578	$ 1,945	$ 20,523
Depreciation	7,380	620	8,000
Cleaning and sanitation service fee	3,392	485	3,877
Maintenance fee	3,648	292	3,940
Performance fee	-	48,328	48,328
Rental expenses for arcade centers	-	8,591	8,591
Others (Note)	2,617	473	3,090
	$ 35,615	$ 60,734	$ 96,349

Wan Hwa Enterprise Company Ltd.

Operating Expense detail table

2020

Detail table VIII

Unit: NTD thousand

Item	Amount
Wages	$ 8,389
Miscellaneous expenses	8,579
Tax donation	2,752
Employees' and Directors' compensation	4,720
Labor costs	2,227
Others (Note)	3,735
Total	$ 30,402

Note: The balance of each item did not exceed 5% of the balance of this category.

Wan Hwa Enterprise Company Ltd.

Table of employee benefits, depreciation and amortization expenses

2020 and 2019

Detail table IX

Unit: NTD thousand

	2020			2019		
	Under operating costs	Under operating expenses	Total	Under operating costs	Under operating expenses	Total
Employee benefit expense						
Salary expenses	$ 1,597	$ 8,389	$ 9,986	$ 1,282	$ 8,573	$ 9,855
Labor and health insurance expenses	107	801	908	158	760	918
Pension scheme expenses	-	558	558	-	563	563
Remuneration Paid to Directors	-	3,720	3,720	-	3,720	3,720
Others	-	1,000	1,000	-	1,000	1,000
	$ 1,704	$ 14,468	$ 16,172	$ 1,440	$ 14,616	$ 16,056
Depreciation expense	$ 8,000	$ 520	$ 8,520	$ 8,626	$ 559	$ 9,185

1. The average number of employees for both 2020 and 2019 was 25, of which the three directors were not also employees.
2. The average employee benefit expenses were $566 thousand and $561 thousand for 2020 and 2019, respectively.
3. The average employee’s compensation was $454 thousand and $448 thousand for 2020 and 2019, respectively. Change in Average Employee Salary Expense is 1.3%.
4. The performance evaluation and salary compensation of Directors and Managerial Officer are submitted to the Compensation Committee for discussion and resolution of the Board of Directors based on their individual performance and the Company's operating results for the current year. The remuneration of employees is based on the salary scale of the Company's employees and submitted to the Compensation Committee for discussion and resolution by the Board of Directors.